

REGULAR MEETING OF THE CITY COUNCIL
OF THE CITY OF SAN ANTONIO HELD IN
THE COUNCIL CHAMBER, CITY HALL, ON
THURSDAY, MARCH 20, 1975.

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The meeting was called to order at 8:30 A. M., by the presiding officer, Mayor Charles L. Becker, with the following members present: COCKRELL, SAN MARTIN, BECKER, BLACK, LACY, MORTON, O'CONNELL, NIELSEN, TENIENTE; Absent: NONE.

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75-15 The invocation was given by The Reverend James D. Morgan, Church of God.

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75-15 Members of the City Council and the audience joined in the Pledge of Allegiance to the flag of the United States.

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75-15 The minutes of the meeting of March 13, 1975, were approved.

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75-15 MR. KO WEN-FU

Mayor Becker recognized Mr. Ko Wen-Fu, County Magistrate of Pingtung County, Taiwan, who is visiting the United States as a guest of the State Department. He was accompanied by his official interpreter, Mr. Paul Kovenock. Mayor Becker welcomed Mr. Wen-Fu to San Antonio and asked that he carry greetings to Generalissimo Chiang Kai-shek.

Mr. Wen-Fu said that he was honored to be a guest of the United States Government. He marveled at the things he has seen in this country and was very complimentary in his remarks about San Antonio.

Mayor Becker presented Mr. Wen-Fu with a Silver Commemorative Medallion as a memento of his visit.

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75-15 SAN ANTONIO TRANSIT SYSTEM

Mr. Tom Fuller, Assistant General Manager of the San Antonio Transit System, said that his presentation was in response to a letter from Mr. O'Connell regarding the elimination of bus routes that don't pay for themselves and the question of empty buses on the street late at night.

Mr. Fuller then read a portion of a letter he had written in reply to Mr. O'Connell's letter. He said that the policy of the Transit Board is to try to keep a proper balance between two basic considerations, to reduce the unneeded line service and to provide comprehensive coverage of the service area. The letter then reviewed steps that had been taken to reduce costs.

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Mr. Mike Inet, who is in charge of Research and Schedules for the Transit System, explained to the Council the basic policy in developing bus lines and determining those lines which will be given a trial period and the factors which determine if it will remain permanent. He displayed a map of the City showing the various bus lines and commented on the hours of operation into the various sectors of the City.

The following conversation took place:

MR. W. J. O'CONNELL: You mentioned earlier that bus riding is down about 30 percent. The minutes of your meeting did.

MR. MIKE INET: I don't know whether - bus riding as of today compared to last year is about six or seven percent.

MR. TOM FULLER: I might explain what might have been in the minutes. We had a 20 percent drop-off immediately after the strike and now, as Mike says, we have come back to within seven percent of where we were last year. Of course, this period last year we were in the energy crisis and we had up riding in that period. So, the net effect is probably closer to three or four percent off of normal times.

MR. O'CONNELL: So you think that the survey that was made in March last year would be appropriate now as far as revenue?

MR. INET: That would be a more normal period. I would say that later on this year that would be more comparable.

MR. O'CONNELL: My questions to you previously haven't been to try to single out one particular line. My questions have been that there are certain areas that seem, in looking at your facts here, that there are certain lines like Guadalupe and others that they are riding the bus. The line revenues are high. They seem to need the bus service. Then all of a sudden you see areas where no one is using the bus. My thing was not to take the buses off the street particularly. I was trying to get the buses back to the areas where the people were really needing them and really were sold on using them.

The thing was that I hated the statement made to me by Mr. Hill that - and this is what kind of irked me more than anything else - he said that the cost of operation of the bus line was involved in about 75 percent manpower. Consequently, you might as well run the buses. Now, in an energy shortage this is not a very wise statement to make to the public or to the Council - go ahead and run the buses and burn the gas, because what the heck, they've got to work anyhow. That's no good.

MR. FULLER: I agree. Frankly, our prime consideration is to put the service out where it's going to be used. Obviously, the only thing that we are faced with now, more than ever, we have a new set of Federal money coming in paying 50 percent of our operating costs. I might mention a few things that they are going to be telling us - I'll just mention them out of the Federal Register, and I'm not trying to get around your question. There are going to be some requirements on us that we haven't really had before. Reading it this way:

"The operators of mass transportation service receiving Section 5 assistance (that is new money) shall use the assistance to improve or continue such services. However, improvement and continuation does not preclude selected reduction and reallocations in service where the changes can be shown to improve the overall mobility within the urbanized area."

Now, what I'm leading up to is that we are going to have to have certainly public hearings on our annual program of projects. I might mention that this Council has three members that are appointed to the Transportation Steering Committee. So, in effect, you have a transportation sub-committee of this Council that is going to be exposed to in-depth analysis of the Transit System, so that next fiscal year starting August 1st we are going to be laying out for this Transportation Steering Committee everything that we are doing as far as operating costs, capital improvements in keeping with the new Federal requirements -- what the Feds are saying is they don't want to put money in cities to pay all these costs of operation and have the cities start drawing back transportation. At the same time, I think, as you are saying, we can certainly justify trying to put the service in where it is more naturally going to be used.

MR. O'CONNELL: I was told another thing that disturbed me, Tom, and that is this - that you changed the night line-up or whatever you call it from 12:30 to 11:30 and this is how many buses that are downtown at the time?

MR. INET: Fifteen buses.

MR. O'CONNELL: Fifteen buses that then go to the outward points at one time.

MR. INET: We have 33 lines. I want to explain what the lineup is. Normally, during the day and to about 11:30 the first line-up. That is where all the buses gather. They are scheduled to meet at St. Mary's and Houston and at Navarro and Houston. Those are the only two points. We bring all the buses to those two points and when all the buses are in, the supervisor gives a signal to the Navarro man that all his buses are here. Then they exchange and if they are all set the passengers have time to make their transfers from one bus to another. Then they let them go. That is 11:30.

On that basis we probably have four or five different combinations where one bus will make two different lines whereas during the day each bus -- we double up on the territory served by one bus. The 12:30 line-up which was gradually discontinued - we were curtailing service to the point where there is no point in using the 12:30 line-up like we have at 11:30. So, we just cut that off because there was not enough people using it.

MR. O'CONNELL: I was told this, that in order to make the change from 12:30 to 11:30, you had a system of notifying passengers, but that you only had to notify 28 people. Do you mean that 28 people was all that was riding the 12:30 line-up?

MR. INET: Yes, there were 28 people involved in that. I don't have the figures with me but it was a very small figure.

MR. O'CONNELL: What I'm saying is that, and I'm not being critical and you know more about schedules than I, and we certainly don't want to leave 28 people downtown but you realize for 38 people you could hire three or four cabs and take them directly to their houses for the same amount of money.

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MR. INET: That's why we discontinued it. Here's the point of what we are trying to do. After you establish a line and it's been in there for years it's more or less - that's transportation for those people in that area. We have tried to take off lines where there was a delegation came down here and just completely disrupted the meeting.

MR. O'CONNELL: We have that quite often.

MR. INET: Where we have duplicating service we try to combine lines. We combined the Hot Wells line with the Brooks Field line. We combined the Broadway line with the Airport line on weekends so we don't have duplication of service there. The Airport is made by the Broadway schedule. We also combined three lines on the west side into one. Wherever we can we are trying to curtail service - not use. These are lines that have no service after 9:00 o'clock. Where we have a double line the line goes out one way and comes in another way. We are making a sincere and definite effort to reduce our overall costs. But once you establish a line, and it's a principle, are you going to serve the urbanized area or not. Tom just read the Federal regulation or guidelines how Transit is going to operate. Are you going to expand into the surrounding suburbs in the urbanized area?

MR. O'CONNELL: I think when you are subsidizing the Transit System to the tune that we are right now that it is right for the Council to continue to ask questions. Dr. San Martin started me off on a few of these.

MR. INET: I think you are right.

MR. O'CONNELL: Frankly, he almost gave up. He can speak for himself and I'm sure he will. He was trying to get somebody's attention over there and could not get it. I've been trying to do the same thing sometimes.

MR. INET: We are in this peculiar position. You have several alternatives. When the service gets to the point late at night and Sunday -- those are two vulnerable places for the service - either curtail or extend the service, the headway, so much that it is not attractive. Once you get beyond a half hour interval, when you get into a 45 and 50 minute headway you are just - on a 70 minute headway, it's not desirable service. They don't ride it so you might as well just take it off.

MR. O'CONNELL: Well, it seems like they are still going out there.

DR. JOSE SAN MARTIN: Mr. Mayor, the only thing I think that for the last 15 minutes we have been hearing things that, really, we have already known for a long time. I think the purpose of this particular session, Tom, and I'll be just as clear as I can be. You are not giving us the information that I thought we were going to get at this particular session. We have all heard already for the last 22 months already, and I would say our staying power and your staying power is pretty good because we are exactly where we started two years ago. I think what we want to know is really, where is the Transit System going? I mean, what is the change in the best basic philosophy of service to the poor? Now, with the exception of the Park and Ride facilities, which are wonderful, you have not come up with any innovation of any kind. In fact, we are running the same lines, we are running the same schedule slightly different here and there, and with the same losing lines and the same people that have been

clamoring for service, they have never had any service. They still don't have it. They have been asking for trial lines in many areas in the east, northeast, southeast, extreme northwest and we still don't have a basic philosophy of the Transit System as to how it is going to meet the needs of the community.

I am not, perhaps, some of the new members of the Council don't know it, but we all know this backwards and forwards how you establish whether there is a need for a line. But what you have not established is how you get rid of a line that's been losing traditionally for so long. Now, some of the answers that you have given us have not addressed themselves to the basic questions that we have requested some weeks back. Some of them were feeder lines from the extreme suburbs into the - where the end of the line is for the ones that serve the downtown. We also asked, for re-evaluation of your cross town lines. After twenty-two months, we still don't know anything about Mini-buses. Because every time we bring it up, even without looking at it, Mr. Norman Hill tells you it won't work. It's not the kind of bus that we need in San Antonio. So, there must be something about San Antonio riders or San Antonio streets or the weather or something that keeps you from having Mini-buses either in the City lines, in the cross town lines, or in the specialized area. I still don't see that the philosophy of the Transit System in meeting the needs of the community has been established, Tom. This is what I thought you were going to give us this morning.

I appreciate that Mr. O'Connell needed the answers to his questions, and I think you gave him the answers. But I think what we need to know is really, where are we going? And how are we going to cut down the huge two million plus deficit to the point where it will give the people of San Antonio the service they are entitled to and at the same time make it less of a losing proposition. So, I think unless you address yourselves to those particular areas, I think we are just wasting a lot of time.

MR. FULLER: Well, I'll try to answer as direct as I can, and I can realize your frustration over the last several years and ours also. Frankly, we feel that we have been playing the game as close to the vest as possible trying to keep our losses at a minimum. We realize we were moving into a position where last year we got \$800,000 and this year it is going to be a million three after the Federal part is put into it. So, we have been trying to hold costs down. Now, when I say that we put in this cross town service, it was obviously not being used, we took it out. By holding costs down, some of the services that we know are needed by the community, would be desirable, such as any service north of Loop 410 which we don't have any. If it is just feeder service into other regular lines, but we feel definitely that that would be a costly type of situation and we can give you a projection on what that cost would be.

To answer your question, really, though, I think we are finally at a stage through the joint efforts of City Traffic Department, City Planning, ourselves and the Texas Highway Department, AACOG, and the consultant of starting our public transportation study. I frankly don't look at these studies in our case to be just another piece of paper, because we had short range study. We did implement just about everything that they came up with. We put in the Park and Ride. It has been successful. We put in the cross towns, they projected that they would be losers, but for us to continue them. We, upon our own initiative, took them out, because that would just make the deficit that much more. But I couldn't agree with you more that we need

better communications and the interest of the Council in public transportation in general and the way I see it happening, is this newly formed, within the last several months, and I know Mrs. Cockrell is on the Transportation Steering Committee, and she may have some ideas about this, but I see this as being the Council's Subcommittee on Transportation because we are going to need to get with you and spend a lot of time with certain elements of the Council, if not the whole Council, on just what, how committed this community should be to public transportation. What we are really saying is, how much money are we willing to spend because, frankly, putting out new service, and I don't like to seem pessimistic, but it's going to cost rather than pay for itself.

DR. SAN MARTIN: Well, it's already costing \$1.3 million and there are a lot of areas with heavier concentrations than some of your losing lines, Tom, are still not being given a chance. Your cross town buses, your feeder lines, if you take them out after three or four even six months. I don't feel that you have given them a fair chance to establish themselves. Not when you keep a losing line forever losing money. If we are going to lose money, we might as well lose it in all areas of the City, not just in one.

MR. FULLER: We have to look at the whole, the whole line or the whole system or the whole network. The losing lines that we have taken out were averaging somewhere around \$2.00 an hour in revenue. The least losing line that we have now is in the area of \$5 or \$6 an hour. So, you try to balance these things. Frankly, it would please us greatly to have your time to be able to, you know, work this thing together. Because we are not trying to dodge the issue.

DR. SAN MARTIN: Tom, we have been working at this for 22 months now. I remember, one of the first things that I brought up here, and for which I caught quite a bit of the dickens in the community was to try to redirect the philosophy of the Transit System. Not because I was interested in taking it away from the Board, as many thought, because I thought that that might encourage a change in the direction in which the Transit System must go in order to meet the needs of this time. We are not thinking in terms of World War II or the early fifties. We are thinking in terms of regional transit, mass transit and moving people back and forth. The City is not the City it was ten years ago. And I haven't seen that. I'll be perfectly frank, I don't want to hurt anybody's feelings, but I haven't seen the Transit System come up with a philosophy that I feel might satisfy the needs of our community. I think that is all we are trying to do. We are not trying to take the Transit System away from the Board, and I haven't seen it.

MR. FULLER: Well, I think that this direction is going to take on a new tact in several things that are happening. I don't mean to be repeating myself, but the new input of Federal money is going to make a difference. When we get 50 percent of our operating cost paid for and, of course, 80 percent of capital cost paid for and then is also the pending State trust funds for transit, which would mean there again reducing the local costs for transportation. I have to sort of sum it up by saying that the Transit Board, their position in, I'd say in the last two years, has been one of trying to keep costs at the minimum. The only thing I can compare that is around the State, for instance, there has been a little bit different philosophy. In Dallas, they have been putting out more service. It is not service that is being highly patronized. We have here in San

Antonio on a system-wide basis, the highest ridership per bus mile in the whole State. Now, I am just saying, we try to look at the thing on a system-wide basis. We realize there are lines that, like the Broadway line, late at night, that the lights are on the bus, you can obviously see there are not many people on it. We look at that quadrant and we say, should there be any public transportation in that area after 9:30 and it has been our policy decision to say yes, there should be.

MAYOR BECKER: Tom, there is only one thing I'd like to try to keep upper-most in the picture somewhere. That is, simply that, the Federal government is contemplating perhaps an \$80 billion deficit this year in its operations. Now, you know, when we keep talking about Federal monies coming down to San Antonio and any other place for this, that and the next kind of project. One of these days, we are going to have to learn that perhaps these monies are not going to be forthcoming as they used to be. The only reason I am saying this, is that somewhere in the management of the Transit Department, there is still going to have to be that realization that keeping costs down is an important factor in the operation, regardless of how it is done, whether it is done with Mini-buses, or whatever techniques, but I really believe that, for us to continue - for the Federal government to just be able to come down with a load of money everytime we get some difficulty, I think we are going to have to learn not to depend on this. One of these days, it is not going to happen.

MR. FULLER: I agree, of course, we are on.....

MAYOR BECKER: I am not scolding you, I am merely trying to bring that out as a fact of life, because it is definitely a fact of life, in my opinion any way.

MR. FULLER: This Federal help is new to us, and I, we may be a little optimistic about it, but, of course, there is the other development of, that I should mention on a State level of the Texas Highway Department becoming very involved in transit, to what level, we don't know yet. But planning would be part of it. As far as the cost, and I just mention this in a passing the majority of our cost is in employees, and I will just mention for your benefit, we are not a public agency that has just grown because we are public. Since we were purchased by the City in 1960, we have reduced every category of our employees. We have reduced salaried, maintenance and bus operators, a total of roughly 621 employees down to 551. So just because we are getting public money, we are not growing to that extent. I thought I'd throw that in.

REVEREND BLACK: May I, I'd like to sort of introduce some other aspect of this. I recognize that the Transit Company has to have guidelines in order to operate effectively. There are those of us who long before this became a public agency, have been trying to get lines in places that there are still no lines. I mean, when we were talking to private owners. Now, it seems to me that we are going to have to deal with this old problem of transit because it is hurting the people who need the bus most even though there may not be enough of them to do what you say - pay for the line - and yet their lines going that are not paying for themselves because they are old and traditional lines. But there are new areas of poverty. People who make \$35 or \$40 a week who need that kind of transportation more than they need anything. Now, we made some guidelines to bring a special service from the airport to the hotels aside from the regular Transit Company. What kind of impact do you think it would have on the Transit

Company if we set up similar guidelines to deal with points where the Transit Company stopped? I mean transportation between those areas where the Transit Company stops its service, and also to deal with the need of the transportation during that period. For example, you go out in certain areas of the eastside and after 10:30 they can't get out of there. They want to come to town, they can't get out of there. Now, in some ways this affects downtown business because these are the people who don't go all the way across to the North Star Mall, they come to Joske's. They come to the downtown area and when they can't get out of there after 10:30, many of them are greatly handicapped. What would be the position of the Transit Company, if we set up some guidelines, just like we did for the transportation from the airport, we set up guidelines in which we said this man must meet certain standards to bring that transportation?

Now, we are not talking about one man going into a big business. Here is what we are talking about. We are talking about one man who becomes both the manager, the owner and all and he has a chance to make a living and he meets the standard of guidelines, so he becomes a paid manager, he has his salary and everything and it's sort of a little business for him to see that that transportation is there and in that sense you eliminate a lot of the overhead because he is both the manager and the driver and the whole operation. But he meets the standards and he - while you have to worry about all those folks you are going to pay down there at the office, you see, plus the driver and the operation, this man is only concerned about meeting the standards as far as the operation is concerned and then we won't have to be coming back year after year asking you to run transportation in areas where people just can't - for example, if somebody had to go to the Bexar County Hospital after 10:00 in some of those areas, they would have a time trying to get to Bexar County Hospital because they would first have to get to wherever the line stops on the Eastside and then they would have to catch the bus or whatever problems they would have in that area. So, I would like to know the impact that would have.

The next impact I would like to know, you give some questions, I don't know whether you can answer those questions now, but it seems to me that some cities have been able to generate business in the downtown area by setting up days when people come into town without any charges on the Transit. And if there is anything that needs that - any area that needs to generate some business it seems to me that some kind of formula, if we are going to subsidize it anyhow, that some kind of formula needs to be worked out that will tend to encourage business in the downtown area, by giving people concessions for going into the downtown area. Now, I certainly would like to, Seattle does it, and they have, from the conversations that I have had with people who are not just individual, not just citizens, but people who worked on the Council there, City Council there, have informed me that it has been very, very successful in terms of generating business in the downtown area in Seattle. Now, I think, it seems to me that San Antonio has a lot of characteristics that are similar to Seattle.

MAYOR BECKER: That is known as merchandising.

REV. BLACK: Yes, that's right. And, if we are going to pay, let's give the citizens the benefit of that pay, you see, and generate business in the areas where business is needed and also give some of these men an opportunity to have a little business of their own by connecting your lines that won't pay. But they will pay that one man. And we can draw up the same kind of guide lines that we drew up for the airport and be sure that they meet those standards. Because, it seems to me that we have an administrative problem in terms when we talk about costs of operation. Whereas, you can reduce that administrative cost by making the owner and the operator.....

MAYOR BECKER: What you do in that connection is nothing more than retailing merchandising. We have discussed the times passed lowering and reducing the bus fare to where it is absolutely - the only reason you have any cost at all would be to keep people from getting on at one block and getting off the next and playing games on the bus. But I'd rather have a bus that seats how many people to those big ones, Tom... thirty-five?

MR. FULLER: Forty-five.....

MAYOR BECKER: I'd rather have a bus that was filled with, let's say, ten cent (10¢) riders than have a bus that only had three or four people riding for 45 or 50 cents and that's what you have to do in any business where you're dependent upon volume. Now, I appreciate the fact that you won't always have it filled with even ten cent riders. We understand this. But at least the bus would be getting more usage, you know. At the rate we're going some of these lines with the least - with the small amount of usage that the buses get, the seats and certain of the floor coverings will never wear out. It will be new forever. Now, the tires, of course, and gear box and all that is grinding away, but the part where the customers are will never wear out. Now, I'd rather wear the darn thing out cause it's going to be replaced after such and such a period of time anyway, the running gear is, and I think one of these days this Council is finally going to come to grips - or some Council in the sweet by and by - is going to come to grips with the necessity of reducing these fares to where it makes it so attractive for a person to ride the bus that they will absolutely keep the car in the garage more than they're doing now. Until we come to grips with this thing and take the chance on it, it's kind of like shooting dice, you know, you roll them and sometimes you win, sometimes you lose, but it's not going to be any automatic acceptance, regardless even if it were free, wouldn't it be automatic. But make that challenge. Take that chance and project that ridership. Try to get a curve on the thing to where you are starting off, you've got extra - this month, how is it accelerating? Is it accelerating? If it isn't, it's obviously a failure, you know, so until we do something drastic, dramatic, like this, I think we're going to be talking about this thing in San Antonio until doomsday.

REV. BLACK: I believe that some of the areas that I'm talking about aren't going to ever get any transportation.

MR. FULLER: Well, I think I know some of the areas you are talking about and your concern for the downtown area. I think, and we can talk, you know, for a long time about these things, but I think you are going to see some definite things coming about. This year we will have mini-buses in the downtown area and we'll be coming to the Council and we'll tell you exactly what it's going to cost. If you want them free. Actually, it will be a better system than Seattle, because what they have is a zone that any bus that goes through, it is free, but here it will be taking mini-buses and doing it on a loop that takes people where they want to go and they don't have to transfer, so it will be better than Seattle. And we can tell you what that will cost. So, I think you will see these things.

MAYOR BECKER: Really what you're trying to generate is usage of the equipment and the system. Isn't that correct?

MR. FULLER: That's right and we.....

MAYOR BECKER: Without it, it's a failure. I don't care whether it's paying for itself or not. If you don't have any usage, if you don't have any riders, if you don't have any takers, it's a failure, regardless of what the figures look like.

MR. FULLER: On the reduced fare, Carl White reminded me that we are going to have prior to our getting this Federal money, which should come in around June, prior to receiving the money, we are going to have one half fares for elderly and handicapped. Now, the City already puts up ten cents (10¢) on a quarter. We're going to reduce that even further and the handicapped are going to get a half fare, so things are - I know it's frustrating and it's a frustrating thing to me and to a lot of us. But things are moving and it's going to happen.

MR. RICHARD TENIENTE: I wanted to ask a question. Dr. San Martin referred to the new person on the Council and I definitely have to ask this question, because it seems to me that Dr. San Martin has alluded to about 22 months of activities between the Council - longer than that - but at a point where questions have not been answered and I would just hope that some sort of projection, as Rev. Black touched on, could be furnished to the Council, so that we, in turn, can answer to the citizens of San Antonio - make sure that we can give them an answer, because they are concerned. I'm wondering also, if all of the communications that Dr. San Martin has had with the Transit Company have been answered. I believe that there's still some other questions that have not been touched on that I've heard about - just rumors - that have been asked and that have been avoided by your system. I just don't know what.....

MR. FULLER: To the best of my knowledge, we've answered every question either in direct letter or to the City Manager's Office.

MR. TENIENTE: I'd have to get copies of the letters to know, but I don't believe I have heard the answer today.

MR. FULLER: We don't make it a policy not to answer, but I.....

MR. GLENN LACY: Another point I want a specific question - you know our military is a very important factor here in San Antonio and I've noticed that buses run quite frequent out to Lackland and Kelly and I think that area is served quite well, but over on the Austin highway there's an old strip known as the motel strip. There's a lot of soldiers come there to Fort Sam Houston. They go to school from here. It peaks more at various times of the year and I see this big old gray-colored bus that has to come by every morning and pick up 70 or 80 boys from motel to motel, because there's no transit. Of course, when there is not enough people going to the school for them to run a bus, also there isn't any type of bus service on that type of line that you can use some criteria other than how many houses are in a.....

MR. FULLER: I'll tell you how that works. We bid on that service. Randolph, Fort Sam, Kelly, Lackland - they have their own intra-base transportation and we bid on that service every year and it costs us money just to work up the bid and put the bond up and everything, but they keep doing it themselves, because they can justify doing it themselves.

MR. LACY: Now they don't have one and we have boys that we have to tell no there's no service at 7 o'clock or 6:30 for them to get to the highway to.....

MR. FULLER: We'd be glad to contract with the base, because we do a lot of contract work with the base now. If there's any area that they can't handle, we certainly can.

MR. LACY: Do you run a bus down Eldon or New Braunfels over to Fort Sam now, somewhere to the Austin Highway?

MR. INET: We do.

MR. LACY: How early is it? Does it come down the Austin Highway where all the motels are, then turn someplace? How does it go?

MR. INET: That is what we have done.

MR. LACY: Is that just newly inaugurated?

MR. INET: No, that's been for quite some time, Mr. Lacy.

MR. LACY: I've never seen any bus coming down the Austin Highway there.

MR. INET: Now the New Braunfels' bus comes from McCreless Center, goes up New Braunfels and here's Fort Sam Houston and it connects with the Broadway line to make a transfer interchange for these people who are going to work at Alamo Heights and Terrell Hills. Then we cut across Eldon. All right, we go up to Rittiman and then we go Austin Highway all the way to Walzem and it comes down into that North Alamo Heights area.

MR. LACY: I see, but at the end of Eldon, that's where you exit the Austin Highway, that's where your motel strips are. What you're doing is you're missing on the Austin Highway. You're missing a highly concentrated motel strip.

MR. FULLER: We're right in here. We are here.....

MR. LACY: That's the Old Austin Highway.....

MR. FULLER: You mean further out.....

MR. LACY: You're too far out. At the end of Eldon is where your highest concentration is. There's motel after motel there. That's where they all stay - the transient boys.

MRS. LILA COCKRELL: Mr. Mayor, I know we can't conclude all of the questions, perhaps, that we would like to ask. I do want to just commend the Transit Authority for one thing in particular that I feel has been very successful. In connection with the energy crisis, I know that the Transit Company has been encouraging the use of Transit buses on a charter basis for transportation to the military bases and other locations. I know there are several buses that leave, for example, the Colonies North area to go to Kelly and some other areas to go to Kelly. I think this type of service, where people get together, and who are going in a particular direction and have a special charter bus line that fits the needs working in cooperation with the Transit Authority is really very helpful. I hope that more will be done on this program, because I think this tailored bus service to fit known needs on a regular basis is really a very good approach.

REV. BLACK: Is there one from the east side as well?

MR. FULLER: There was one from the east side and it dropped down to about 20 passengers and they had to discontinue, because they couldn't pay the fare. See these are set up - there's about nine of them right now and they're set up on a charter basis with 45 people and they pay a dollar a day and it's.....

REV. BLACK: How was that promoted out there?

MR. FULLER: How is it promoted?

REV. BLACK: Yes, how was it promoted in that area?

MR. FULLER: It's done from the base end. They have an energy officer at, say, Kelly, and we work with him and he has information on workers as to where they live, when they have to get to what building and we're also working - we're doing much more than just promoting it with the Traffic Department's carpool program. Because, whenever they go out and talk to large employers about carpooling, we're going with them talking to them about buspooling. We're talking to Alamo Bank and some of these others and so it is developing and it's a beautiful arrangement, because we provide the service at at least a break-even cost and the person gets transportation for \$1 per day and taken right up to the door and at Kelly that's a pretty big deal, because there's a pretty good walking distance out there.

DR. SAN MARTIN: Mr. Mayor, I think we should conclude this presentation now. I still think, Tom, that some of the questions I asked have not still been answered. Back late in January, I asked for specific information on the salaries of the top 12 or 13 administrative people and I never got that information. All I got was from the minutes of your December meeting that the top five had been given a ten per cent increase. I asked for a justification and I never got it.

MR. FULLER: We gave that to the City Manager's Office.

DR. SAN MARTIN: I ask you that personally. I know that we can deal through the City Manager, but I asked that specifically. Now, we asked for the rationale for not having a downtown shoppers loop again, except that it cannot be done and the feeder lines. For some reason, the only answer we get is we cannot do it. We cannot do the crosstown. We cannot do the feeder lines. They don't pay. They don't pay and the losing lines still keep losing. So, the answer that we have had has always been no. It cannot be done, instead of yes, we're going to try this. We're going to try it right away. Another thing I'd like to ask is your evaluation of abolishing smoking in buses, because I keep getting complaints constantly about the inconvenience of having to put up with the smoking habit, especially in wintertime. I know that the State Senate is contemplating an ordinance forbidding it.

MR. FULLER: The State Senate has passed it.

DR. SAN MARTIN: But I think the City has the authority to ban smoking in certain areas.....

MR. FULLER: I heard about this request yesterday and, again, we did ask our operational people what the progress has been since several years ago when the Council requested us, through ordinance, to put a sign on the bus saying, "Please, No Smoking."

DR. SAN MARTIN: Well, that won't do it. Now, the question of the roll-back of the salaries - I would like to have the information, as to when was the last time the top administrative people got a salary increase? So, if they haven't had one for a year and a half or two, maybe ten per cent was justified, but if they had one previously, then six per cent is all you really need. So, please get me that information.

MR. FULLER: Yes, sir.

MR. O'CONNELL: Let me say one thing before we're through, if I may. Tom, one of the things we've asked here, in a number of different ways, was for you all to look out and watch the changes that occur, just like in school. The enrollment drops in certain areas and population shifts and, as Rev. Black said, that in certain areas that are forgotten or maybe have sprung up with heavy concentration, and I think the old standard and tried methods may be fine and the old winning of the words nationally are great. I think you've got to kind of look around and see where are these people and you have to take the blinders off and kind of be more open about it and listen to some of these things and suggest or request. You have a great advertising gimmick on the back of your bus. Why don't you ask for route suggestions and things like that and start listening to what might come out of the population and I think maybe you can serve more people and, of course, do it more profitably that way too.

MAYOR BECKER: Tom, thank you very much. Mike, thank you for being here today. We appreciate the report.

Mayor Becker said that he, along with Mr. Guerra, Roy Montez and Councilman Morton, had been in Washington this week to discuss the CDA funds the Council had earmarked for home renovation and insulation. He asked Mr. Guerra to report on their trip. The meeting in Washington was attended by Mr. Don Patch, Director of Program Standards Office of Community Planning and Development; Bob Kennison, Office of the General Counsel; Vincent Landeau, Office of General Counsel; Marcia Cavanaugh, Financial Management Division of the Community Planning and Development; Nancy Jo Steele, Community Planning and Development Specialist; Leo Stern, Assistant Director of Relocation and Development Services; Bob Flanning, Office of Congressman "Chick" Kazen and Mr. Tommy Brooks from the Office of Senator John Tower.

Mr. Guerra said that the meeting was very constructive. The main issue was the City's ability to draw funds in advance to deposit and earn interest - then use both the money and the interest. Due to constant put on HUD by the Office of Management and Budget this is not possible. The method finally arrived to accomplish the City's goal that the City will undertake to make loans. After the loans have matured and have a good repayment history they would be sold to banks and financial institutions which have offered to cooperate with the program. The details of the plan will have to be worked out. The matter has been discussed with Dr. Parkens who said that he will work with staff to get the details ironed out.

Mr. Guerra said that there was no reservations about the \$500,000 proposed to be used for insulation, etc.

Mrs. Cockrell said that she felt there were definite restrictions about the City's ability to lend money to private parties.

Mr. Guerra said that this question had been raised and that it will be necessary to go on the assumption that this is Federal money and can be used for this intended purpose. He mentioned other possible ways of making the money eligible for loan. Eventually a ruling will be necessary from the Attorney General.

In answer to Dr. Nielsen's question, Mr. Guerra said that a Housing Advisory Board which would be broad based representing lending institutions, agencies who will do the initial contact as well as the people being served. The matter of the type of lien will have to be worked out.

Reverend Black expressed concern about a method of protecting this program from unscrupulous home improvement contractors who might exploit it.

Morton said that the concern of the Council is the mechanism under which this program will be administered. He suggested that in the next two or three weeks a draft of the overall mechanism of how the program would be administered be prepared addressing such questions as what would be the maximum spent on any one dwelling unit, what is the criteria as far as condition of the dwelling unit, what is the criteria as far as the income of the family that occupies it, are only owner occupied units to be considered? What items within the house are considered safe, sound and sanitary? Is this to be an advisory group to include people who have the expertise in the various fields such as legal, finance, building trades, etc.

Mr. Guerra said he would try to have a draft prepared in two weeks.

REPORT ON RECOMMENDATIONS OF THE
ENERGY ADVISORY COMMITTEE

MR. WALTER W. McALLISTER: Mr. Mayor and members of the Council, I'm Walter McAllister serving as Chairman of the Advisory Committee on Energy. I want to say that we have met several times. We have given a lot of time to this subject. We've divided our group into two committees. One to see whether or not it's possible to affect any solutions as far as the energy itself is concerned and the other very closely in line with the program that you've just heard presented by Mr. Guerra, to wit, insulation of homes that are defective and how to handle that and the benefit to the people. I should like to say that we're divided in two groups, Mr. Zachry is in charge of the group dealing with Coastal States. We have met with a good many of their directors and I'm sorry to say that we have no particular proposal at the present time but we're certainly making every effort to try to effect some sort of satisfactory solution that can be considered by the Council in lieu of going ahead with the suit. On the other hand we're not here to recommend any delay in the suit whatsoever.

Now I would like to present Mr. Krellwitz who is the Chairman of the Subcommittee in regard to meeting of proposition of those people with low income and how to handle that.

MAYOR BECKER: Thank you, Mayor McAllister.

MR. GUENTHER KRELLWITZ: Thank you, Mayor McAllister. Good morning, I'm Guenther Krellwitz and I'm subchairman of the Energy Advisory Committee on the rate structure and on helping those people who cannot afford to pay at the present time the utility bills as they come to them.

Mr. Mayor, Mrs. Cockrell, Members of the City Council:

Thank you for the opportunity to serve on the Energy Crisis Committee as well as giving me the time today to elaborate on the findings and recommendations of the subcommittee, who worked out the Subsidy Program now before you.

At this time I would like to introduce the members of the subcommittee who worked very diligently to work out the program which is Mr. John Hendry, Mr. Raymond Apollon and Mr. Walter Britt, as well as Mrs. Mason Matthews, and last, but not least, Mr. Bill Wallace, who attended our first meeting.

While the present rate structure is probably not the most prudent one from an energy conservation point of view, it is one which is universally applied throughout the country; workable and defensible in court litigations. The present rate structure does take into account equipment cost, maintenance, supply demand, cost of administration, expansion and fuel cost for all segments of service. To change the rate to allow for free KWH and CCF would increase the cost of subsequent KWH and CCF substantially, thus placing an unfair burden on those with a medium consumption. For this reason, the subcommittee did not pursue this approach further.

We turned our attention to a subsidy program which would help those in desperate need without involving excess time and administrative cost. According to figures supplied to us by City Public Service Board, there are approximately 2,000 San Antonio households, per month, experiencing cut-off for nonpayment of utility bills, (gas and electricity). These bills average approximately \$35.00 per month, or a 2-month delinquency of \$70.00. The major portion of these bills were for gas during the winter period. It was the consensus of the committee that a subsidy towards these bills, per month, would help relieve the main burden. Since cut-offs are made after a delinquency of more than two months, \$40.00 credit would need to be applied to present cut-offs. That is:

2,000 households x \$40.00 = \$80,000 per month
\$80,000 per month x 12 months = \$960,000 per year

The remaining \$40,000 would probably be needed for administration of the program.

This program would give relief only to the most urgent hardship cases. Many more households could use relief of a similar or lesser amount. There are 37,000 hardship cases in the City of San Antonio. This program would have a time limit of one year, or until the allocated amount would be used up, whichever came first. The program is not envisioned to be a welfare scheme burdening the rest of the utility customers. Since the City is receiving a substantial amount of money from the 14% of the gross revenue from City Public Service Board, it is only prudent to return same to the people and City Public Service Board to help reduce their delinquent amount. If this is not done it will ultimately have to be absorbed by the rest of the rate payers. Personally, I feel that if at any time in the future the 14% fuel adjustment is decreased or revoked, then monies allocated for this program should be adjusted downward accordingly, or discontinued.

Utility conservation will have to be practiced by everyone. Only conservation by all will ultimately reduce utility bills or at least stabilize them. It is a must in every household, institution and business!

This program, as submitted to you, will help our needy citizens out of their present financial hardship and, hopefully, they will adjust their consumption to a level which they can afford.

If this program is ultimately approved by you I would like to urge the citizens not to abuse it and only ask for help if it is really urgent. Everyone has a hard time to meet their financial obligations today. To carry an extra load now is hardly possible. Thank you.

MAYOR BECKER: All right. Now this second pass out here - final recommendations to help low income families, do you care to comment on that?

MR. KRELLWITZ: That's the first one isn't it - oh, the second one.

MAYOR BECKER: Well, which ever is the first one or the second one.

MR. KRELLWITZ: The second one, I just talked about subsidy program and the first one, I think Mr. Guerra had explained already. That is the \$500,000 to help insulate some of the homes here in San Antonio.

MAYOR BECKER: Go over the high points, Guenther, please.

MR. KRELLWITZ: Oh, okay. Recommendation of one of the subcommittees- it is recommended that the City Council set aside \$500,000 from the Community Development Act fund for the purpose of providing help in insulating homes for San Antonio's needy families in order to reduce their utility bills. In this plan 1,000 homes would be chosen throughout the City of San Antonio to be part of the pilot project that would evaluate the effectiveness of reducing utility bills through insulation. Selection of these homes would be made by the City of San Antonio Building Inspectors who would contact and coordinate the program with the eligible homeowners or tenants.

Preliminary figures supplied here by Councilman Morton at a meeting of the Energy Crisis Committee indicate that cost of 10 cents per square foot is needed to insulate the ceiling alone by using a blow in type insulation. For example, he mentioned for a 600 square foot home, \$60 would be required to insulate the attic alone. However, a maximum of \$500 would probably be needed in order to insulate the

entire house which would include such measures as weather stripping, installing proper venting facilities, etc. If this project proves successful in its objective of reducing energy consumption then the program should be extended and then we could go into the loan program which Mr. Guerra mentioned.

MAYOR BECKER: It was estimated that it would reduce the utility bill by approximately what percent if the home was insulated wall, ceiling, door jams and all that sort of thing?

MR. MORTON: Well, you get half of the effectiveness of insulating the entire house by insulating the ceiling alone. I think that you've got a serious question as to taking, say, \$60 to \$100 per house where you get half the effectiveness versus spending maybe 10 tens that much to do the walls. I think what we really need to do is find out how many houses we are talking about that fall in the category of the owner himself not being financially able to do it and it not being insulated and let's look at that before we decide which way to do it. You're talking about something like a 25 percent decrease in a utility bill.....

MAYOR BECKER: To these type of people that were on very minimal incomes. The country of Holland is subsidizing homeowners over there in order that they might be able to insulate their homes where needed in order to help bring down usage of energy, fuel oil and heating and all that sort of thing. There's the whole nation that's engaging the program.

MR. MORTON: Well, I think one thing that must be pointed out here is - I know there was some criticism about this being a give away program even though I think we're saying, the Committee is saying, these are hardship type cases which I'm assuming means that they are not financially capable of doing it themselves, but if we have all the homes in San Antonio insulated the need for capital expenditures for new plants would also be reduced which would be a benefit to everyone regardless of whether you were a beneficiary of this program directly or you were someone who was able to pay the bill.

DR. FORD NIELSEN: Mr. Mayor, as far as the second recommendation goes, has there been any previous discussion before the past three weeks about how, and I know Mr. Krellwitz says it is legal to do this, what question we would get into as far as the City setting aside a million dollars and having it administered through the City to a one time basis help to a number of families who are behind in their utility bills? What are the legal ramifications?

CITY ATTORNEY REEDER: (inaudible).....

MR. KRELLWITZ: Well, I'm going to get attacked here from the starboard side. No, I think Mr. Garcia was present at the meeting. He made a few comments about it and we, as a committee, only made these recommendations. I'm not a lawyer. I have not looked into the legal ramifications. I'm sure that you would want to do that or your department would want to do it and we'll certainly listen to your recommendations.....

MAYOR BECKER: Well, I would say this, Ford, and you know I'm leaving this office pretty soon, a lot of people will be thankful for that. I would only encourage those who remain to find a way to do this. There's a million reasons and millions of ways and a million everything as to why something either shouldn't, can't or won't, you know, that's the easiest thing on earth to do is to find the possible aspects of something and to find the positive aspects is really what our responsibility is

DR. NIELSEN: Let me ask Mr. Krellwitz this, do you in your discussion with CPS suggest to them through rebate of some figure on the 14 percent method legal where they could, in fact, absorb some of the bill that these people are unable to pay?

MR. KRELLWITZ: CPSB cannot absorb the bill -have to charge the customer.....

DR. NIELSEN: Well, I mean through a rebate system of the 14% could they in fact do that then?

MR. KRELLWITZ: They could work with the Department of Human Resources in administering the program but they themselves.....

DR. NIELSEN: The Department of Human Resources wouldn't be involved what I'm really asking is in your conversation with CPS has anybody thought of the possibility of let's say the City only takes 12% then, in fact, in a sense the money stays at CPS and they in turn use that as a one time fund for the people who are so far behind, who are needy and maybe Human Resources would help in qualifications, but we wouldn't handle any money or anything.....

MR. KRELLWITZ: No you wouldn't

DR. NIELSEN: Has any of this been discussed?

MR. KRELLWITZ: No, it has not been discussed as far as reducing the 14% because the 14% is tied to the bond indenture and so, therefore, I can't anticipate going down on it.

DR. JOSE SAN MARTIN: I don't think you can do anything without this Council taking official action and notifying CPS that from now on you do this. That is the only way it can be done.

MR. KRELLWITZ: If I may say this here, Mr. Mayor, the City of Corpus Christi has had a similar program and I think I just passed out some of those leaflets here. They were taking applications here on February 10, 1975. They had \$30,610 allocated to the Welfare Department and I just talked to the Mayor of the City of Corpus Christi the day before yesterday and I asked him how it was working and he said it wasn't working very well because they ran out of money. He said the worst thing you want to do is when you have a subsidy program to run out of money because you might as well not start it at all. So he is talking about 400 to 600 cases a month. We are talking about 2,000 cases a month.

MAYOR BECKER: Where did this come from, Guenther, Corpus?

MR. KRELLWITZ: Corpus Christi, and I talked about Mr. Luby who is presently Mayor and he said that the money just ran out and that was very bad.

MAYOR BECKER: 37,000 homes though, of course, is a rather significant number that need assistance. Now, I wouldn't

MR. KRELLWITZ: Could use assistance

MAYOR BECKER: Yes, I wouldn't have to assume that all of those need it simultaneously by any means. From time to time illness in the family, someone being out of a job or some untoward, unexpected incident that could occur, it could throw them into a precarious position financially with respect to their utility bills. So you have a potential of 37,000 families.

MR. KRELLWITZ: I visited one case on Sunday. It was referred to me by Mr. McAllister's office. Mr. Fox who lives on the northwest side on John Adams. His wife had a brain tumor operation five times. She is in a wheelchair. He receives a total income of \$329. He had a stroke in December. He's barely holding together. He has no savings and he wrote to Mr. Berg who in turn turned the letter over to the City Public Service. It was answered by Mr. Ward, and Mr. Ward could not promise him anything except that his letter was accepted and he didn't pay the fuel adjustment cost which he cannot afford at this time. I went over and I talked to him and I said, "well, the only thing that I can do is

perhaps when the program is approved to refer his name to Mr. Donahue if he is administering the program and maybe he can do something about it." But I can tell you from first hand experience it was very sad, it was very hard to eat supper after that.

MAYOR BECKER: Well, a person like that is just strapped.

MR. KRELLWITZ: He is strapped. He is not a welfare case, he is not on food stamps, he is not registered with the Welfare Department or any department and he is just trying to make ends meet and he just doesn't have the money for fuel adjustment cost. This was only one case. I thought I ought to go over because he contacted Mr. McAllister's office and the CPS and I was the last one he called so I went over and talked to him.

MAYOR BECKER: Well it is going to be the responsibility of whoever follows this Council. I would like to think that this Council would have the ability to set this mechanism into motion and to find a lot of legalities that - stumbling blocks and obstacles that would absolutely make this impossible to me is only disgusting to even think that such a condition could prevail because when people need help they need help and I don't think the statutes as they were written, however, many years ago ever anticipated conditions such as we're experiencing at this time not only in San Antonio but the United States and the world. There's got to be some latitude, there's got to be some relaxation of this rigidity and total obsequious nature to the law if we are going to be able to do anything about helping people who need help such as the case you just mentioned. Laws are generally, I think, meant to be used in a proper manner and if they can't do that then break them - to hell with them. Pardon my french, Mr. Reeder.

CITY ATTORNEY REEDER: That's alright, Mayor Becker, there's some merit in what you're saying.

MAYOR BECKER: Now how do we go about that.....

MR. MORTON: I want to clear one question if I may here and that's this. I think the City Attorney might have gotten the wrong impression as far as your being responsible in checking with Council. I gather that you had Louis Garcia who is a member of Mr. Reeder's staff who has rendered you an opinion.

MR. KRELLWITZ: He sat in on the meeting. I was only responsible to the whole Energy Commission. I was not responsible to Council and I wasn't responsible in putting the legal puzzle together. I only made a report to the Energy Commission and that's the way it was supposed to be. If Mr. McAllister wanted to go ahead and get a legal opinion, then as chairman of the Committee I think Mr. McAllister would have done so and in the mean time I think this is a report to the Council and if the Council wants to get a legal opinion they ought to ask Mr. Reeder for it. I cannot, as a citizen, ask Mr. Reeder for a legal opinion without saying, well, you would have to go through Council. One thing that is frustrating here and maybe I get going here a little bitter is when somebody is trying to do something right, somebody always starts shooting holes from one side to another and try to go to court. Can't we settle anything in this Council without having somebody over our head saying I'm going to take you to court. I'm going to do this, I'm going to do that. Let's get on with the job, let's do what is right and do what is right for the citizens of the City.

MAYOR BECKER: Well, let's do what is right for the citizens even though it may be wrong with respect to the law. I think that's probably what you're saying.

MR. KRELLWITZ: Thank you.

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MR. MORTON: Well, I just want to make this point clear. I'm assuming that a representative from the City Attorney's staff was not sitting in there because there was no other better place to be. I'm assuming it's purpose was to be there in case there was a grave question of it being legal, if that's the correct word, that he would say something.

CITY ATTORNEY REEDER: Well, Mr. Morton, you've got me between a rock and a hard place. I didn't mean to be testy with Mr. Krellwitz or Mr. Ford there but I've heard opinions bandied about whether this thing was legal or not when I was sitting in the outer room where I could keep from freezing to death because it's cold in here, but in any event then I took an extra downer this morning and that's another reason I'm in a bad mood. I'm not put out with you Mr. Krellwitz. I don't think it's up to this Council to go to the Attorney General and find out what the law is. If you don't think I know what it is, then fire me. But I could probably find a legal way to do this. I'm not sure it's legal the way you've got it laid out but I can find a way, anyway that is good, I can usually find a way to do it. Now, as far as ignoring the law though, Mayor, I don't agree with you about that and I don't think you mean that.

MAYOR BECKER: Crawford, let me say this to you. I don't know how many statutes, how many laws there are in the books in the United States.....

CITY ATTORNEY REEDER: I don't know either

MAYOR BECKER: But it's increasing at an alarming rate and it seems to me that the more laws we have on the books the worse condition the country gets in and I think it would be a Godsend if somehow or another we could inventory all the laws that are presently on the books in the United States and discard those that are not necessary, that haven't worked, that are superfluous, that are ineffective and we would probably reduce at least 90% of the volume laws that we have in existence today.

CITY ATTORNEY REEDER: I agree and let me tell you who passes the laws. The legislative body and you are a member of the legislative body.

MAYOR BECKER: Yes, I know that very well and I must say this job has been a great pleasure. It is also, though, been somewhat along the line that Mr. Krellwitz was just experiencing here and the frustration that is involved every time we try to do something, some guy wrote a law and I'm not saying you did, Crawford, but some guy somewhere just said well you can't do that, you know, so here we are, we're all milling around, water is getting hotter all the time, the lid is bouncing because the pressure is about to blow the lid off and we've got all these laws that won't let us do anything to alleviate the situation.

CITY ATTORNEY REEDER: I repeat, I can generally find a way to get around the law or at least to be

MAYOR BECKER: That's all we're asking. That's all we're asking. Write an opinion that's beneficial to the situation.

REVEREND BLACK: May I ask this question. For several weeks now I have been visiting many of the places where this problem is the greatest, people with fixed incomes and that sort of thing, but I've also received calls from the wives of military men whose income is adequate. The government has a way sometimes of delaying checks to wives, something happens in the implementation and they need help. Now what I'm particularly concerned about is how you are going to define a hardship case. The case that you mentioned a few moments ago is an obvious hardship case and yet there are cases that I have heard and that have come to my attention that aren't necessarily welfare people. They've run into a circumstance that creates a problem and if I'm right we might have that, we might hear one of those in the citizens to be heard today of a similar kind where it's a hardship. I think we really need and I

don't know who's going to define what a hardship case is but I think we really need to deal with the guidelines of what is called a hardship case because some people have been able to get results and they've called the City Public Service Board. Other people that I have talked to have not been able to get any results in terms of any kind of relief, you know, with reference to their bills and it is extremely important that those guidelines are rather clear.

Now, in addition to this, I just would like to add just sort amend this I do hope that along with this and I certainly appreciate this and have supported this kind of concern and have asked for this kind of help ever since we had the crisis in this area but there's another area that concerns me even as much and it is that area where people are not hardship cases. They're above this poverty line but they don't make enough money to buy any furniture after they pay their utility bill so they affect the furniture business. They don't make enough money to buy an additional suit so they affect the clothing business. Now what I am saying is this, that along with this I think the condition has tremendous problems of trying to say how do we keep business dynamic in this community as well. This doesn't have anything to do with this particular report but I'm just amending, I'm concerned with this group of people and certainly endorse this but I'm also concerned about that person like myself who received a \$99.00 bill which meant that when I have a \$99.00 bill that means I've got to cut out other things. That means that I can't go to town and look in those stores for an additional shirt that I'd like to have, you see, and as a result it effects that man's business and that man in turn begins to think about who he is going to cut off his staff when that happens to enough people. It's a chain reaction and I know this is a tremendous national problem but somehow we've got to deal with it just like we deal with the welfare problem.

MR. KRELLWITZ: I think that whoever is administering the program would have to set the guidelines through the city administration and what they define as a hardship case. As far as the economics is concerned I think, whenever you pull \$20 million out of a community into a particular segment of the industry you're going to create a problem and this is what we have all the way around the country today.

MAYOR BECKER: Guenther, I'd like to

MR. O'CONNELL: I'd like to make sure you don't go away without being thanked. Thank you. I think you had an excellent committee. I believe that you represented a cross section of the community probably better than we thought we're going to do to start with and I personally and I know the rest of us want to thank you for the efforts you've done for us.

MR. KRELLWITZ: Thank you, very much.

MAYOR BECKER: Thank you very much, Guenther, for your committee. Thank you very much. Mr. McAllister, did you have anything further to report, sir, on'.....

MR. McALLISTER: No, sir.

MAYOR BECKER: Thank you very much, sir. We appreciate the fine work that your committee is doing and has done on these two problems.

MRS. COCKRELL: Mr. Mayor, in terms of a response from the Council to the Committee the first recommendation, I feel, that we've already implemented in terms of indicating community development funds for this insulation purpose. This second recommendation, I feel, we should have referred to staff for some comment at this time. We have to review the availability of the funding. I think we have to review the way that the program would be administered. I think generally to say that the Council concurs with the need to address this problem and in general with the concept and then to ask the staff to review it and see what can be developed in terms of how it would be set up.

- MAYOR BECKER: I agree with that Lila
- MRS. COCKRELL: So I would like to see that we formally refer it to the management for additional comment and review.
- DR. NIELSEN: Would it be appropriate to ask that we at least get some sort of brief report back in two or three weeks?
- MR. O'CONNELL: I would ask for it sooner than that
- MAYOR BECKER: As rapidly as possible because
- REVEREND BLACK: If the motion is in order, I move.
- MAYOR BECKER: All right, is there a second?
- MR. O'CONNELL: Second.
- DR. SAN MARTIN: I think in one week ought to be
- MR. O'CONNELL: Can we get a preliminary report in one week at least.
- MRS. COCKRELL: May I ask one additional question and that is I don't know whether our staff has been in contact with the State Department of Public Welfare. I do believe that, of course, the legislatures are aware of this problem which occurs not only in San Antonio but throughout the state or in many areas of the state and I think there have been some comments relative to the possibility of increasing welfare payments because of this particular impact - the problems of the utility bills. I do think that we might contact our legislators and see if there is any state legislation now under way, also get information from the welfare department about any special implementations they have and incorporate this with the report that comes to us from our management.
- MR. CARL WHITE: There will be certain aspects of this addressed by the City Manager in his report in the morning to the Council.
- MAYOR BECKER: Okay. Well Carl it shouldn't take forever because you know we've been knowing about this subject now a good couple of years almost and I don't think anybody in town isn't acquainted with what it's all about and I would think a week to address the staff, address itself to this matter that Mr. Krellwitz is working with here should be sufficient.
- MR. O'CONNELL: I might add that tomorrow morning in our work session really we're going to be talking about the same thing and perhaps we can use that session as a partial answer or attempt to answer this recommendation for funding
- DR. NIELSEN: The mechanics of it that somehow have to be worked out legally. That may be a problem.
- MAYOR BECKER: Let's just do it. Let's just get on with it and do it because the folks out there that can't pay the bills don't understand all this legality. They can't use that when they go down to try to pay their bills. They may have an appreciation of it but it doesn't exactly serve the purpose that they're looking for.

REPORT ON O'BRIEN AND GERE ON
QUESTIONS ASKED BY CITY COUNCIL
REGARDING TELEPHONE RATE REQUEST OF
SOUTHWESTERN BELL TELEPHONE COMPANY

The following conversation took place:

MAYOR BECKER: Yes, sir, how are you, Mr. Kubik?

MR. ADAM KUBIK: Fine, thank you, Mayor.

MAYOR BECKER: Are you happy to be in San Antonio?

MR. KUBIK: Everytime, yes, sir.

MAYOR BECKER: Fine, good.

MR. KUBIK: Now, this report which I'm going to give today is a follow up to the last presentation which I gave here on, I believe, February 13, 1975, at which time we had a rather extensive discussion of the Southwestern Bell filing for the rate relief. At that time, there were certain questions addressed to us by the City Council members, and I will try to answer these questions in the sequence in which we received them. One of these questions dealt with the method which was utilized by Bell in preparing and by O'Brien and Gere in reviewing the separation of their rate base or capital assets to the San Antonio exchange as related to those items which pertain to the long distance telephone service.

The method which was utilized was based upon a rate base separation manual which was prepared jointly by a committee of the Federal Communications Commission and the National Association of Regulatory Utility Commissioners or for short NARUC. This is a national standard publication. In our view, we have verified that the separation was done according to this manual, a copy of which we have. We have not attempted to review the manual itself. This is a publication which is prepared by Regulatory Commissioners of all states plus the Federal Communications Commission, and it is nationally recognized as the standard.

One of the major questions was one dealing with the franchise tax. I will go briefly into the background of it. Southwestern Bell in San Antonio is paying the franchise tax which is in the amount of two percent of revenues. Some of the other cities in Texas are receiving franchise taxes ranging from three to four percent so San Antonio is on the low side. We have reviewed the proposals which have been requested of Southwestern Bell by the City of the methods of allocating the costs of the additional franchise tax if it was imposed. Mr. Reed of Southwestern Bell proposed an allocation of these additional costs by increasing the service connections to the various classes of telephone customers. We verified that these increases which he proposed would produce required revenue. We also have an observation on it because we were asked by the City Finance Director to express our opinion on what the effect of it might be.

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Now, basically these franchise taxes - I will compare in the situation between a regulated state and a non-regulated state. If we have a regulated state such as New York and if, let's say, the City of Albany was charging a two percent franchise tax and Buffalo was charging a 3% franchise tax but the rates would be statewide rates applying to all cities there would in effect be some subsidy of the Buffalo rate payers by the Albany rate payers. In a non-regulated state such as Texas where rates are set on a city by city basis and all expenses including franchise taxes are all into those rates. The question of the subsidy does not arise, so from the merely political point of view it is - it seems to be a matter of secondary importance what the franchise taxes are. The higher franchise taxes, of course, would provide the City of San Antonio with added revenue permitting it to dispose of this revenue by some meritorious programs such as the ones which were discussed here this morning to which I listened. I think it's a matter of policy of the citizen whether to apply it or whether not to apply it. Our understanding is that the phone company is agreeable to accept higher taxes provided that the appropriate adjustments in the service connection charges would be made.

We were also asked to comment on what frequently is referred to as the "Lifeline Rate" and we briefly describe how a lifeline rate on a telephone service works. This would apply to the residential customer who could elect for a lower monthly basic charge to make a specified number of phone calls. Then additional phone calls, that is, the local telephone calls, would be charged at a flat charge per call. Now these lifeline rates have been tried in other areas of the country and generally with unsatisfactory results. The reason for it is that normally the telephone user is not attuned to keeping track of his telephone calls because this has not been the practice. The telephone calls have been unlimited. Many telephone users have kids that extensively use the telephone and the experience has been in other areas of the county that those lifeline rates designed to reduce the telephone charges quite often have actually at long range resulted in increased total charges because of the cumulative affect of additional telephone calls. So our opinion is that perhaps that, of course, would be to maintain the present regular distribution of telephone types of tariffs where the customers can elect, say, a two-party or a four-party line which is some inconvenience but without limitations upon telephone calls providing opportunities for savings.

The question also arose whether or not the City of San Antonio should undertake a more extensive review of the Southwestern Bell filing than the one which was authorized and completed by us in the report which we submitted on February 11, 1975. The opinion that I have on it is that this is again, a policy decision, however, these questions should be viewed in the context of the fact that the problem is larger than San Antonio's. The same problem is probably viewed in a similar context in Houston, Corpus and other cities. There is a project on going under the auspices of the Texas Municipal League to review the filing on such a wider basis. Perhaps it would be advantageous for San Antonio to participate in such a review rather than to undertake it on its own because it would be necessary to get into the general company operations other than those of the San Antonio exchange and I wonder whether the responsibility for the cost and the burden of such a review would be the City of San Antonio's. This is basically the observation on that subject.

DR. FORD NIELSEN: You may have seen the papers this morning, Bob Bullock's office is to begin some sort of statewide spot check. I think it only basically is dealing with long distance calls which are only part of what you're saying. I'm sure you realize that. There's no way we could afford it locally.

MR. KUBIK: That's correct.

DR. NIELSEN: Mr. Mayor, may I ask, Mr. Kubik, since I was not on the Council when you first made your presentation when you were hired, consultant, and all of that. I have gotten the figures from the '69, '71 and '73 presentations that have been made by Southwestern Bell and going back trying both my own accountant who is not a rate expert but certainly understands depreciation schedules and all this. We've been trying to track through those three times and the whole question of depreciation which I know you've dealt with also. Did you in your definition of deciding between fair value and the classic - more classic depreciation schedule - did you go back - how far back did you go to determine your findings?

MR. KUBIK: To answer this question I would have to get into our files because I don't recall in detail and I don't have the analyst with me but I'll make sure that you get an answer to that question.

DR. NIELSEN: I'd appreciate it.

MR. KUBIK: I think what you're probably referring to in this context is the comparison between the fair value and what's called the book value or original cost less accumulated depreciation. Now, the reason for doing it, now this is something where we went beyond the original filing by Southwestern Bell, the reason for doing it was since we're dealing here with a state which is not regulated and we're dealing with the review of a small fraction of the total company operating expense and capital obligations basically the San Antonio exchange, was to obtain by comparison with regulated states what the results would have been. Now in most other states, now Texas is a fair value state. Most other states require bookkeeping on the basis of original cost less depreciation which is otherwise called book value. We have extensively compared the rates of return granted to the telephone companies in other states on that basis. That comparison was done for the test used, I believe it was the '73 fiscal year updated also for '74 and a rate of return is normally compared on a one year basis. We did it for two consecutive years and we found that the correlation between the rate of return which we found as fair and just here in this review compared very closely with those granted by state regulating commissions.

DR. NIELSEN: If you would provide that as quickly as possible, I would appreciate it. I'm almost through with what I'm trying to understand it would be very helpful if you will tell me how far back you went, maybe it was '73, I don't know.

MR. KUBIK: I will send a letter to your attention.

MAYOR BECKER: All right. Are there any other questions of Mr. Kubik on this subject or these subjects, I should say? All right, sir, would you like to go then to the coal if there aren't any further questions on the telephone company, Mr. Kubik?

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REPORT OF O'BRIEN AND GERE ON CITY PUBLIC
SERVICE LOAD FORECAST AND COAL CONTRACT

MR. KUBIK: Yes, sir. I'd like to briefly summarize what we propose to present here today in the way of reports on the review of the CPS operations. In the last meeting I gave a brief verbal report on the status of the entire review by the various phases. I have here with me today a letter which confirms that report. The letter includes a bar

chart which indicates what has been done so far and what yet remains to be done. I'll briefly state the context of it then I'll ask Mr. Illingsworth to give you additional detail on it if you desire.

Now, we were engaged in January of '74 to undertake first a review of the then outstanding request for rate relief by City Public Service. Now that review was initially scheduled to be a two month review which was completed in about three and a half resulting in a 19% overall rate increase granted by the City Council on June 6, 1974. At that time, the City Council authorized a review, a rather extensive review of the capital program and operations of the City Public Service with subsequent authorizations for some of the other phases which Mr. Illingsworth will be talking about, which at that time was projected to be completed in February of '75. The schedule on it has been extended because of circumstances which were both beyond the control of the City Council and O'Brien and Gere. The bar chart which you have in the letter report indicates the completion of all of these activities should be in the fall of this year.

DR. NIELSEN: Did you say completion?

MR. KUBIK: Completion. Because you see we have - there are steps there that must be completed in sequence. The major component of any request for rate relief of a utility system is the capital program. In other words, the capital program must be validated before the amount of rate relief can be judged as just and proper. Now, in order to validate this capital program there are several tasks that can only be done in sequence. One is the load forecast which we will be presenting today which has just been completed. Another one is the capital program which is structured around this load forecast. Then another one is the determination of the revenue requirement from an estimated cash flow which would result from the load forecast and the capital program structured around it. It is a complex lengthy procedure.

We also have scheduled for today a presentation of a major task completion report on the load forecast and I will briefly outline how this has been accomplished. Now, forecasting load in today's rather unstable economy is a very complex proposition. It is an essential operation of a utility company or a utility system. It is an operation as essential as the customers services department or operation and maintenance of any other commonly recognized utility department. We have taken the position on it that the development of the load forecast had to be by City Public Service. Now working with their engineers, we made some suggestions and basically they developed a method which we approved in advance of development of the load forecast. Then the load forecast was developed by that method and it will be presented today by City Public Service who has about a 20 minute presentation on how they did it and what the forecast is. When they complete it, Mr. Illingsworth will make a brief presentation of what we did about reviewing this system and he will also present a test forecast which we prepared in order to test the CPS work on the forecast. There is some difference which increases insignificance as years go by between the two forecasts.

We also have for today a presentation of the status of our review of CPS coal contracts and commitments for coal and with us here today is Mr. Miles Grosvenor of Gates Engineering Company whom, by approval of the City Council, we have engaged as a specialist in energy consultations to assist us with it. Mr. Grosvenor has been engaged all his life in the coal business and he's one of the nationally recognized experts on that subject. At this point, I'd like to have Mr. Illingsworth give a brief report on the various phases of the other review describing material which is in the letter unless there are any questions prior to that.

DR. NIELSEN: Excuse me, Mr. Mayor, this particular bar graph you're speaking of, figure 1 - .0.42 is the peak demand projection on this?

MR. KUBIK: Yes, sir.

DR. NIELSEN: Thank you. There's several bar graphs on here.

MR. KUBIK: This particular bar graph which I was speaking of right now.

DR. NIELSEN: Two bar graphs, okay, thank you.

MR. KUBIK: This is the one I was preparing.

MAYOR BECKER: All right.

MR. ILLINGSWORTH: Thank you, Adam. Mrs. Cockrell, gentlemen, referring to the bar graph and the phase one and phase two tasks. In the phase two task, we identified some as on-line tasks and off-line tasks. Now the on-line tasks are the tasks that Adam has mentioned that have to be performed in sequence to come up with a review of the possible necessity and amount of rate relief for another increase. The off-line tasks are tasks that do not have to fall in sequence but are tasks that were studied to evaluate the overall efficiency of the utility. With that in mind, I would like to review the status of each task.

Now, in phase one, first step of rate relief this work was essentially completed on June 6, 1975, when the City Council authorized the 19% annual increase, however, some work remains. We're scheduled to complete next month our review of the summer billing cycle. In other words, this was done to establish whether the rates were correct - and the results were developed as projected. On the on-line tasks, the first would be review of CPS reserve policy. This task was completed on September 20, 1974, when we submitted our task completion report number two which in essence found that the CPS reserve policy was reasonable and was in accordance with its commitments to the Texas Interconnected System.

Now the next task will be the review of the load forecast. I will present this later today after the presentation of the load forecast report by CPS. I think I'd best leave the comments until that time. The next task is the review of the CPS coal supply. Mr. Grosvenor will follow me by going into more detail on this but essentially what we've done is interview the CPS engineering staff, the future CPS coal suppliers, the Sun Oil Company, and CPS's fuel consultants. Mr. Grosvenor will go into detail about his investigations of the coal fields themselves. One problem that is facing us now and I think you're all aware of this, is that the Sierra Club-Morton case which has been brought into the Federal Courts court delay delivery. We'll discuss this later through Mr. Grosvenor.

MAYOR BECKER: Now that's no connection with Councilman Morton, is it?

MR. ILLINGSWORTH: No, sir, I hope not.

MAYOR BECKER: All right.

MR. ILLINGSWORTH: The next task in the on-line phases of phase two will be the review of the capital program. This cannot be completed until we have completed the load forecast. We have been involved in continuing studies on this phase. We've reviewed the transmission plans of CPS which we consider acceptable. We hope to complete this task in early July and submit our recommendations as task completion report number three. Following this will be the second step of rate review relief which,

of course, is depended upon the load forecast which tells us how much revenue will be coming in and the capital requirements developed in the capital program review. We hope to complete this work and submit our final task completion report which will be task completion report number five in late September of this year.

For the off-line tasks, consolidation of services studies, our activities ceased on this task when the Mayor's Committee was formed to follow through on that assignment. The study of the feasibility of CPS was terminated when we found in our very preliminary findings that this consideration was not feasible and accordingly we stopped all activities.

We completed task completion report number seven on the study of the feasibility of CPS acquiring a gas supply system. Our general conclusions were that CPS could not go into the gas exploration business but that CPS might invest in proven reserves. Now the only work as far as we're concerned remaining on this is an opinion from the City Attorney Reeder whether this is legal. Attorney Reeder gave us an informal opinion and promised to give a written opinion.

MAYOR BECKER: Sometimes his informal opinions are better than his formal opinions, you know. They're more cogent. Would that be a proper word, Crawford?

CITY ATTORNEY REEDER: Oh, I guess it would, Mayor, I took another downer.

MR. ILLINGSWORTH: The analysis of the CPS overhead was completed with the submission of task completion report number eight on September 20, 1974. Our conclusions were that, compared to other utilities - comparing the operations of CPS to other utilities - and then showing them to staff that the CPS overhead once compared to other utilities of similar size, location and operations is not excessive. Our final work on the off-line task will be the analysis of the CPS construction arm. We requested and received a report from CPS in January of 1975, that goes into extensive detail on construction arm costs and the administration of contracts. That work is currently under review by O'Brien and Gere and a report and task completion report number nine will be submitted on June 9, of this year. This completes our review.

DR. D. FORD NIELSEN: Mr. Mayor?

MAYOR BECKER: Yes, sir.

DR. NIELSEN: Might I ask, how you in a more positive way would define the last sentence numbered under off-line as J, CPS overhead says that administrative overhead is not excessive. How would you in a more positive way state that? Slightly above average, below?

MR. ILLINGSWORTH: On the whole.....

MR. KUBIK: I'm sorry. Let me answer that, sir, because we had quite an extensive discussion when we presented that back in the report.

DR. NIELSEN: I was not on the Council then.

MR. KUBIK: I don't recall the exact number but I can give you an outline basically on what the numbers did indicate. This report is on file and I'll ask Mr. White to make sure you do have a copy on it.

DR. NIELSEN: All right. Fine, okay.

MR. KUBIK: Now we compared the CPS overhead factors by making a review of the published data by the Federal Power Commission with a number of other utilities in the country of similar size, similar operation, similar service area and similar climates. Now, I don't recall all of the utilities but Jacksonville was in it, Florida Power Corporation was in it, Indianapolis Power and Light and a few others. We found that in general these indices which we compared were either in the lower third or way at the bottom as far as ranking numbers were concerned. Now, the ranking numbers which we assigned to it, the lowest number indicated the best performance, so CPS basically was better than the average and in some respect they ranked as number one, or number two or number three out of eleven. There were eleven utilities.

DR. NIELSEN: One other thing, Mr. Mayor, I've noticed that on this the load forecast, I guess it was just handed this morning, I see several of them. There's something called CPS original projection for 1988. The original projection is 33 1/3% higher than the O'Brien and Gere and even CPS revised. Now, over what period of time did that kind of a downward adjustment take place because that's significant?

MR. KUBIK: That is very significant, sir. What this reflects is the trend that is not only CPS's trend but a national trend. Now the original forecast of City Public Service as I recall was done in 1972, perhaps I'm wrong on the date, the CPS officials present will correct me but I think that's about the time it was done. This was before the energy crunch. Now the CPS load historically way back from the early 1900's and teens was growing at a steady 11% per year so the expectation at that time was that the trend would continue.

DR. NIELSEN: Just progression analysis.

MR. KUBIK: Just progression analysis which is simplistic but, until the cost of electricity started mattering and until the fuel began going out of sight, all utilities generally accepted that this simplistic progression analysis was okay.

DR. NIELSEN: Now what method did you all use in determining - you've said 7.1 percent.

MR. KUBIK: Yes, I'll briefly sum up the methods because your questions actually are anticipating the presentation to be given.

DR. NIELSEN: Okay, never mind. Oh, but it has been given in the past, you mean.

MR. KUBIK: It would be given next but I'll sum up the method which was used was a statistical method based predominantly upon the count of households these being considered as the indices of economic growth and the whole thing was derived from population projections and two... (inaudible)... was made; energy sales which is kilowatt hours which serve as the basis for estimating or anticipating revenues which will be produced by the load forecast using present rates.....

DR. NIELSEN: You've backed this up I see already with all the rest of these graphs.

MR. KUBIK: And the second one was the demand forecast which indicates what capacity must be on the line available to meet the peak hour load on a peak day. Now, again, let me get into the background a little bit. Because of the character of its load, the San Antonio Electric system does suffer from a poor load factor. A load factor is the ratio of

average use of power to maximum use of power which does cause costly operation because of that fact. So the demand projection here is the most critical thing to be accomplished.

MAYOR BECKER: You encompassed in this report a forecast of capital requirements as we presently know valuations?

MR. KUBIK: No, sir, we do not yet have CPS's adjusted forecast of capital requirements. We had a coordination meeting with CPS yesterday. Now the bar chart which Mr. Illingsworth just presented was predicated on our previous understanding when this data would be available from CPS. I understand from this meeting yesterday they have it. They will assemble it and give it to us before we leave on this trip. So we expect to be able to better the schedule which is on the bar chart.

MAYOR BECKER: I understand though that capital requirements have been revised downward by a considerable amount. Is that not correct?

DR. NIELSEN: At least a third maybe.

MAYOR BECKER: Even more.

MR. KUBIK: Well, it would be misleading to state any numbers or it could be misleading without having done the review. I can make some general statements though that much of the CPS construction program which is already committed, which includes construction through 1983 is already committed. These projects are under construction and they cannot practically be stopped or slowed down. Now the result of the reduced load forecast will be that the reserve capacity on that system will increase more than it had been anticipated at the time of commitment but at the same time there are offsetting parameters. Natural gas is getting more and more costly. These prices are going out of sight. They are going to have to switch to coal simply to save money on fuel. So they will need these new coal plants because the new commitments are coal plants.

MAYOR BECKER: Right.

MR. KUBIK: Secondly, it is very likely that state and federal regulations will prohibit gas use for boiler fuel and then those gas plants which cannot be converted will not be able to produce electricity. They will need those. So there is some speculation at this time because anyone's inability to gaze into the future into a crystal ball, but the fact is that the load forecast will have a major effect upon the CPS capital commitments in the later years of the forecast but not in the early years.

DR. NIELSEN: Has there been any discussions about coal gassification in the light of possibility that these millions of dollars in plants that are strictly dependent upon natural gas can be converted at some point and still use their basic function.

MR. KUBIK: It's first necessary to get coal down here. We'll have a report on that. Now regarding gassification. There are studies under way going on.

DR. JOSE SAN MARTIN: Mr. Mayor, I would like to advise Dr. Nielsen that there is an EDA grant which the City Council applied for and CPS agreed to in the last few weeks which is a \$75,000 grant to study the effects of coal gassification of lignite coal in Texas and this is under process at this time.

DR. NIELSEN: Thank you.

MR. KUBIK: Thank you, Dr. San Martin.

MAYOR BECKER: Now, Adam, what do you want to do now?

MR. KUBIK: I'd like to have Mr. Thomas give his presentation on the load forecast now.

MAYOR BECKER: All right.

MR. DON THOMAS: Good morning. I noticed the time. What is your pleasure? I think it's going to take about 15 or 20 minutes. I don't believe I could go through it any quicker and give you the kind of report. Of the many questions that Dr. Nielsen asked, I think we can cover here so we have some overlays that I'd like to run through. I'll try and run through them as quickly as I can and then I'd like to hand you a report for your review on our forecast. What you have is I believe the O'Brien and Gere review of our report. Presumably, you will be getting two reports each time and hopefully they'll be similar and bring out different points.

MAYOR BECKER: Let's hope they coincide.

MR. THOMAS: Well, I was.....

MAYOR BECKER: I think they're beginning to develop a similarity.

MR. THOMAS: Well, let's say that going in there was dissimilarity and as we go down the road perhaps we're coming to a consensus which was noted on the graph there and, of course, this is our desire as well.

Let's take a look at the first one and let's see what we might need, Mayor. This slide attempted to really quickly recap what I had intended to cover in this presentation. Mr. Kubik has covered essentially the first four items that I indicated on this chart in the fact that the reports are needed to be completed one before the next one. What we're talking about here today is Item 1-A and we have completed that review and are presenting it to you today. Then I want to quickly go through Item 2 which is to cover a few of the points, a few information points, where we are in our sales, what this new forecast method is and what the actual new forecast is. Then I thought that we would just cover one or two moments about what you should get out of this particular presentation at this time.

One of the points that has already been covered is that in the past we had a rather simplistic approach in forecasting. The reason for this is very obvious. For the last 70 years, the peak demand has been 11 percent per year, per year, per year. That is a discernable trend. So we used trending. We did check it with other methods. We've discussed this with O'Brien and Gere and at each review time each year we've found that that method continued to be acceptable. I think it's safe to say that you'll recall in our rate filing that we gave you in the fall of '73 that was the forecast that was in there. That was the predicate.

All right, sales growth, kilowatt hours sales have been growing about 9 percent a year and it was just up until the last two years, I said forecasts were very accurate with this method until late '73. It should be '72. About two to three years ago when this energy situation here. I think it's borne out by looking at this. This is a graph of our kilowatt hour sales. All right, if you notice they're going up steady. This is from '55 to '74, but you'll notice the last three years of data essentially have all been the same. In other words, our sales, the last three years have not increased so that's where we are in kilowatt hour sales. I think this reflects the customer conservation and the acute awareness of price of utilities. It's obvious that the citizens are doing something about the use of their utility.

The next chart is the chart that we talked about. This is the peak demand. This is the amount of power the customers use in the hottest hour of the year. This is when it all comes together and this is what predicates when you have to have to those plants and how big they are. Again, you can see the last two years this is very flat. As a matter of fact, the peak demand this last summer, the summer of '74, was 1412 megawatts, or that's thousands of kilowatts, and last year it was 1415. Actually, this summer we actually were slightly less than last summer.

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All right, while peak demand and electric sales are the main factor, this is our gas sales. We do serve 200,000 gas customers and we shouldn't lose sight of the fact that is important in our planning as well. Again, the same pattern. Gas sales are more sensitive to weather. You can see the up and down and I've been reporting on that monthly and I think you have a good awareness of that. Again, they're down.

Okay, what about this new method. We obviously knew two years ago that we had to have some new techniques. These trending techniques were no longer adequate. New trends are being established so we started a staff of people at CPS two years ago to try to improve the forecast. We had to lay out our plan in the early part of 1974 and then in the summer of '74 O'Brien and Gere began the review of the load forecast so we consolidated our thinking, brought all the factors to bear, this is the summer of '74, to layout what should be done and what factor should be involved and we have incorporated, we feel, every suggestion that O'Brien and Gere has made to offer and suggestions that everyone had to offer in this particular time. What we essentially said was that we need an economic assessment of what the future is going to hold. Now anybody that makes an economic assessment of the future today either is crazy or is authorized or directed by management to do so. I fall in the latter case. So anyway, the next one was to do a population forecast. Why do we do a population forecast? Well....

MAYOR BECKER: You don't want any comments on that, do you?

MR. THOMAS: I thought I would move on quickly. You've had a rough morning and I've had a rough morning listening to your agonizing so this is serious but anyway maybe we can lighten it a little bit. The population forecast is important where our customers come from. That answers that question. Then we try to translate the population into households. That's what we serve in terms of customers. The factors that come into population are birth rate, death rate, how many people we're losing out of San Antonio, coming in and this sort of thing. The households have to do with how the formations are happening. We're actually reducing our household size in San Antonio as well as the nation. When we get these total households then we know which ones we're going to serve in single family and which ones go into apartments and that makes the difference in our service. Then we get our customers. Then we have to predict how much these customers are going to use. That involves assessment of use of appliances. What are they going to use. What business is going to use. Then when we can multiply the usage by the customers, we have a total volume of sales. As Mr. Kubik mentioned, then we can convert our total volume of sales by relationship of how much of that total annual volume of sales is going to hit us at the one hour of the year. This is the overview of the method that was agreed upon and it has been followed in this forecast.

Okay, so I thought I'd cover just a little bit about each of these pieces and perhaps I'll refer to them. Basically, in San Antonio, our energy growth depends on what our community is. As you well know, you know the economic conditions here in San Antonio. We're strong in governmental military, our medical center is doing strong and we have a lot of growth in our educational, you know, the economics of San Antonio. I won't go through those. One additional element that has come in, I believe, is the interest of this Council through the pushing for industrial growth. Also coming out of recent time, the recent development of San Antonio Economic Development Foundation which is getting funds as you well know from business. We feel like this is going to have a strong influence on the San Antonio area and have attempted to reflect that in this forecast. We also are being hit on the other hand by slower population growth, not just in San Antonio but nationwide. And what we mean by increase household formation what we're saying here is that the average household size is going down so therefore the increase in the number of households should be greater than the increase in population. Obviously when you have a change in characteristics, this will happen.

There's no question and you all again are well aware that we're having to adjust for changes in the conservation, do both to voluntary manner and perhaps if you want to call the price effect an involuntary conservation, we have that affect. We know and we see trends in the industry to develop more and better efficient appliances. I think I mentioned to this Council in some of my previous conversation that a few years ago an air-conditioner used 5 BTU's per watt. That's a measure of efficiency. There are some now in the market that use 10 or 11, simply stated for the same cooling they use half the energy. There's going to be this down the road. Hopefully, this will help a lot of the moderation of the utility bill.

The other experts say well the slowing of usage of electrical growth has got to happen. We can't sustain these growths. But on the other side, they say we can't help but go to an all electric society. We've got to get on to coal. We've got to get on to nuclear. We've got to do a lot with our environment. We've got to do a lot with this and a lot with that. When you look at that, it seems almost to suggest on the other side that the rate of usage of electricity will perhaps be greater than it was in the past. Now we have not factored too much of that in because it's still so unknown as to what these effects are going to be. But I would be unwise not to mention to you that those are in the market.

Let's look a little bit starting with population forecast. The population forecast that we used is one which is put out by the Comprehensive Planning Department of the City of San Antonio. We've looked at the all population forecasts that were around and felt like this was the best one available. I think that should be a compliment to the City staff that in the Bexar County area, it seems to us that that's the best one that is available. They use to develop population. They built that up by how many people are going to be born, how many people are going to die and then also what they expect in terms of net migration. I'll comment on that if I have to make many more presentations, I'm going to be one of those death rate statistics, I think, it seems like, but what they're projecting is that as is happening over the United States, the birth rate is dropping and simply stated that means less people that are coming on the scene. Okay, the next ingredient is what is the net immigration. San Antonio has over the years had a positive net immigration that means we've had more people come in then have left. Before I finish talking about this, the death rate is fairly constant, so therefore, I haven't shown the slide on it. Most analysts agree on that. Now I've - we've made an adjustment to the Comprehensive Planning's net immigration. As you see, the net immigration in the 50's and 60's of San Antonio was quite high. In other words, we were gaining considerably on those that we were losing. In recent periods, we have not done so well. I think this is an area of concern that each of you should be aware of and should take note of. The City of San Antonio projection assumes more or less that the current situation that will continue. Perhaps this forecast was put out sometime before some of these recent developments that I've noted before the San Antonio Development Corporation, the expression of Council and other actions toward industrial growth. We have attempted to change this net migration to a more positive projection. What we're saying is that obviously we cannot reverse this trend overnight but that through actions that have been taken this will reverse itself and reach by the 1990 period, a rate of net immigration of people that approximate percentage-wise what we did in the period '50 to '60. This is an assessment. We think that San Antonio has the natural potential to grow and to attract people to San Antonio. It is a matter of what we do about making that happen.

Okay, the total population when you put these things together looks something like this. As you can see, it's a gradual increase at a slightly tapering level. Our assessment is that the population of Bexar County now is around 896,000. I saw an article in the paper the other day that seemed to say that it was a little higher than that. We don't feel that it's quite that high at this time. Okay, we have population so this is our assessment of how many people are going to be here. How do we convert the household? Remember we have to convert the household.

This next slide shows you the method in which we converted that to household. This is the people per household from the previous census. As you note, we've made a substantial change in this graph between 1970 and 1974. This is why we feel like some of the statements about where we are populationwise are a little high. We believe that actually we have not gained that much in population but we have dispersed the population into more multi-family housing at very rapid rate in the last three or four years. This is also what seems to be happening nationally and therefore, the number of people per dwelling unit has dropped. The projection shows a continuation of that decline to smaller families, more and more of them living in multi-units which normally has a smaller number of people living in it. So this is where we get out households. The next graph takes the household and splits them. Well, I see they've got a red chart. I told them not to put any red charts in because they always make people wonder but maybe it will wake me up a little. This is the percent of the total household that are in single family. Now this is important because our service is different. Right, as to who we serve, whether apartment where we serve one meter to serve 500 tenants or one meter to serve a whole family. Other projections available on there and it is kind of interesting to note that if you are a homebuilder you seem to think you are going to build more single families. If you are apartment associating, you seem to think you are going to build more multifamilies. We are attempting to get halfway in between and perhaps get the best of both worlds.

DR. NIELSEN: Is that what your projection does in some sense?

MR. THOMAS: It essentially follows our history plus giving weight to both of these and somewhere in the middle is what we are saying. Obviously this seems to be the way to expect industry forecasts to come out. What it amounts to is that, right now, about 60 percent of our customers, 60 percent of the people in San Antonio live, are going into single family and 40 percent are going into apartments. By 1990, we expect the reverse. That 40 percent will be going into single families. Obviously, this is due to the high price of land, the high price of housing and all the other economics factors. Okay. When you take these factors, go through this step, we can get then our customer forecast. What it amounts to is we expect to ask some 70 to 80 thousand customers in the next 15 years and also the gas customers are shown. So this completes the first step of the forecast in terms of our customers' growth.

On the usage, how do you get the usage? Let's have the next chart. There are many graphs on this, I am trying to hit some of the high points. Obviously, this is a very technical presentation and you can't simplify it too much, but I thought you might be interested in what the average residential electric growth might be. Again, you can see the very consistent trend in the past with the flattening in the last year or two. The previous historical projection and, of course, our current projection which gives a lot more weight to the recent time and the conservation. What it amounts to is that the customers on the average now are using right at 9,000 kilowatt hours a year. We expect them to be using 21,000 kilowatt hours per year by 1990. In terms of gas residential usage, it's a lot more flat. There is a limited amount of things that you can use natural gas for in a home. Mostly increase in usage is due to electricity. So this projection simply reflects pretty much the continuation of what is happening in the past after giving a little weight to some conservation.

MAYOR BECKER: Don, I am going to ask if I may interrupt you for just a second. Someone said this was going to be a long session today, and it's turning out to be just that. With all the number of items that we have had here, we are going to postpone the Manager's items until tomorrow and also the "B" Session items until tomorrow. So all the staff that is waiting to handle the Manager's items today, we will not handle those today, we will handle them tomorrow as well as the "B" Session items. So everybody concerned should know by now that it has been postponed. Okay, Don.

MR. THOMAS: I don't have a whole lot more and I am trying to go through as quickly as I can, because this is something that, you know, you have to go, it seems that you have to go through, I am trying to hit the highlights, it's a very technical subject of load forecasting and anyway, the gas use is this. When you multiply then the unit usages times the customers, this is what we are really starting to get after, what, in other words, what I am trying to describe is, we build these things up step by step and there is backup for all these.

Total electric sales, you can see the flattening and the projection, giving weight to this technology and the increase in use but it's flattening to a degree. It might be important to see that the residential sales of total electric sales is a pretty significant element. And, of course, that reflects our low amount of industry here in San Antonio. Comparably speaking, the gas sales are shown on this graph. Again, they are more or less pretty stable and continuing on as they have in the past.

All right, you remember that Mr. Kubik made a significant point earlier that really the prime focus of this forecast what is our load growth going to be, not what it has been in the past, and all these underlying things. These are necessary to get to what we are really after. This is the conversion method that he talked about earlier. This is the relationship of your annual sales, to that demand on that one hour and I just show this to show you that this is the method by which we get it. The next to the last chart here, shows you what this peak demand growth is going to be. I think, Doctor Nielsen, you had this on one of the graphs. This shows the new forecast, I have not shown the old forecast, but at any rate, you can see in the past how this line was very stable and if you can project at the past, it would have been substantially higher than this. This new load growth is 7.1 percent per year, as opposed to our previous 11 percent per year. And this is a sizable reduction and the only thing that I would mention here and I was happy to hear Mr. Kubik mention it, is that no matter what this growth is for the next few years, this conversion to plants to alternate fuels perhaps is more important than what our load growth is going to be. Now, I wouldn't want to mislead you that all we have to do is bill for is this load growth. In the next few years, we have the additional problem of getting on to other fuels. And so, the capital program will not entirely be dependent just on this one load forecast. It's highly dependent upon it. But fuel availability and the question of alternate fuels is quite critical.

Now, in the material that I will hand out to you, while we were doing the load forecast, naturally, and the sales, we translated that into how much money is that going to yield City Public Service Board for their operation. I am not going to go into any explanation of this, because in future reports, on the revenues, we will talk more about that in future reports. I just wanted to cover that are some charts in the reports that I am going to give you that cover this. Obviously, you can see that the projection of total revenues - this is under existing rates - continues pretty flat and you can see what the effect of the fuel adjustment is which is the difference between the dash line and the upper dash line. Obviously, it is a significant factor and continues on. The last chart that I wanted to show you is a fairly important thing that goes beyond this Council perhaps and some would say and that is what you are going to do about the forecasting next time. I wanted to indicate to you, that we have a full time staff, that is continuing to review these elements. We are in the process of writing a detailed plan and improving the method and effectively next fall, we'll have another forecast. In other words, this is an annual thing, which allows you to adapt to the changes. If you are off out there, you can modify it and before you have to make a commitment to large capital expenditures and so this really concludes my presentation and I appreciate your staying this late.

DR. NIELSEN: Just for my own clarification, I haven't run into all that much, but is that basic coal contract that, I don't know whether it is finally signed or whatever, basically a cost plus 10 percent?

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MR. THOMAS: Doctor Nielsen, I am not really qualified to speak on the coal contract at this point. I have read it but beyond that....

DR. NIELSEN: Could somebody get that information and secondly, I'd like to know what, if that is the basic contract, what are the protections for failure, for interruption of the availability of coal, you know, a whole host of factors that if we are going to get into this whole thing, we need answers to.

MR. THOMAS: Right. I think undoubtedly in these presentations concerning the coal contract, many of those questions can be answered perhaps in advance of that we can get you some information. This is our report, the only thing I can say to you about this, I know the volume of reading you have, the first twelve pages is easy, and it gets rough after that so, the first twelve pages is not too hard, but there are also, you have copies of slides, we have written a little summary to give to the press, it summarizes it very succinctly what we have said here. You should have a copy of that also and that really completes my presentation.

MR. KUBIK: I would like to have Mr. Illingsworth present our findings in connection with the review of load forecast by City Public Service.

MR. ILLINGSWORTH: Thank you, Adam. First of all, let me tell you our general conclusions. We feel that CPS has made substantial progress toward developing a statistically and analytically sound forecasting system during the period of our assignment. We also conclude that the revised CPS forecast is adequate for capital expansion planning. It is also our opinion that future improvements should be made in the developing by the developing of a CPS forecasting system by employing the full resources of the advanced computer facilities of CPS and the analytical and technical expertise of the CPS staff. I'd also like to finish my remarks by saying that this has been a very detailed review. I won't go into the great detail of the report. You can read this but you can compare our charts which are extensive to the previous material provided by Don Thomas.

Now, at the very initiation of our assignment, we met with the CPS forecasting staff. It was obvious at that time in the period allowed and it was originally planned for a report by the first of September that we could not come in cold and produce an independent forecast from ground zero but we did discuss the problem with CPS. We had a very frank exchange of opinions on forecasting techniques. We resolved most of our differences, maybe one difference remains that we can discuss later but we resolved these differences. We presented them with our ideas of our different techniques with the forecast analysis. They were very well received and they were received with interest so for us we feel that we made a significant contribution to the revised forecast. During the - conducting the forecast we maintained very closely liaison with the CPS staff so that we were able to go into the final analysis at the end without starting at a very - in other words, we could not go on until late September and then review this. So there has been close liaison with the CPS staff.

I'd like to repeat once more and I think this has to be repeated it's so important, the real importance of the load forecast. The load forecast determines what revenues will be produced through the energy portion, the KWH forecast, and then importantly the demand forecast, the KW, this determines what the capital expansion program has to satisfy. Now following this task completion report, we will be reviewing the revised capital expansion program in task completion report number three and following that we develop the cash flow and then make our recommendation whether a rate increase is justified and how much it would be.

DR. NIELSEN: By September of this year?

MR. ILLINGSWORTH: Yes, sir, I hope so. It better be. Let me discuss load forecasting as a philosophy almost. The load forecasting process in an electric utility is essentially the same procedure used throughout industry, commerce or government but it's tailored to the

particular requirement of the utility. Future conditions are predicted by a statistical analysis of the probable effect of recognizable future modifiers on the trends established by historical data. It's extremely important now that this forecasting technique use the most advanced tools or statistics or computers available because of the greater accuracy that is needed now. In the past CPS is lucky. It was a uniform growth. This can't continue. You can't be that far off in your predictions any more. You've got to come close because you're going to waste an awful lot of taxpayers money.

Following our review of the forecast and let me begin this by, Roger, could you put the graph on. This explains, I think, the general results of our forecast. As we went into the forecast, we reviewed their forecast. There were some differences in the latter stages based on our differences of opinions on household and usage of individual customers so we felt at that time in December that we would use CPS data to make our own check forecast and this is the meat of our analysis right here. As you look at the track, you see the original CPS forecast, as the top line, below that you see the CPS revised forecast and then the O'Brien and Gere check forecast. Now as you can see that there's a significant reduction in the forecast. Up until about 1980, our forecast and the CPS forecast are very, very close and for intents and purposes, the same forecast but there is a divergence following 1980 so that by the year, fiscal year of 1987-88 CPS revised forecast has 4,140 megawatts and ours is 3,930 megawatts. Now, for planning purposes, or even analysis out of the total demand that 200 megawatts isn't a great difference. We do feel, however, that as CPS progresses with its forecasting system that either this difference be reconciled or justified but the significant thing, of course, is that the growth has gone down from the original 11 percent to 7.1 percent.

MAYOR BECKER: What was that - let's try to translate that in terms of today's dollars. Approximately what would that amount to in the reduction of capital requirements just probably.

MR. ILLINGSWORTH: I wouldn't want to - let me answer that question, Mr. Mayor. I wouldn't want to predict this and I'll tell you why. We've got a very important analysis coming up on fuel and I know you are concerned for fuel. If we were to assume that the gas would have been available in the past and that there would be no hitch on getting coal, I could probably give you a good answer on that. We could relatively say right now that they can cancel maybe one, two or three units but that's why it's so important that these things go in sequence that we have to have the coal analysis before we go into the review of the capital expansion program. The in-line task has to fit together so I want to beg off answering that question because I don't think you can predict that answer right now.

MAYOR BECKER: Okay.

MR. ILLINGSWORTH: As I said before this downward revision in forecast should result in some curtailment of facilities. We don't know how much now, certainly there'll be some curtailment than the original program based on the 11 percent forecast. The gas forecast, of course, is reviewed separately. We feel that the gas forecast which has a growth through the period ending 1987-88 of only about .71% per year is realistic because I think this reflects the almost inevitable conservation by gas users due to what we believe will be inevitable deregulation of well-head gas prices. Then concluding our brief review our general recommendation is that CPS continue to improve their load forecasting techniques. They've got a very advanced computer technology. They've got, we feel, very intelligent people on the staff. They should be using these to their utmost in developing this program and we also believe that after a reasonable period of time, and we suggest in the fall of 1976 that the forecasting program that has been developed by CPS should be reviewed once again. We feel it's that important. Yes, sir.

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REV. CLAUDE BLACK: As you have looked at the projections, have you come to any kind of point where you're able to give some indication of lead time needed in terms of decisions made by both the Council and the City Public Service Board in order to meet the kind of projection that you are seeing now? When those political decisions are going to have to be made, I want to know whether I want to be on the Council.

MR. ILLINGSWORTH: Let me answer this. As I said before, there was a difference of 200 megawatts in the latter stage of the forecast between our check forecast and their forecast. Now this really isn't significant because you don't have to commit capital to units that will be required in the latter 80's at this time. Now right now, as I understand it, you people have already approved construction of the two T. J. Deely units, the 45 megawatt units. So you made that decision. The things are being built now. There's no way to back out of that. A coal contract has been made. Hopefully, coal will be delivered. Now, the next - I don't want to anticipate their program but as I understand it, there'll probably be a requirement for another unit in 1981. Now with lead times of five to six years you're talking about maybe a decision next year on an additional plant.

MAYOR BECKER: Well, of course, I don't have to say it, you've said it and everybody else has said it but capital requirements have a great deal to do with the rate structure invariably, inevitably, and the less money that needs to be spent, the less that you have to crank into the equation to take care of those capital requirements, is that correct, Jack? It's just axiomatic to the situation. Now, the cost of fuel, whether it be coal, gas, oil, whatever, that is the variable that will continue to bug anybody but if we can get the capital requirements down substantially and yet still not cause the town to suffer as far as its future and the job opportunities and all these various things, way of life and all, then we're saving the citizens money. Isn't that correct?

MR. ILLINGSWORTH: Yes, sir.

MR. KUBIK: And most importantly, I want to emphasize how important the load forecast is because this is where everything starts and it's awfully important that CPS have a full backing of the Council and the Board that full resources are given to the development of a sophisticated forecasting program.

MAYOR BECKER: Okay, sir, thank you. We're going to come to the coal question.

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DISCUSSION OF CPSB COAL CONTRACT

MR. KUBIK: I would like to come to the coal question. I know that time is moving on and the Council does have a very full agenda so in order to cover the coal question, I'll introduce Mr. Niles Grosvenor of Gates Engineering who will present the summary of his investigations which have taken place basically all over the country in meetings with City Public Service's consultants, contractors and other people involved.

MAYOR BECKER: I would like to say, Adam, that I don't want Mr. Thomas or yourself or any of the gentlemen, Mr. Illingsworth or anyone that you brought with you to feel like you're being - that you're consuming our time. You were asked to come here this morning to make these reports and I think you're doing a fine job of it. This is one of those mornings where quite a lot of things were put on the agenda. I don't know how many pounds of anything that you can get in a 10 pound sack and yet that was what we were expected to do here this morning, so we'll face it, we've tried to make a blizzard out of this meeting this morning for those of you who recognized that phrase. This is part of the business session that must be accommodated here at this Council meeting this morning and unfortunately, we have had to put off certain of our human side of the meeting that we will try to get around to before we adjourn for lunch and then the latter part of it this afternoon. So don't be apologetic

for the time you've taken. This is most important to the future of the City of San Antonio both presently now and whatever occurs hereafter.

MR. KUBIK: I appreciate your comments, Mr. Mayor.

MR. NILES GROSVENOR: Thank you, Adam. Mr. Mayor, Council members, guests, my name is Niles Grosvenor. I am the Vice President of Gates Engineering, Western operations. To give a little about my background - I have been in the coal business for over 30 years. In our family, we have mined coal in Colorado for more than 30 years. I graduated in coal mining from the Colorado School of Mines. I've taught more than 20 years and have retired from the Colorado School of Mines as a teacher of mining and coal mining specifically. I joined Gates three years ago and our operations, as you know, cover the western states. I have twelve people in my office. We have seventy people in our eastern office and we have two people in the Chicago office. So we have covered the field of coal. I have specialized on coal in the western part of the United States, west of the Mississippi River. I was born in the East. I didn't leave anything back there. I grew up in the hard cold region of Pennsylvania. When I left there in 1941, I moved to the west and I specialized in the western coal.

In January of this year, Gates Engineering was asked to review the coal prospects of the Sun Oil Company property in Wyoming. The information had been turned over to John T. Boyd, a very capable consulting firm doing the same type of work that we do. We've met with the Boyd people and found that they did not have all of the information that was available on the property and looked at their amount of reserves and their reserves said that they had over 300 million tons of coal on this property in Wyoming. Our engineers.....

MAYOR BECKER: You are speaking of townships 46 and 47 to be specific?

MR. GROSVENOR: For their property we're talking about in Wyoming.

MAYOR BECKER: Yes, sir.

MR. GROSVENOR: Our engineers visited the property. We observed the operations. They are continuing going right ahead with the surface work at that point. We also requested to go to Dallas and visit with the Sun Oil geologist and see the records and at that time we looked over all the records. The Sun Oil people were very cooperative. We looked at the records on every hole that they've drilled and found out that they have done a very fine job. We plotted this data and prepared the maps. We found that Sun had drilled the property so well that we would say that 97% of the coal, that is assured coal, in other words, it's positive it's there, only 3 percent, with one or two more drilled holes we could put it in the 100% category.

The Boyd original estimate said that they had 300 million tons of coal. They have since revised that estimate up to 618 million tons. (Inaudible) under contract with Sun Oil working on the property doing the surface work plus the geology plus some more drilling as well as reserve work and they came up with the number of 623 million tons. Sun Oil, themselves, came up with 629 million tons and Gates came up with 629 million tons just plus or minus a few percent from the Sun calculations. Sun is continuing to do the construction work on the surface even though they do not have a permit from the federal government to mine, they are not holding back in getting the property ready to mine when the permits are issued. They have bought a drag line. It is being disassembled, and will be moved down to the property. They are planning an operation of 12 to 14 million tons of coal per year. They are backing housing for workers such as trailers and other housing. They will have to bring a labor force in because there is no place for this additional number of people to live.

The quality and the quantity of the coal as represented by Sun and I think is real. They have excellent mining conditions. It's a one mining seam. It's about 50 feet thick and much of the area, at least 30 percent is where you just have to remove one cubic yard of overburden for one ton of coal which is ideal for the mining side of it. About 60 percent, or a little more, has only two yards of material to be removed for one ton of coal and a very small percentage maybe three percent that would be up to 3 to 1 and that would still be a very minable situation. They own the surface of the land, they have a federal lease on 6560 acres of the coal. The Burlington Northern is insisting they will have a railroad ready. Now, as you know, that they are on the first leg of a new railroad that is to be built. They are on the first six miles of it. Burlington Northern could start on that end and it would bring the Burlington Northern route right along beside of the property. In an extreme case, they could build a road and haul the coal by truck and put it on the Burlington Northern and bring it out by the northern route. The quoted transportation costs we think are high. I feel personally that CPS has hired some of the best consultants in the field of transportation and rate charges for rail haulage and this is in the order of Newekee and Associates and Lee Peabody. I happen to know these people personally. I do not know Mr. Slover, the attorney in Washington. But, I think you have representing you, some of the best in this field. We do not have any word as far as the injunction and the Sierra Club. Nothing has happened I should say, not any word on the Sierra Club versus Secretary of the Interior Morton, but they keep insisting that we will have some word on that soon. Are there any questions?

DR. NIELSEN: Mr. Mayor, what about the basic contract being at cost plus ten percent? Is that.....?

MR. GROSVENOR: That is a common thing now because of costs.

DR. NIELSEN: Well, what protection do the citizens and rate payers have that we don't end up with the same situation we have got with natural gas and fuel costs then? Ten years from now, we are going to be paying two and three hundred percent more. Isn't there anything in that contract that sets some sort of a ceiling on these costs?

MR. GROSVENOR: Yes, I think you have a logical question as far as you mentioned before that will have to be investigated thoroughly. I have not planned - I have went into the cost that they have put, the present day cost of mining the coal and we feel that Sun can certainly produce the coal at that price. Now, the legal parts of the contract, we will have someone study that in more detail, but as far as the number that you have started with in the dollars and the time in which it was set. These are real numbers and fair numbers. I understand your concern.

DR. NIELSEN: Somehow, somebody, between us and CPS has got to get into this.

MR. GROSVENOR: Yes, we will do this.

MAYOR BECKER: Have you had an opportunity to investigate the sources of coal, lignite, whatever, in the state of Texas, as close to proximity to San Antonio?

MR. GROSVENOR: This is our next assignment task and I will let Adam speak to the issue.

MAYOR BECKER: Let me ask you one question, sir. What is the intent of the railroads with respect to the Texas road beds? Texas road beds perhaps may be different from road beds in the Hudson Valley and so forth because, as you know, those road beds are built on some sort of granite rock. I don't know, it's solid as can be. Our road beds down here travel through all this humus soil with bentonite and have all this lateral movement, up and down and everything else. What are they going to do with this coal trains and how are they going to protect the road beds in Texas so as to permit a hundred or so of these coal trains traversing the state of Texas to operate without any great interruptions and all that sort of thing?

MR. GROSVENOR: These are comments that I have heard before. The road beds in Northwestern Colorado, as you know, were about in the same situation. I believe the Rio Grande is setting aside 50 million dollars for that last less than 50 miles that goes into Northwestern Colorado. But this is something that will have to be worked out.

MAYOR BECKER: 50 million dollars for 50 miles.

MR. GROSVENOR: Well, 50 million dollars for the upgrading to get the coal out of Northwestern Colorado. I didn't mean 50 miles.

MAYOR BECKER: Well, of course, the increased maintenance factor, though and all that sort of thing, is going to attach itself to the cost of hauling the coal, isn't that correct? It has to be. It can't be absorbed. Most railroads are in defunct, or insolvent condition as it, as they are. There are only one or two in the United States that are money makers, and I think that is Southern Pacific and Santa Fe, if I am not mistaken. Generally speaking, you know.

DR. NIELSEN: Well, this 50 million dollars in Colorado is for a new track, is that right?

MR. GROSVENOR: No, it's to upgrade - it was a lightweight line and now it's going to become an extra heavy. Yes, this is the problem, we haven't solved it.

MAYOR BECKER: Okay. All right, sir, any other questions of Mr. Grosvenor? Well, thank you very much, sir. Thank you.

DR. NIELSEN: How soon will you have some report on the lignite in Texas? Oh, is he going to answer that?

MR. GROSVENOR: What we are working on will be completed by the first of April.

MAYOR BECKER: We would like to try to effect that mine mouth capability that Mr. Kubik refers to from time to time, where we could build the plant right on top of the deposit and eliminate all this haulage, you know. If it were humanly possible. Adam, you going to be able to accomplish that assignment, I presume?

MR. KUBIK: I can only say that I hope so. Because that is not a simple assignment for anyone.

MAYOR BECKER: That is correct.

MR. KUBIK: What Mayor Becker is referring to regarding mine mouth generation, is the concept of building the plants where fuel is cheap, where transportation costs don't enter the picture. And then in transmitting energy by wire, which in many cases is the most economical way to transmit energy. Now, in this part of Texas, the only type of fuel available locally is lignite, which is really sub-bituminous fuel which causes problems when burned in a power plant.

MAYOR BECKER: Adam, if I may interrupt here for a second, if I am not mistaken, Mr. Grosvenor, the U. S. Geological Maps that I have seen that deal with this area of Wyoming categorizes this deposit as sub-bituminous lignite also, isn't that correct?

MR. GROSVENOR: Not lignite, just sub-bituminous coal.

DR. NIELSEN: There is a distinction, then - sub-bituminous lignite and coal.

MR. KUBIK: Lignite is basically high sulphur content burnable material with a high degree of impurities, leaving lots of ash and causing some problems in handling in combustion. Now, burning lignite is not a simple proposition. Under the present environmental control standards, lignite could not be burned in power plants that are being

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designed today. It is necessary to put scrubbers which would remove the sulphur from the stack gas and at this time the scrubber technology has not been demonstrated that it will work successfully on this type of fuel. The people that develop those scrubbers promise that this technology will be available in a few years.

Now, City Public Service does have a feasibility study of a lignite plant on which the decision doesn't have to be made for a few years yet because of the reserve being gained because of this reduced load forecast. But that decision, in order to be implemented, will depend on several factors. First of all, availability of sufficient lignite to justify the cost, secondly, the ability to burn that fuel under power boiler within the present or reasonably anticipated environmental control centers, thirdly, the sites to have proximity to the deposits of lignite and to cooling water. They are in the process of conducting such a study with other Texas utilities. What we propose to do is to review the results of it as we go along. But again, because this is a feasibility study, not an accomplished fact, it would not be possible, such as in the case of Wyoming coal to go in and review the arrangements have been pretty well formalized into contracts or draft contracts.

MAYOR BECKER: What's the impact of this Sierra Club suit and the environmental impact study that's supposed to be made and then all the possibility of the severance taxes and what not that North Dakota, South Dakota, Montana, Wyoming and some of those states or state legislative bodies are considering implementing on this depleting resource that is leaving their states?

MR. KUBIK: Regarding the possibility of a delay because of the Sierra Club suit, there is an opinion stated for City Public Service by their legal counsel in Washington who serviced them in this matter that in his opinion which, of course, he qualifies to a certain extent, that lawsuit should result in a decision by the courts perhaps within three months. There were other estimates ranging up to two years so without a crystal ball, I can't really give any assurance what it would be. Regarding the second portion of your question, Mr. Mayor, I'll ask Mr. Grosvenor if he would be able to elucidate on it.

MAYOR BECKER: All right, sir.

MR. GROSVENOR: On the tax - the severance tax certainly is going to make an effect. Our Colorado governor has just announced that he would like to have a six percent severance tax for coal used within the state and more if we're going to take it out of the state. He is an environmentalist. He's talking two different stories because if it's going out of the state, you'd think he'd want it less but he says we do not want to burn all the coal in the state but it definitely will have an effect and it looks like Colorado would be in the neighborhood of a six percent severance tax, Montana is higher.

MAYOR BECKER: Isn't there a point somewhere in the future where through additional transportation costs, additional severance taxes or severance taxes, whichever way it works, that actually the lignite factor could be more economical to burn were it available here within a reasonable proximity to San Antonio. Even with the application of scrubbers and all these costly devices and the reason I'm saying that is because it seems to me that I've read where much of the production capacity, industrial capacity of western Europe was based on these lignite coal or lignite, whichever, I keep calling it coal, lignite. The Ruhr Valley and much of eastern France and so forth, most of these plants are burning lignite, are they not.

MR. GROSVENOR: Absolutely. I visited the lignite mine of 70 million tons a year production in eastern Germany and this is true. We've calculated on dollars and the storage and hauling and the transportation system and there will probably come a time when it's just as well to burn coal.

MAYOR BECKER: What technology do they have in western Germany, for example, to help minimize the ash content, sulphur and all that business out of this? Are they dealing with that at all yet?

MR. GROSVENOR: No, they were shipping most of the coal to Russia. I didn't follow it through. They do what they like over there, we don't do what we like here.

MAYOR BECKER: Yes, sir, that's correct. All right, any other questions of Mr. Grosvenor?

MR. W. J. O'CONNELL: Well, I'd like to ask one if I might. Are you familiar at all with the Brozos Electric Corporation? Are you familiar with any lignite contemplated plants in this area?

MR. GROSVENOR: Just what I read in the paper - the one south of here?

MR. O'CONNELL: Yes, south of here. I noticed that initially a friend of mine had indicated that they were buying boilers and burners from Germany and now they switched to American made styles so the technology of handling lignite is perhaps coming to our area. We attack it from here rather than having to go to Germany, is that right?

MR. GROSVENOR: Well, we just make the boilers larger. There's a tremendous ash handling problem as you know. That will be 30 to 40 per cent ash. It's not very easy to wash and having to wash lignite and coal at the present time and it's high sulphur so they have discovered the cost but they also have the large boiler plus the large ash handling. It's more costly but if you can beat the transportation cost. They're problems that can be solved.

MR. O'CONNELL: Technically, the boilers and everything will be here. We won't have to go to Germany to get them.

MR. GROSVENOR: That's right.

MAYOR BECKER: Thank you, sir. Thank you very much.

MR. ILLINGSWORTH: Excuse me, Mr. Mayor, may I add a few words on this. The two present boilers that will be installed and are on order, they may be here now, for the J. T. Deely plants are of sufficient capacity to burn lignite. The only problem is that right now nobody has a scrubber that could satisfy existing environmental standards for Texas. To my knowledge nobody has a demonstrator scrubber that will work. Furthermore, the City would have to install additional handling equipment to burn lignite and storage equipment. They have space available, I understand, at these units so sometime if the scrubber could be developed and it would be awfully expensive, some estimates go up to \$125 a kilowatt installed and when you're talking of plants at a 3 and 4 hundred kilowatts for the rest of the plants, you can see where the cost is going.

MAYOR BECKER: A \$125 a kilowatt?

MR. ILLINGSWORTH: Installed, that is some estimate for scrubbers if they can work. Another problem would be right now that CPS would have no guarantee of getting lignite. There are some deposits that are pretty well tied up the other people. Nobody's in the market for selling that right now so it would be a question of availability. There's lignite all over Texas but the question is who owns it and can you get it out of the ground. So lignite probably is in the future. I'm certain that CPS has continuing analysis. Don't forget they've got a plant coming up in 1981. They wouldn't have to make a commitment right now but they could consider this plant for lignite but if they were to start cold right now to develop a lignite field, even their existing lignite fields, if they're adequate they couldn't be getting lignite out of them for four or five years. You have to go out and buy a shovel, that's another commodity you can't get. Shovels or drag lines are just not available because of

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the explosion in demand for fuels so we're taking five years to develop that anyway. They are looking at it and it is a possibility and it will be called.

MR. O'CONNELL: I understand that shovel is coming down - it is already on order and going to the Tilden area south of here.

MR. ILLINGSWORTH: Yes, well, there has been discussion, as I understand it, a possibility of a lignite plant by the Brazos Rural Electric Cooperative. Well, as I understand it, there were grave questions there. I would like to know if they have an environmental impact statement right now. I'd like to know what the quality of that lignite deposit is there. If it's heavy lignite, I mean heavy ash, which I have heard it might be what the cost is going to be involved in this. I'd also like to know where they're going to get water in that area for cooling towers and I'd like to know how they're going to get scrubbers to meet the environmental impact statement.

MR. O'CONNELL: I'll give you their attorney's name, I happen to know him. I'll be glad to.

MR. ILLINGSWORTH: No, I think.....

MR. O'CONNELL: You asked me how you could find out, I'll be glad to give it to you.

MR. ILLINGSWORTH: I imagine what they're doing on this is they're probably undergoing a feasibility study. I imagine that feasibility study will probably determine whether their plant goes there, that's the limited knowledge I have on that plant. Thank you.

MAYOR BECKER: Thank you, Mr. Illingsworth. Adam, do you have any further subjects you want to discuss today, weather in Syracuse or anything like that?

MR. KUBIK: Oh, I can answer that question without any qualification whatsoever, it's raining. It isn't snowing though. The only remaining thing I have is to invite any questions which may yet be outstanding on any of the subjects we've discussed.

MAYOR BECKER: All right. Any other questions of Mr. Kubik at this time? Well, thank you very much, Adam, Mr. Grosvenor, Mr. Illingsworth. I appreciate your coming down and making a fine presentation.

MR. KUBIK: Thank you very much, Mr. Mayor, Mrs. Cockrell and members of the City Council.

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SALVATION ARMY
PEACOCK HOME FOR GIRLS

At the outset of the appearance of representatives of the Salvation Army, Mrs. Cockrell advised the Council that her husband was on the Board of Directors of the organization. She said that she had discussed the matter with the City Attorney, who had advised her that there would be no conflict of interest in her being involved in this discussion.

Mr. Ken Dowe, Executive Vice President of Waterman Broadcasting Company, spoke for the group. He said that his Company had been requested to lend its assistance in obtaining funds for the continued operation of the Peacock Home for Girls. All Federal and local funds for this project have ceased and the Home must close, if emergency funds are not found. Mr. Dowe said that there are 22 pre-delinquent girls now in the Home.

Mr. Dowe said that he is asking for operating funds of \$12,000 per month for six months or a total of \$72,000. In that time, it is hoped that other permanent financing can be arranged.

Rev. Black said that he had reports that it is difficult for Blacks to be admitted there and asked for clarification.

Major Adele Meissner said that she gets very few referrals from the Black community, but they are indeed welcome. At the present time there are three Black girls in the home. She said that she is also seeking assistance from the Criminal Justice Council.

Council members agreed that this is certainly a worthy project and some means should be found to assist them.

After discussion, Mayor Becker asked Mr. Carl White if some information of possible funds could be provided for the Council later in the day.

Mr. White said that if it was the consensus of the Council that this program be funded, he would suggest the reprogramming of some Revenue Sharing funds for April, May and June, after which will be the next Revenue Sharing entitlement period. That would be \$36,000 for those three months. If that is the wish of the Council, it could be authorized by ordinance next week.

Mr. O'Connell moved that the suggestion for financing, made by Mr. White, be approved. The motion was seconded by Mrs. Cockrell and was passed and approved by the following roll call vote: AYES: Cockrell, Becker, Black, Lacy, O'Connell, Teniente; NAYS: None; ABSENT: San Martin, Morton, Nielsen.

PRESENTATION BY MR. JIM REED
SOUTHWESTERN BELL TELEPHONE COMPANY

The following conversation took place:

MR. JIM REED: Mayor Becker, members of Council. Three weeks ago I appeared before you, asking that you take action on the rate application we filed back in September. At that meeting, some of you still had some questions, both to the outside rate consultant, and to us. I understand the consulting firm from New York has submitted their response.

I'm here to answer your questions to us. You asked about telephone usage, comparing low-income areas with the rest of the metropolitan exchange. You inquired about measured service as a cheaper means of service for low-income residents. And you asked about the City's two per cent gross receipts tax, and the impact it would have if increased to three per cent.

First, let's look at telephone usage. In an attempt to get an overall view, we've color-coded several charts by central office zones. These charts are in your possession, and you may wish to refer to them. For comparative purposes, we depict the average usage in each zone.

Look at Chart 1. Here we surveyed by zones those who have 2-party service, our cheapest service. In the central and first tier zones, there's a very low percentage of customers who have 2-party service. In fact, the most recent Census Bureau figures showed that the City's lowest per capita income sections fell within our General (or 43) exchange on the western edge of the central City. We found that 99.7 per cent of our residence customers in the General Zone ordered one-party service. Looking at the other side of the coin, that meant only one-third of one per cent are spending the bare-minimum amount for telephone service.

We recognize that such a percentage is very insignificant. But it does represent people, people who are the least able to afford the necessities of life, including telephone service. We feel we do have an obligation to consider their needs. Therefore, we will be agreeable not to increase the two-party rate in San Antonio.

Incidentally, in running this particular survey, we discovered some interesting facts. The average total residence bill in three Central Zones, where the Census shows low-income families primarily live, runs between \$15 and \$16 a month. Considering that two-party service is \$4.90 and one-party is \$7.20 a month, it's obvious the remainder is for extra equipment or Long Distance calling. These expenses are discretionary and are within the customer's control.

This, of course, caused us to look at each Zone to determine the development of extensions and premium sets.

First, take extension phones. I refer you to Chart 2. This chart shows the number of extensions per 100 customers. In the central and first tier zone, the lowest ratio of extension phones per 100 customers was 37. In Capitol, General and Pershing zones, it runs between 44 and 51 per 100 customers.

Other "extra-cost" items are our premium sets, our "Hard-top" models, so to speak, such as Princess sets and Trimlines. I refer you to Chart 3. Here we find even the lowest central or first tier zone had 23 Princess or Trimline sets per 100 customers. In Capitol, General and Pershing zones, it runs between 33 and 42 per 100 customers.

All in all, Chart 4 shows what per cent of our customers have extra-cost equipment, extensions and premium phones. We find that the very lowest average was 60 per cent.

In a nutshell, these facts and charts make it very clear that very few customers have only basic, minimum service. In other words, they have the opportunity to control their total telephone bill if the budget is tight. And for those who have the bare minimum service, and I'm speaking of two-party service, there will be no increase in rates.

That brings me to the second item of discussion, measured service, sometimes referred to as "lifeline" service. Historically, San Antonio has held two-party service as its "lifeline" service. In California, which does not have two-party service, they have pursued measured service as their lifeline service.

We should point out, however, that measured service is a very restrictive service. It measures and bills the customer based on number of calls, length of time of each local call, and where in the local exchange the call is placed. For our two-party customers, there is no limit to the number of calls, the length of time or where the call is placed within the metropolitan area. Yet, when all the billing factors in measured service are totaled, the average bill runs almost identical as that of our two-party rate. I think your consultant's comments on measured service will also support that finding.

Thus, due to the fact the average measured-service bill is about the same as our two-party rate, coupled with the advantages that two-party customers have in unlimited calling, we do not feel it would justify spending an additional \$2.7 million that would be required to provide measured service in San Antonio.

Now, the day may well come in future years when I'll appear before you suggesting we go to measured service. But, considering the San Antonio geography, its density, and the calling habits of our customers, it is not justified now. You may remember too, only three years ago, at City Council's request, we abandoned a similar type of service, involving inter-zone charges, because people didn't like it.

Finally, I would like to comment about the City's two per cent gross receipts tax. As pointed out by Mr. Kubik, consideration for any increase should be carefully weighed. It is the telephone rate-payer who foots the bill, with the telephone company being the collection agency for the City. Similar to a pass-through tax. If the City needs the increased tax income, which would amount to half-a-million dollars, there are various alternatives available to the City other than through telephone rates.

Mr. Mayor, I have included in the Council packet the information you requested on telephone service in France, and you're right, it is quite a wait and expense to obtain a telephone there.

MAYOR BECKER: No question about that.

MR. REED: In fact, I ran into an interesting comment by one journalist who said that half of France is waiting on telephones and the other half is waiting on dial tones.

MAYOR BECKER: May I ask a question? I was gone from the room for a moment. Am I to understand these statistics here, that the extensions - it says here, ratio of extensions per 100 residential accounts. Now, when you talk about an extension, what is, specifically, the definition of the term extension?

MR. REED: That would be the second telephone on a line.

MAYOR BECKER: Second telephone on a line in the house.

MR. REED: In the house.

MAYOR BECKER: In the house. All right, now, according to your statistics here on, well, it's Chart 2, the third bracket there, in the low-income sections of the City, the ratio of the extensions ranging from 44 to 51 per 100 customers.

MR. REED: That's right. 44 to 50 per cent is in that range and, I guess, the point is that you can't look at our extension development and apply any kind of income average, mean income figure, to it if it doesn't track.

MAYOR BECKER: Then it says on the next bracket, extension telephones are a discretionary expense, which can be controlled by the customer. Now, how much does a second telephone cost in a house?

MR. REED: It costs \$1.25 per month.

MAYOR BECKER: \$1.25 per month. Okay, now then, all those red areas, the ones that are red are 100 per cent over and orange are 80 to 99 and so forth. So, there seems to be quite a demand for extension telephones in practically all areas of the City.

MR. REED: Yes, sir.

MAYOR BECKER: Now, what about this Princess phone and all this?

MR. REED: Well, I put the Princess and Trimline together as - because you might have one telephone in your home, but it may be the Premium model; the Trimline is \$1.35 per month and a Princess is 50 cents per month, and in combining the two, you can see that in the Central Zone, the central part of the City, it's running between 40 and 50 per cent with the exception of the Pershing, where the two zones that run from 30 to 40 per cent.

MAYOR BECKER: It says in the low-income sections of the City, the range of Trimline and Princess telephones was from 33 to 42 per 100 customers. So, people seem to want to have the more - the greater luxuries in life, which is only understandable.

MR. REED: Yes, sir, and I guess one step further, and I didn't want to bore you with a lot of charts, but the average long distance, in the lowest zone in the City, was \$5.99. All this is pure residence. There's no business in any of these figures. It's purely residential. So, the average bill for the City ran \$18.62 with \$9.19 of that as local service or equipment and \$9.43 is long distance. So, there's about as much of one as there is the other.

Okay, so where are we?

Let me briefly reconstruct where I see us being. We filed our request for new rates seven months ago. Our request has been delayed by an energy crisis and allegations by a discharged employee. Your independent rate consultant says we are entitled to a rate increase of \$5.2 million.

Three weeks ago, I emphasized the following points. That if all allegations of wrongdoing were proved, which we consistently have denied, the effect on phone rates would be less than half-a-penny a month per telephone for one year. Even so, we have shown that we are protected by insurance from any loss by dishonesty and we are willing to place any increase under bond as protection to the consumer.

Mr. Mayor and Council, continued delay in approving new rates will adversely affect the \$48 million in new capital construction planned this year, as well as departmental expense budgets, which I mentioned last time run around \$50 million per year. The delay in the approval of rates is one of the factors causing us to freeze new hiring. If this trend continues, existing jobs will have to be reviewed next.

We've said it before. I'll say it again. You are the only rate-making body we have. Failure to act promptly on our rates will mean an additional delay in informing a new Council with all the facts you've had at your disposal. We cannot wait that long. We must make our own decisions now - how to allocate and budget for construction projects and other expense-related considerations for the remainder of '75.

We earnestly and sincerely request that the Council act promptly, and we hope affirmatively, in deciding our rate request. Thank you.

MRS. COCKRELL: Mr. Mayor, I have some information that I had requested from Carl White, which I'd like to share with the Council, and that is the status of other rate requests in Texas. I asked the status of rate requests in excess of \$500,000 and, actually, I feel San Antonio has moved about at the same rate that other people have. We are not lagging behind particularly.

Fort Worth's rate application was filed about two weeks after ours in the amount of \$11.5 million - it is still pending. Dallas' was filed six weeks prior to our's for \$23.3 million - it is still pending. Austin's was filed six weeks prior to our's for \$6.4 million - it is still pending. I also have a clipping from the Dallas Morning News, from their Fort Worth Bureau, and it's quoting the Consumer Affairs' person in the City of Fort Worth, saying that he does not expect Fort Worth Councilmen to vote before July or August on Southwestern Bell's telephone request for a rate increase, which would boost Tarrant County bills \$11 million per year. The Company filed a request last year. He said that the consultants want additional information from the Company. It now appears that we will have public hearings during April and the consultants will submit their recommendations about June 1st. Then our staff will need time to analyze the recommendations before the Council votes. So, I feel that we are - we have moved really about at the same pace that others have moved. I would like to share this information. I'd like to ask one other question. What type of analysis does our staff anticipate doing with the utility expert's analysis that we have had done by the outside consultants?

MR. CARL WHITE: Mrs. Cockrell, we have, as Council directed, we have independently conducted an analysis of our own. We've not presented that to the Council at this point. We didn't know exactly how to present it, but we have done considerable amount of work ourselves. Basically, I can say this, that our analysis pretty much trails or tracks the analysis that the conclusion that O'Brien and Gere came up with. At least it's in the ball park.

MAYOR BUCKNER: We must recognize the fact that everybody's in a pinch. There's no question about it. Both individuals, enterprise and everything else is feeling this inflation. There's just absolutely no question about it.

MRS. COCKRELL: I was wondering if, in the City of Fort Worth, the Telephone Company was anticipating freezing or reviewing present employment?

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MR. REED: We are frozen as a Company. We are frozen as a Company.

MRS. COCKRELL: This is system-wide?

MR. REED: I can't say whether it's system-wide or not. The five states that we operate in, we are in a freeze situation - Missouri, Kansas, Oklahoma, Arkansas and Texas. Now, so - from that I would assume, yes, that they are, and I don't want to say that this is the only factor. Certainly growth is one of the other factors, or the lack of growth. Now, some of the northern states have a lack of growth, so that gets into a factor. Fortunately, Texas is continuing to grow - continuing to show growth.

MAYOR BECKER: I know of an instance, a family, the reason I know of it is because I was paying their salary - they had a death in the family and the telephone bill, of course, was affected by the death. There's no question about it. But that telephone bill last month, that I know of, was \$70 and that was a substantial part of the income, as far as monetary income is concerned. Now, the other factors of the house being furnished and such as that was not considered the dollar income you might say, but it was unbelievably high, and I think these statistics here, of extensions and Princess phones and that sort of thing - we've all been indulging ourselves to a great extent in this country in many ways. Some of us have a television set practically for every room in the house and a phone to go with it and all that. And if the pinch is on and the squeeze is on, we're all going to have to start trimming back. There's no question about it. I think that includes everybody, not just the rich, but anybody else, because it's a situation we're going to have to live with. Now, as far as the Telephone Company is concerned, they're feeling the same pinch. Their utility rates are up in San Antonio, without a question about it. I know that in my own Company, they're up two and a half times in San Antonio over what they were at the same time last year. That made them go from an annualized basis of \$550,000 to about \$1.25 million for utilities that we're paying City Public Service.

MR. REED: Our's have gone up \$611,000.

MAYOR BECKER: Your's have gone up \$611,000. The price of labor continues to go up. The price of many of the commodities that you're working with continues to go up and the first thing you know, you get any corporation or organization to a point where they cannot provide capital improvements that the City requires. It's not a matter of whether we need them or not - we require them. They're mandatory. If people are going to have telephone service or the phone system will eventually suffer. You won't get the instantaneous usage out of the telephone that we expect and have always gotten, because of the maintenance on the equipment and the repair on the lines and all the rest of the things that go to keep this equipment in proper functioning order. It will be felt without a shadow of a doubt. Believe me, if this question of these rates aren't finally addressed by this Council or the next Council, it's inevitable - it must be taken into consideration - you all can't manufacture money any more than anybody else can, and you don't pick it off trees, and if you have to curtail your job employment, then that has an effect that doesn't auger well with the City. Everything becomes stagnant. The first thing you know, it's going into a reverse trend. I realize it's unpopular to even discuss this thing in this fashion, but the world can't stop just because of some allegations and all that sort of thing that unfortunately have taken place.

MR. REED: You know, to back up what you said, you know, last night I saw, in Fortune Magazine, an article which didn't deal with the Telephone Company, but it dealt with a power company, and I suggest, as regulators of the power industry, that you read it, because it dealt with cash flow in utilities and, of course, we're a large capital user as they, and it starts out by having seven pictures over here of power plants that have either cancelled, postponed or slowed down, not because of need, but because of cash flow, So,

MAYOR BECKER: The eastern part of the United States is on the verge of catastrophe with respect to utilities. Now, the environmentalists don't want any further expansion of certain types of equipment, whether it be steam or whatever. The bond holders and all the people that are quarreling with the rate structure and eventually it will come to, instead of a blackout or a brownout once in a while, it's going to be a regular situation up there, if they don't address themselves to the problem, logically and intelligently. You can remember, I guess, when the blackout occurred in New York - the people were stuck in elevators all night and all this kind of business and that's just going to be a regular thing, if they continue to press the thumb down on these utilities. They've got to function and if they can't function, then it's going to be felt by the citizens. There isn't anybody else to feel it.

REV. BLACK: Mr. Reed, I'd like to ask two questions. One is that, if the figures that you have were gathered since the utility increase or whether or not the utility increase has had any impact upon changes within the telephone service use? What I'm really trying to find out, as you see, is the kind of impact that any raise in utilities has upon - were these figures that you've made here gathered prior to the utility increase or were they made after the utility increase? And then the next question I want to ask, is the increase that you are asking - we had representatives from the Telephone Union indicating that the lack of increase might also threaten their jobs. You've brought in capital improvement also. Now, to what degree does this increase - how is it related to capital improvement? And, how is it related to job security? Now, we can use both of those terms, but I'd just like to know what the real figures are in terms of what you're asking for - in terms of your increase?

MR. REED: Okay, let me answer the first question first. These figures are of the end of February, 1975, and were gathered as a result of the questions raised three weeks ago at Council. So, they are fresh figures. I might also mention that our going rate of installations is in the 60 per cent range on extensions and in the 70 to 80 per cent range on Trimlines. You'll recall Trimlines are only a couple of years old and the Touch Tone, which runs \$1.35, is in the range of 55 to 60 per cent. So, we can see nothing but higher levels as people move in.

Now, in answer to the second question, and, I guess, another part of that would be that other than the occasional disconnect when someone goes to school or there's a death or something like that, you get very few disconnections for an extension or something like that.

The other part is tougher to answer, because it's just not one factor, as I pointed out to Mrs. Cockrell, I didn't want to be misunderstood that this rate increase was the only factor, involving employment and things of that sort. I think you have to have something for your people to do. You have to have growth going on or else you - obviously you don't need that many people. And as I've said before, some of the northern parts of the country do not have the growth that we have in Texas. You also have to have your earnings or your budgets

are so restrictive that you can't replace losses, so it's a combination of these two. Now, the way the capital fits into it is that we're in the money market like everyone else. We compete for the bonds and the stock with everybody else and they look at the company and they look at how healthy you are and what your future holds, and if your earnings are not satisfactory, they'll go somewhere else. It was either last year or the year before, the Bell System was roughly about 20 per cent of the total bonding market - to show you how heavily we lean on bonds, and so the earnings on that is where you get into this - the financial analysts looking at it - but these are fresh figures.

MAYOR BECKER: It compares with what's happened to the City of New York. The City of New York is no longer acceptable as an issuer of bonds. No one will accept them any more. The City is defunct. It's bankrupt. It's broke. It's insolvent and even the banks up there won't loan them on even a current basis any more. It's disaster. Now, you know, they talk about laying off 24,000 workers and raising the taxes. Real estate taxes in Manhattan. Well, shucks, half the buildings up there are already half vacant or more. So, raising the taxes will just accelerate the out-flow of people and corporations out of the City of New York. So, it's a self-defeating situation. That's what you're trying to say if this thing were overcooked, the Telephone Company would get itself in a position where its bonds were unacceptable. If you don't have earnings, if you don't have prospects for the future, who is interested in financing. Con Ed is in the same position in New York these days. The utility bonds are suffering drastically and that Fortune article may point that out. There's no acceptability of them any more in the portfolio of the insurance companies or the pension trust in this sort of thing. Where are you going to sell them, you know? The whole roof caves in. Everything comes to a standstill. Is that what we're working towards? Because if we are, we're getting there in a hurry. Faster than we realize, really.

MR. REED: You know, I would like to comment on these other rate cases and Mrs. Cockrell is right, both on her timing and amounts on these. There is one difference about San Antonio though - none of the others have their consultants' reports in, and I understand that Stanford Research Institute, who is doing both Dallas and Fort Worth, will come in in early April on Dallas and mid-April on Fort Worth, and that Hess and Lemm in Austin will be on probably in a couple of weeks, and the others - two others have had their reports in, Port Arthur and Beaumont, and both of them have granted the requested amount and both did have consultants on the cases and Port Arthur was granted on January 20th, and Beaumont was passed on December 17th, both after the allegations and the lawsuits had been filed and everything.

MR. TENIENTE: I want to ask Mr. Reed a question, yes, because I can't really take issue with some of the statements that he's making, because I think he represents - he's representing really what many businesses are going through and facing, but I think Mr. Becker mentioned one area where I think I would like to just expand on that and that is, like all of us are just tightening our belts and all, and I'm wondering, and I know that you have a freeze, as you pointed out. What you are - what your Company is doing on your advertising, one in the yellow pages and how that rate, if you mentioned it, I must have been out, and then also, I'd like to know what you are doing on radio and TV that could possibly not be spent, because you don't really have to advertise? I asked that the last time and I think you might have some information on that for us.

MR. REED: Okay. Yes. On the efficiency aspect, I think the way we measure that, in our business, is employees per 10,000 telephones. In Texas, if we could just trace through a little time here, we've gone from 202 employees per 10,000 telephones, in 1945, to ten years later, in 1955, we ran 123 per 10,000 telephones and, in 1965, we ran 72 per 10,000 telephones and, last year, we ran 64. So, mechanization and things along these lines - now, we have not decreased employees. Our telephones have gone up and the number of employees have gone up. But, it has gone from 202, 30 years ago per 10,000 telephones, to 64. There are many, many things that go into this, plug-in cables on installations on business, as well as residences, has saved a lot of time. Things like electronic switching and there's just a large number of things. I remember the question about advertising. In our earnings statement at the end of '73, which was the one that was filed, we have roughly \$160,000 charged as advertising. Now, when you try to get a barometer, okay, where does that put the Southwestern Bell compared to other businesses? That was .3 of one per cent, 3/10ths of one per cent of our revenue. And in many businesses, they'll run anywhere from 15 to 20 per cent of revenue going to advertising. So, it's very low. But, let's look at that and see where it goes. Part of the advertising goes to instruct the customers and instruct them on one of the heavy areas we try to give is to look up a number rather than call Directory Assistance. In 1971, we spent a little more than a million dollars on Directory Assistance. In 1973, we spent \$2.3 million on Directory Assistance. It's a very expensive proposition with no return on it. We try to promote new services, both business and residence, because these new services, and I don't want to downplay the extensions and the Trimlines and the Princess, those keep basic rates down. When people pay for those types of items, they help keep the basic rate for one and two-party service down, so I don't mean to downplay those items at all. They're very important in our revenue program, and I guess the other commitment we have on advertising is a certain per cent of our budget, as an equal opportunity employer to portray women in what is normally considered traditionally male jobs and males in what is considered female jobs, as well as the race issue, and that is part of our EEO commitment, nationally.

MRS. COCKRELL: Mr. Mayor.

MAYOR BECKER: Yes, madam.

MRS. COCKRELL: I'd like to ask Mr. White, are these other cities, where the rate cases are pending, such as Dallas, Fort Worth and some of these other cities, are they participating in the Texas Utility Advisory Council Study that is - that I have brought up and I've asked for our Council to consider?

MR. WHITE: Yes, madam, they are.

MRS. COCKRELL: And they are going to wait until they get the results of that before they make their final decision.

MR. WHITE: I've talked to representatives from the City of Dallas, and also Fort Worth, this past week, and while they've not indicated that that's what their real reason for holding it up, but they've told me that they would like to see, before they make a recommendation to their Council, they would like to have the benefit of this statewide separation study that's presently underway.

MRS. COCKRELL: It is now underway?

MR. WHITE: It is, yes, madam.

MRS. COCKRELL: Mr. Mayor, my position is, I would like also for the City of San Antonio to have the benefit from this State Study, and I recommend to the Council that we participate in it and that we get the results before a final determination is made.

MAYOR BECKER: How long are they going to work on that, do you know? How long is it going to take to complete that?

MR. WHITE: It will require about 60 days, Mr. Mayor.

MAYOR BECKER: 60 days. When did they start?

MR. WHITE: I think it was about two weeks ago. I don't have the exact starting date, but they have selected a consultant and the consultant is working right now.

MAYOR BECKER: And what is the purpose of it? What are they trying to determine?

MR. WHITE: Well, it's to determine whether the separation practices, used by the Southwestern Bell Telephone Company in Texas, are valid or proper. And that's the separation between long distance, the equipment and operators that are used in the local exchange, that their services and income apply to income that's not allocated to the local service. In other words, there's some telephone operators and equipment installed in a local exchange that is used for long distance and switching equipment and that sort of thing that perhaps should not be charged to the local exchange. That's what the study is to determine.....

MAYOR BECKER: Well, of course, if you're talking about something and, of course, I'm not trying to pre-suppose what the experts are going to say, but if I initiate - originate a long distance call from San Antonio, Texas, to Dallas or Houston or New York, or wherever it is, I would only have to assume that part of the cost of that gear, whatever it is, would have to be chargeable to the San Antonio base from which that call was placed.

MR. WHITE: Well, the allegation is.....

MAYOR BECKER: Is that a reasonable assumption?

MR. WHITE: Yes, sir, but the allegations that have been made, and I don't know how true they are, and this is what the study will indicate, is that about 80 per cent of the expense is charged to local exchanges and only about 20 per cent of the revenues.

MAYOR BECKER: Well, of course, I don't know anything about.....

MR. WHITE: I don't know how true these things are or anything of that nature. Mr. Jim Reed might want to comment on some.....

MR. REED: I don't think they're right, Carl, but there is a study going on and I think you have to look at it. I'm glad you have as much trouble separating as I do, because it's a tough one. We're in two businesses, local and long distance, and it's a question of how much of a telephone instrument and telephone plant should the revenue earn in this business and in this business, it has to be separated. Now, we use a usage factor to separate and there are only two other states in the Union that separate for rate purposes. One is Wisconsin and they do it just as we do it in Texas, and the other one is California

and they do it differently. I think if we look at it realistically, the consultants being hired by the City, and since it is hired by the City, it certainly is going to look at the City's interest and let's say that they do separate more in the area of - and say more of your rate base ought to be on your intra-state toll in the State of Texas and less in the City. Well, and that would be a popular thing for the cities, because that would raise the rate of return by lowering the rate base. What does it do to the State of Texas? Already we get complaints that a call from Texarkana, Arkansas, is more than a call from Texarkana - is less than a call from Texarkana, Texas, and you put more rate base into the long distance calls in Texas and therefore your rates for long distance will go up higher yet. So, if this may be - may not be the last consultant, in my point. The State of Texas may decide they want a consultant to look at it, so that they can get more shifted back to the City and less shifted back to the State, so it may go on from there.

MR. TENIENTE: I have another question for Mr. Reed, if I may. Briefly you mentioned the two-party line rates would remain the same at \$4.90 and then the single, you said it would be \$8.10. Then, if there are citizens that would want to change from the single to the two-party line, what would you have as a charge?

MR. REED: There is a \$7.50 one-time charge, to be made for either changing to the one or the one to the two, for work that is involved.

MR. TENIENTE: I'm wondering if something like this, of course, if he happens to move and if he moves whether there might be a period that some of these citizens, especially on fixed income, might get a different charge?

MR. REED: Certainly. I would be agreeable to, let's say a 30-day moratorium - for that rate would not apply in case somebody wanted to go from one-party to two-party and that price was a barrier. It would have to be for everybody, because we do it on an income level, but.....

MR. O'CONNELL: You're talking about a time - 30-day moratorium on - the rate would increase and if people changed it from two-party to one-party, they would have 30 days that they would revert to the two-party, if they wanted to, with.....

MR. REED: With no charge.....

MR. O'CONNELL: With no charge, I see. I'm convinced that all the activity going on in the newspaper and courts probably is not really affecting the rate a heck of a lot. I think the public better be aware and be prepared for the fact that you and every other utility is going to have to keep solvent and that the rates are definitely going to go up. I think that the City Council is going to be charged and I'm afraid it's going to be the next City Council that is charged with getting the best deal they can out of the Telephone Company, but I hope they don't get the best deal out of the Telephone Company to the expense of the service or capital improvements or the maintenance that would occur in the City of San Antonio. I would like to see you have these little stuffers you put in the telephone bill and things like that. I suggest you remind people, even at the current rate, that more than 69 per cent or more than 60 people are using premium equipment. It might be a good idea to remind them that they're worried about the cost of their telephone bill now or any kind of bill that they could save by going back to the two-party line or eliminating some extra premium equipment, because if more than 60 per cent plus are using premium things, they're paying already, they're paying extra and that takes

advantage of any kind - even the lifeline would offer them. So, I would say that everybody would better be prepared for a rate increase eventually, because eventually it's going to come. I think the offer was very good, if you could consider, as you told Mr. Teniente here, about a moratorium on reverting from a single-party to a two-party at the time of the rate increase.

MR. TENIENTE: I'm still not in favor of the rate increase, but I have to ask these questions, because there are nine people on here and I may be the only one voting against it.....

MAYOR BECKER: You might be the only one who voted for it.....

MR. O'CONNELL: You might be holding back.....

MAYOR BECKER: Well, any other questions of Mr. Reed?

MR. REED: No, sir. I just say we do need a decision and we do need it soon. I guess Mr. O'Connell brought up the fact we are on restricted overtime and I say restricted overtime is already starting to affect the service in San Antonio and they found out in Houston, it was a lot easier to go downhill, than it is to ever get it back where it should be and we're still fighting a battle over there. It's better, but we're still fighting.

MAYOR BECKER: Well, thank you very much, Jim.

Mr. Bill Donahue, Director of Human Resources said that at the last Council meeting staff had been directed to work with E.O.D.C. and SANYO in an effort to work out a solution to their problem. He said that he had met with the executive director of each organization as several of their representatives. Each group presented its position concerning the future of the Youth Development Program. A number of questions were raised and clarified.

Six compromise suggestions were explored including Mr. Donahue's suggestion to defer appearing before the City Council at this time but to wait a week. He said a compromise was impossible to obtain.

Mr. Donahue reviewed his investigation into the controversy and said that he had two recommendations to make:

1. The development of a vehicle whereby the City Council would have more frequent information sessions from its appointees to the E.O.D.C. Board of Directors before decisions such as has been made arise.
2. If Council choose to fill the three existing vacancies on the Board he recommended the appointment of a City staff person charged with the responsibility of keeping the Council briefed and informed.

Mr. Donahue said that he had found the E.O.D.C. program which would incorporate all of the SANYO - YPD staff to be workable and should provide improved services. He recommended Council support the action taken by the E.O.D.C. Board of Directors.

75-15 The meeting recessed for lunch at 2:10 P.M. and reconvened at 2:55 P.M.

75-15 The discussion with E.O.D.C. and SANYO continued.

Mr. Julian Rodriguez, Executive Director of SANYO, again addressed the Council and said that his position remained the same that he did not think it proper to transfer the YDP to E.O.D.C. in view of its successful operation under SANYO. He said he was certainly disappointed in the recommendation made by Mr. Donahue. He said that this move will affect his other programs adversely.

Mr. Morton asked if Council wasn't really delving into the affairs of an agency that has been delegated authority to make these decisions. The decision has been made by the E.O.D.C. Board.

After discussion, Mr. Morton moved that the Council support the action taken by the E.O.D.C. Board of Directors. The motion was seconded by Mr. O'Connell and was passed and approved by the following vote: AYES: COCKRELL, SAN MARTIN, BECKER, BLACK, MORTON, O'CONNELL, TENIENTE; NAYS: None; ABSENT: LACY, NIELSEN.

Dr. San Martin said that he supported the motion but felt that all avenues had not been explored. He asked that both E.O.D.C. and SANYO make reports to the Council about every three months.

75-15

ZONING HEARINGS

A. CASE 5940 - to rezone Arbitrary Tract 1 and 2 (7.982 acres) NCB 12886, 1000 Block of S. E. Loop 410 Expressway, from Temporary "A" Single Family Residential District to "I-1" Light Industry District, located on the east side of S. E. Loop 410 Expressway, being 3873' north of the intersection of U. S. Highway 87 and S. E. Loop 410, having 1553.97' on S. E. Loop 410 and a depth of 221.29'.

Mr. Gene Camargo, Planning Administrator, explained the proposed change, which the Planning Commission recommended be approved by the City Council.

No one spoke in opposition.

After consideration, Mr. O'Connell made a motion that the recommendation of the Planning Commission be approved, provided that proper replatting is accomplished. Mr. Teniente seconded the motion. On roll call, the motion, carrying with it the passage of the following Ordinance, prevailed by the following vote: AYES: Cockrell, San Martin, Becker, Black, O'Connell, Teniente; NAYS: None; ABSENT: Lacy, Morton, Nielsen.

AN ORDINANCE 45,040

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 ARBITRARY TRACT 1 AND 2 (7.982 ACRES) NCB 12886, 1000 BLOCK OF S. E. LOOP 410 EXPRESSWAY, FROM TEMPORARY "A" SINGLE FAMILY RESIDENTIAL DISTRICT TO "I-1" LIGHT INDUSTRY DISTRICT, PROVIDED THAT PROPER REPLATTING IS ACCOMPLISHED.

* * * *

B. CASE 5961 - to rezone Lot 8, Block 1, NCB 13415, 5700 Block of Ingram Road, from "A" Single Family Residential District to "R-3" Multiple Family Residential District, located on the north side of Ingram Road being approximately 1082.18' southeast of the intersection of Callaghan Road and Ingram Road, having 668.68' on Ingram Road and a maximum depth of 1500'.

Mr. Gene Camargo, Planning Administrator, explained the proposed change, which the Planning Commission recommended be approved by the City Council.

No one spoke in opposition.

After consideration, Dr. San Martin made a motion that the recommendation of the Planning Commission be approved, provided that proper replatting is accomplished. Mr. O'Connell seconded the motion. On roll call, the motion, carrying with it the passage of the following Ordinance, prevailed by the following vote: AYES: Cockrell, San Martin, Becker, Black, O'Connell, Teniente; NAYS: None; ABSENT: Lacy, Morton, Nielsen.

AN ORDINANCE 45,041

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 8, BLOCK 1, NCB 13415, 5700 BLOCK OF INGRAM ROAD, FROM "A" SINGLE FAMILY RESIDENTIAL DISTRICT TO "R-3" MULTIPLE FAMILY RESIDENTIAL DISTRICT, PROVIDED THAT PROPER REPLATTING IS ACCOMPLISHED.

* * * *

C. CASE 5968 - to rezone a 14.116 acre tract of land out of NCB 12058, and a 1.526 acre tract of land out of NCB 12065, being further described by field notes filed in the office of the City Clerk, 12400 Block of Maltsberger Lane, from "A" Single Family Residential District to "R-3" Multiple Family Residential District; and a 17.256 acre tract of land out of NCB 12058, being further described by field notes filed in the office of the City Clerk, 12800 Block of San Pedro Avenue, from "A" Single Family Residential District to "B-3" Business District.

"R-3" zoning

The 14.116 acre tract is located on the northwest side of Maltsberger Lane being 666.80' northeast of the intersection of San Pedro Avenue and Maltsberger Lane, having a total frontage of 1668.11' on Maltsberger Lane.

The 1.526 acre tract is located on the east side of Maltsberger Lane, being 1770' southwest of the intersection of Bitters Road and Maltsberger Lane, having 363.32' on Maltsberger Lane and a maximum depth of 169.76'.

The "B-3" zoning is located 350' east of the intersection of Maltsberger Lane and San Pedro Avenue, having a total of 1466.90' on Maltsberger Lane.

Mr. Gene Camargo, Planning Administrator, explained the proposed change, which the Planning Commission recommended be approved by the City Council.

No one spoke in opposition.

After consideration, Dr. San Martin made a motion that the recommendation of the Planning Commission be approved, provided that proper platting is accomplished. Mr. O'Connell seconded the motion. On roll call, the motion, carrying with it the passage of the following Ordinance, prevailed by the following vote: AYES: Cockrell, San Martin, Becker, Black, O'Connell, Teniente; NAYS: None; ABSENT: Lacy, Morton, Nielsen.

AN ORDINANCE 45,042

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 14.116 ACRE TRACT OF LAND OUT OF NCB 12058, AND A 1.526 ACRE TRACT OF LAND OUT OF NCB 12065, BEING FURTHER DESCRIBED BY FIELD NOTES FILED IN THE OFFICE OF THE CITY CLERK, 12400 BLOCK OF MALTSBERGER LANE, FROM "A" SINGLE FAMILY RESIDENTIAL DISTRICT TO "R-3" MULTIPLE FAMILY RESIDENTIAL DISTRICT; AND A 17.256 ACRE TRACT OF LAND OUT OF NCB 12058, BEING FURTHER DESCRIBED BY FIELD NOTES FILED IN THE OFFICE OF THE CITY CLERK, 12800 BLOCK OF SAN PEDRO AVENUE, FROM "A" SINGLE FAMILY RESIDENTIAL DISTRICT TO "B-3"

March 20, 1975
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BUSINESS DISTRICT, PROVIDED THAT PROPER
PLATTING IS ACCOMPLISHED.

* * * *

D. CASE 5919 - to rezone Lots 19 and 20, Block 1, NCB 3720, 3200 Block of Clark Avenue, from "B-1" Business District to "B-2" Business District, located on the east side of Clark Avenue, being 85' north of the intersection of Clark Avenue and Glover Street, having 60' on Clark Avenue and a depth of 100'.

Mr. Gene Camargo, Planning Administrator, explained the proposed change, which the Planning Commission recommended be approved by the City Council.

No one spoke in opposition.

After consideration, Mr. Teniente made a motion that the recommendation of the Planning Commission be approved, provided that proper replatting is accomplished and that a six foot solid screen fence is erected on the east property line. Rev. Black seconded the motion. On roll call, the motion, carrying with it the passage of the following Ordinance, prevailed by the following vote: AYES: Cockrell, San Martin, Becker, Black, O'Connell, Teniente; NAYS: None; ABSENT: Lacy, Morton, Nielsen.

AN ORDINANCE 45,043

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 LOTS 19 AND 20,
BLOCK 1, NCB 3720, 3200 BLOCK OF CLARK
AVENUE, FROM "B-1" BUSINESS DISTRICT
TO "B-2" BUSINESS DISTRICT, PROVIDED
THAT PROPER REPLATTING IS ACCOMPLISHED
AND THAT A SIX FOOT SOLID SCREEN FENCE
IS ERECTED ON THE EAST PROPERTY LINE.

* * * *

E. CASE 5959 - to rezone Lots 14 through 22, Block 50, NCB 11080 (3.03 acres) 3800 Block of Commercial Avenue, 2000 Block of Escalon Avenue, from "B" Two Family Residential District to "R-4" Mobile Home District, located between Escalon Avenue and Commercial Avenue, being 120' south of Shemya Avenue, having 190' on Escalon Avenue, 70' on Commercial Avenue and a distance of 961.65' between these two streets.

Mr. Gene Camargo, Planning Administrator, explained the proposed change, which the Planning Commission recommended be approved by the City Council.

No one spoke in opposition.

After consideration, Dr. San Martin made a motion that the recommendation of the Planning Commission be approved, provided that proper platting is accomplished and that a six foot solid screen fence is erected on the west 100' of the north property line and that the fence be extended the entire length of the north property line prior to issuance of a permit for a mobile home park. Rev. Black seconded the motion. On roll call, the motion, carrying with it the passage of the following Ordinance, prevailed by the following vote: AYES: Cockrell, San Martin, Becker, Black, O'Connell, Teniente; NAYS: None; ABSENT: Lacy, Morton, Nielsen.

AN ORDINANCE 45,044

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 LOTS 14 THROUGH 22, BLOCK 50, NCB 11080 (3.03 ACRES) 3800 BLOCK OF COMMERCIAL AVENUE, 2000 BLOCK OF ESCALON AVENUE, FROM "B" TWO FAMILY RESIDENTIAL DISTRICT TO "R-4" MOBILE HOME DISTRICT, PROVIDED THAT PROPER PLATTING IS ACCOMPLISHED AND THAT A SIX FOOT SOLID SCREEN FENCE IS ERECTED ON THE WEST 100' OF THE NORTH PROPERTY LINE AND THAT THE FENCE BE EXTENDED THE ENTIRE LENGTH OF THE NORTH PROPERTY LINE PRIOR TO ISSUANCE OF A PERMIT FOR A MOBILE HOME PARK.

* * * *

F. CASE 5955 - to rezone a 9.200 and 14.226 acre tracts of land out of NCB 11609, being further described by field notes filed in the office of the City Clerk, 5500 Block of Gary Cooper Drive, from Temporary "R-1" Single Family Residential District to "R-6" Townhouse District.

The 9.200 acre tract of land is located on the northwest intersection of Gary Cooper Drive and Wurzbach Road, having 1513.32' on Gary Cooper Drive and 300.37' on Wurzbach Road.

The 14.226 acre tract of land is located 180' east of Desilu Drive and 340' north of Merkens Drive, having a maximum length of 1500' and a maximum width of 725'.

Mr. Gene Camargo, Planning Administrator, explained the proposed change, which the Planning Commission recommended be approved by the City Council.

No one spoke in opposition.

After consideration, Dr. San Martin made a motion that the recommendation of the Planning Commission be approved, provided that proper platting is accomplished and that a six foot solid screen fence is erected along the 60' drainage R.O.W. and that a non-access easement is imposed on the property line opposite Lon Chaney Drive. Mr. O'Connell seconded the motion. On roll call, the motion, carrying with it the passage of the following Ordinance, prevailed by the following vote: AYES: Cockrell, San Martin, Becker, Black, O'Connell, Teniente; NAYS: None; ABSENT: Lacy, Morton, Nielsen.

AN ORDINANCE 45,045

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 9.200 AND 14.226 ACRE TRACTS OF LAND OUT OF NCB 11609, BEING FURTHER DESCRIBED BY FIELD NOTES FILED IN THE OFFICE OF THE CITY CLERK, 5500 BLOCK OF GARY COOPER DRIVE, FROM TEMPORARY "R-1" SINGLE FAMILY RESIDENTIAL DISTRICT TO "R-6" TOWNHOUSE DISTRICT,

PROVIDED THAT PROPER PLATTING IS ACCOMPLISHED AND THAT A SIX FOOT SOLID SCREEN FENCE IS ERECTED ALONG THE 60' DRAINAGE R.O.W. AND THAT A NON-ACCESS EASEMENT IS IMPOSED ON THE PROPERTY LINE OPPOSITE LON CHANEY DRIVE.

* * * *

G. CASE 5858 - to rezone Lots 15 and 16, Block 22, NCB 7152, 1319 Pasadena Street, from "B" Two Family Residential District to "I-1" Light Industry District, located northwest of the intersection of Pasadena Street and I. H. 10 Expressway, having 100' on Pasadena Street and 120' on I. H. 10 Expressway.

Mr. Gene Camargo, Planning Administrator, explained the proposed change, which the Planning Commission recommended be denied by the City Council.

Mr. Terry Callahan, representing the applicant, spoke in favor of the rezoning. He verbally amended the request from "I-1" zoning to "B-3" Business. Mr. Callahan distributed brochures containing plats, traffic maps and traffic counts as well as color photos of the subject property and surrounding area. He said that the property has been used as an office by the applicant who is an electrical contractor. He had been operating out of this residence several years and then was served with a violation notice by a City inspector.

No one spoke in opposition.

After consideration, Mr. O'Connell moved that the recommendation of the Planning Commission be upheld and the rezoning denied. The motion was seconded by Dr. San Martin and carried by the following roll call vote: AYES: Becker, Black, Morton, O'Connell, Nielsen, Teniente; NAYS: Cockrell, San Martin; ABSENT: Lacy.

Council advised the applicant that he can continue to have an office in his home but he cannot operate a full blown business or store materials on the premises as he has in the past.

The rezoning was denied.

H. CASE 5826 - to rezone Lots 1, 2, and 3, NCB 11886, 8115-8123 N. New Braunfels Avenue, 351-391 E. Sunset Road, from "A" Single Family Residential District to "R-3" Multiple Family Residential District, located northwest of the intersection of N. New Braunfels Avenue and Sunset Road, having 300' on N. New Braunfels Avenue and 437.4' on Sunset Road.

Mr. Gene Camargo, Planning Administrator, explained the proposed change, which the Planning Commission recommended be denied by the City Council.

Mr. Bob Strickland, representing the applicants in this case, spoke in favor of the rezoning. He had a map of the area showing existing land use and zoning in the immediate area. He described the very heavy traffic on both N. New Braunfels Avenue and Sunset Road which he claimed made this property unsuitable for single family residences.

The following persons also spoke in favor of the rezoning application citing traffic and noise:

Mr. Otis Cook, 371 Sunset Road
 Mr. W. H. Bagwell, 351 E. Sunset Road
 Mrs. Audrey Goddard, 391 E. Sunset
 Mr. O. H. Lanier, 8123 N. New Braunfels
 Mr. Max Montgomery

Speaking in opposition to the application were:

Mr. Roy Mueller, 110 Camellia
Mr. Barton Irby
Mr. Wm. E. Wallace, 251 E. Sunset
Mrs. Eileen Barret, 62 Camellia
Mr. Elwood Wright, 105 Camellia
Mrs. Lemma Eiler, 329 E. Sunset

The opponents expressed fear that multi-family dwellings would cause the neighborhood to deteriorate, would open the door to additional rezoning, would increase noise and traffic and cause crowding.

Mr. Strickland spoke in rebuttal and again stressed the heavy traffic in the area and urged favorable consideration of the application.

After consideration, Mr. Morton moved that the recommendation of the Planning Commission be overruled and the rezoning approved. The motion was seconded by Mr. Teniente and on the following roll call vote failed to gain the necessary 7 affirmative votes for approval; AYES: Becker, Black, Morton, Nielsen, Teniente; NAYS: Cockrell, San Martin, O'Connell; ABSENT: Lacy.

Mr. Morton then moved that the recommendation of the Planning Commission be overruled and the application approved, provided that a non-access easement is imposed on the property line along Sunset Road. The motion was seconded by Mr. O'Connell and on the following roll call vote, failed to gain the necessary 7 affirmative votes for approval; AYES: Becker, Black, Morton, O'Connell, Nielsen, Teniente; NAYS: Cockrell, San Martin; ABSENT: Lacy.

The rezoning was denied.

75-15

CITIZENS TO BE HEARD

FARAH MANUFACTURING CO. EMPLOYEES

Mrs. Jean Suarez, representing laid-off employees of Farah Manufacturing Company, introduced Mrs. Alice Alvarado, an employee spokesman.

MRS. ALVARADO: My name is Alice Alvarado, a laid-off Farah worker, one of many, about 200 of us were here this morning. We have already made application for jobs at the City Personnel Office for public service jobs. Most of us are women. Many of us heads of households. All of us need to work to make ends meet in our households. There were 1200 of us laid off at Farah and now it seems we are going to be joined by 300 at Shoppers World. There just aren't enough jobs available in this town for those of us who have been laid off. We need help and we have come to City Council to ask for your help. We need jobs and the only place we know where jobs could be set up in this time of crisis is through the City of San Antonio with the help of federal money for emergency employment.

Our union has sent a petition to Judge Reeves, Chairman of the Manpower Planning Council, asking the Council to begin putting together jobs for women. We have brought copies of this letter for each member of the City Council.

Thank you.

Dr. San Martin asked Personnel Director Clyde McCollough whether there had been any change in the employment situation since his original inquiry on February 25th. He asked also if there is any difference as to the head of a household whether it is a man or woman. (Copies of the memoranda between Dr. San Martin, Mrs. Cockrell, and Mr. McCollough are on file with the papers of this meeting.)

Mr. McCollough introduced Mr. Eddie Garcia, Director of the Comprehensive Employment Training Act (CETA), to explain the situation.

Mr. Garcia said that the 1970 census is used as a guide. At that time, 85% of heads of household were males generally. At the poverty level, this drops to 54.5% male. The Farah situation has created greater hardship for female heads of household.

In future CETA funding, there will be a change of policy. Instead of the City retaining all the money, it will be directed to other public employers that can better create jobs for women. This would include the Hospital District, State Mental Health and Mental Retardation Department, and others. It is not known when additional allocations will be received by the City.

Dr. San Martin asked the staff and Mr. McCollough to do all possible with this situation and asked that the Council be kept informed.

Mrs. Cockrell said that she felt that the Council should take more leadership in this matter and call together the business community, Texas Employment Commission, and other individuals and organizations that affect employment in San Antonio and work on the problem together.

After discussion, Mrs. Cockrell asked that the Personnel Director be instructed to draw up a recommendation for the Council of the people who should be involved in a job discussion conference. She said also that the City needs better representation on the Manpower Planning Council, particularly relating to jobs for women.

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CONRAD TRUSS

Mr. Conrad Truss spoke to the Council concerning the City Public Service coal contract. He said that he and Mr. Woody Keller had analyzed the contract and found many loopholes in it. He also said the contract was not bid on in proper form. He asked that the City Public Service Board be replaced by a City Council appointed Board and that the coal contract be renegotiated.

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MR. TOM FANCHER

Mr. Tom Fancher, 554 Dawnview, spoke again about Skyway, Inc., which would connect hotels, theaters, shopping centers and other points of interest by overhead passageways. He described various parts of the project and asked for Council authority to place two bridges across the San Antonio River.

Mr. Fancher was advised to discuss the project with the Community Development officer.

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MRS. HELEN R. WALTER

Mrs. Helen R. Walter read a letter she had written to the City Clerk pointing out that one of the candidates in this year's election is not qualified to run. She was referring to Mr. Henry Cisneros. (A copy of Mrs. Walter's letter is on file with the papers of this meeting.)

The matter was left to the City Clerk for consideration.

75-15 At 6:40 P. M., Mayor Becker recessed the meeting until 9:00
A. M. on March 21, 1975.

75-15 The meeting of March 20, 1975 was reconvened at 9:00 A.M. on March 21, 1975.

75-15 The following Ordinances were read by the Clerk and explained by Members of the Administrative Staff, and after consideration, on motion made and duly seconded, were each passed and approved by the following vote: AYES: Cockrell, San Martin, Becker, Black, Nielsen, Teniente; NAYS: None; ABSENT: Lacy, Morton, O'Connell.

AN ORDINANCE 45,046

APPROVING THE CONSTRUCTION OF 980 LINEAL FEET OF WROUGHT IRON FENCE 6' 9" IN HEIGHT INTERSPACED WITH 9 GATES MEASURING 8' IN HEIGHT AT THE CHATEAU DIJON APARTMENTS AT 7707 BROADWAY.

* * * *

AN ORDINANCE 45,047

ACCEPTING A GRANT OF \$149,835.00 FROM THE CRIMINAL JUSTICE DIVISION OF THE GOVERNOR'S OFFICE IN SUPPORT OF THE PROCUREMENT OF CLOSED CIRCUIT TELEVISION EQUIPMENT IN THE POLICE DEPARTMENT FOR THE POLICE CENTRALIZED COMMUNICATION SYSTEM, ESTABLISHING A FUND FOR THE PROJECT, APPROPRIATING FUNDS AND AUTHORIZING PAYMENT OF \$179,785.00 TO UNIVERSAL VIDEO, INC. FOR COST OF THE CLOSED CIRCUIT TV EQUIPMENT.

* * * *

75-15 The following Ordinance was read by the Clerk and after consideration, on motion of Dr. San Martin, seconded by Mrs. Cockrell, was passed and approved by the following vote: AYES: Cockrell, San Martin, Becker, Black, Nielsen, Teniente; NAYS: None; ABSENT: Lacy, Morton, O'Connell.

AN ORDINANCE 45,048

APPOINTING MR. HOMER B. WALLS AS AN ASSOCIATE NIGHT MAGISTRATE TO REPLACE CLARENCE MCGOWAN WHO HAS RESIGNED.

* * * *

Following adoption of this Ordinance, Mr. Walls was sworn into office by Mr. J. H. Inselmann, City Clerk.

March 20, 1975
nsr

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75-15 The following Ordinance was read by the Clerk and explained by Mr. W. S. Clark, Director of R.O.W. & Land Acquisition Department, and after consideration, on motion of Dr. Nielsen, seconded by Mr. Teniente, was passed and approved by the following vote: AYES: Cockrell, San Martin, Becker, Black, Nielsen, Teniente; NAYS: None; ABSENT: Lacy, Morton, O'Connell.

AN ORDINANCE 45,049

ACCEPTING A STORM DRAINAGE EASEMENT (DEDICATION) AND THE DEDICATION OF VARIOUS TRACTS OF LAND IN FEE TITLE; CLOSING AND ABANDONING A PORTION OF VALLEY HI DRIVE ADJACENT TO BLOCK 48, NEW CITY BLOCK 15150; AND AUTHORIZING THE CITY MANAGER TO EXECUTE A QUITCLAIM DEED TO RAY ELLISON HOMES, INC.; ALL IN CONNECTION WITH VALLEY HI DRIVE-RAY ELLISON BOULEVARD TO SOUTHWEST LOOP 410 PROJECT (SPECIAL PROJECT #230).

* * * *

75-15 The Clerk read the following Ordinance:

AN ORDINANCE 45,050

CLOSING AND ABANDONING PORTIONS OF LILLITA COURT BETWEEN NEW CITY BLOCKS 11292 AND 11294, AND WEST-BROOK DRIVE BETWEEN NEW CITY BLOCKS 11292 AND 11293; AUTHORIZING A QUITCLAIM DEED TO MOSES REYES, ET UX, FOR THE CONSIDERATION OF \$270.00; AUTHORIZING A QUITCLAIM DEED TO EDUARDO P. HINOJOSA, ET UX, FOR THE CONSIDERATION OF \$250.00; AND AUTHORIZING QUITCLAIM DEEDS TO LAS PALMAS, INC, AND TO THE BEXAR COUNTY HOSPITAL DISTRICT FOR THE CONSIDERATION OF \$1.00 EACH.

* * * *

The Ordinance was explained by Mr. W. S. Clark, Director of R.O.W. & Land Acquisition, who displayed a map showing the changes being made.

Dr. San Martin stated this completes the work needed to be done to provide the location for the Westside Recreational Facility which will be leased to the Y.W.C.A. The project is out for bids which are to be opened April 22, 1975. He said that this has been a cooperative effort between Las Palmas, Bexar County, Bexar County Hospital District and the Y.W.C.A., and he expressed his appreciation to City Manager Granata and his staff for their assistance.

After consideration, on motion of Dr. Nielsen, seconded by Mr. Teniente, the Ordinance was passed and approved by the following vote: AYES: Cockrell, San Martin, Becker, Black, Nielsen, Teniente; NAYS: None; ABSENT: Lacy, Morton, O'Connell.

75-15 The following Ordinance was read by the Clerk and explained by Mr. W. S. Clark, Director of R.O.W. & Land Acquisition, and after consideration, on motion of Dr. San Martin, seconded by Mrs. Cockrell, was passed and approved by the following vote: AYES: Cockrell, San Martin, Becker, Black, Nielsen, Teniente; NAYS: None; ABSENT: Lacy, Morton, O'Connell.

AN ORDINANCE 45,051

APPROPRIATING THE SUM OF \$44,770.00 OUT OF VARIOUS FUNDS, FOR THE PURPOSE OF ACQUIRING TITLE TO CERTAIN LANDS, AND EASEMENTS OVER CERTAIN LANDS; AND ACCEPTING THE DEDICATION OF EASEMENTS OVER CERTAIN LANDS; ALL TO BE USED IN CONNECTION WITH CERTAIN RIGHT-OF-WAY PROJECTS.

* * * *

75-15 The Clerk read the following Ordinance:

AN ORDINANCE 45,052

AUTHORIZING THE CITY MANAGER TO EXECUTE AN AGREEMENT WITH BOYS' CLUB OF SAN ANTONIO, INC., PROVIDING FOR THE CITY TO LEASE TO BOYS' CLUB, FOR A TERM OF FIFTY YEARS, THE FACILITY TO BE CONSTRUCTED AT MARTIN LUTHER KING PARK.

* * * *

The Ordinance was explained by Mr. John Rinehart, Operations Manager for the Monitoring and Evaluation Department, who stated that this is the standard lease form used by the Westside Boys' Club and the Y.W.C.A. It is anticipated that bids will be called in July and a contract awarded in August. Construction will require about a year.

After consideration, on motion of Dr. San Martin, seconded by Rev. Black, the Ordinance was passed and approved by the following vote: AYES: Cockrell, San Martin, Becker, Black, Nielsen, Teniente; NAYS: None; ABSENT: Lacy, Morton, O'Connell.

Rev. Black reminded the Council that some of the funds originally allocated to this project were reprogrammed to another project. He wanted to be sure that these funds are restored in the new Revenue Sharing budget.

March 20, 1975

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75-15

OPENING OF PECAN VALLEY CLINIC

Rev. Black advised the Council that the dedication ceremony for the Pecan Valley Clinic would be held March 22nd. This was a project of this City Council and he asked that all who could be present.

75-15 The following Ordinances were read by the Clerk and explained by Mr. Cipriano Guerra, Director of Planning and Community Development, and after consideration, on motion made and duly seconded, were each passed and approved by the following vote: AYES: Cockrell, San Martin, Becker, Black, Nielsen, Teniente; NAYS: None; ABSENT: Lacy, Morton, O'Connell.

AN ORDINANCE 45,053

DESIGNATING CERTAIN BUILDINGS IN THE
SOUTHWEST CORNER OF HEMISFAIR PLAZA
TO BE MADE AVAILABLE TO THE UTSA CON-
TINUING EDUCATION DIVISION UPON SIX
MONTHS NOTIFICATION OF NEED.

* * * *

AN ORDINANCE 45,054

AUTHORIZING EXECUTION OF A CONVEYANCE
OF A CERTAIN TRACT OF LAND TO THE
UNIVERSITY OF TEXAS SYSTEM IN EXCHANGE
FOR CONVEYANCE OF CERTAIN OTHER LAND
TO THE CITY, SAID TRACTS BEING LOCATED
IN THE HEMISFAIR PLAZA AREA.

* * * *

75-15HOTEL AT HEMISFAIR PLAZA

In answer to Mrs. Cockrell's question, Mr. Guerra said that in regard to the hotel situation, a letter of intent has been delivered to a local developer from a hotel chain that is interested in building a hotel at the HemisFair Plaza location. The name of the hotel chain has not been made public.

Mr. Guerra said that disposition documents have been developed for two approaches to making property available for a hotel. One approach is to lease. This would include the Arcineaga property, the River site and the site available from the City Water Board. In the case of the Arcineaga property, the proposal would allow the property to be sold. These documents are to be reviewed by the Council today in informal session.

75-15 The following Ordinances were read by the Clerk and explained by Members of the Administrative Staff, and on motion made and duly seconded, were each passed and approved by the following vote: AYES: Cockrell, San Martin, Becker, Black, Nielsen; NAYS: None; ABSENT: Lacy, Morton, O'Connell, Teniente.

March 20, 1975

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AN ORDINANCE 45,055

AMENDING CHAPTER 34 OF THE CITY CODE,
AS AMENDED BY ORDINANCE NUMBER 45008,
TO PROVIDE FOR MINIMUM STANDARDS OF
NOTICE AT ENTRANCES OF COMMERCIAL
PARKING AREAS; PROVIDING A PENALTY
FOR ANY VIOLATION BY FINE NOT TO
EXCEED \$200.00, AND PROVIDING FOR
SEVERABILITY.

* * * *

AN ORDINANCE 45,056

AMENDING ORDINANCE 43815 OF MAY 23, 1974,
TO INCREASE THE COST TO THE CITY OF SAN
ANTONIO BY AN ADDITIONAL \$1,400.00 FOR
WORK ON FREDERICKSBURG ROAD BETWEEN LOOP
410 AND LAKERIDGE DRIVE; APPROPRIATING
\$1,400.00 AND AUTHORIZING PAYMENT TO
THE STATE TREASURER.

* * * *

75-15 The Clerk read the following Ordinance:

AN ORDINANCE 45,057

AUTHORIZING THE CITY MANAGER TO EXECUTE
A FIELD ALTERATION AGREEMENT IN THE
AMOUNT OF \$24,204.00 FOR ADDITIONAL
CONSTRUCTION IN CONNECTION WITH THE
CARVER AUDITORIUM RENOVATIONS PROJECT;
AUTHORIZING PAYMENT OF ADDITIONAL
ARCHITECTURAL FEES; AND AUTHORIZING
A TRANSFER OF FUNDS.

* * * *

The Ordinance was explained by Mr. Mel Sueltenfuss, Director of Public Works, who said that Phase II of this project will include the stage lighting and sound equipment. Additional wiring and supports are needed for these installations. It was felt most efficient to award this work to the contractor who is already there rather than bring in a lot of sub-contractors. Mr. Sueltenfuss recommended approval of the Ordinance.

After consideration, on motion of Dr. San Martin, seconded by Rev. Black, the Ordinance was passed and approved by the following vote: AYES: Cockrell, San Martin, Becker, Black, Nielsen, Teniente; NAYS: None; ABSENT: Lacy, Morton, O'Connell.

March 20, 1975
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75-15. The following Ordinances were read by the Clerk and explained by Mr. Mel Sueltenfuss, Director of Public Works, and after consideration, on motion made and duly seconded, were each passed and approved by the following vote: AYES: Cockrell, San Martin, Becker, Black, Nielsen, Teniente; NAYS: None; ABSENT: Lacy, Morton, O'Connell.

AN ORDINANCE 45,058

ACCEPTING THE LOW QUALIFIED BID OF R. L. JONES CO., INC. IN THE AMOUNT OF \$19,471.50 FOR CONSTRUCTION OF BELL SUBDIVISION OFF-SITE SANITARY SEWER MAIN; AUTHORIZING THE CITY MANAGER TO EXECUTE A STANDARD CITY PUBLIC WORKS CONSTRUCTION CONTRACT WITH SAID CONTRACTOR FOR ITS CONSTRUCTION; APPROPRIATING THE SUM OF \$20,805.00; AUTHORIZING THE PAYMENT OF \$19,471.50 TO R. L. JONES CO., INC., \$358.93 TO R. MARVIN SHIPMAN & CO. FOR ADDITIONAL ENGINEERING FEES, AND \$974.57 AS A MISCELLANEOUS CONTINGENCY ACCOUNT; AND AUTHORIZING A TRANSFER OF FUNDS.

* * * *

AN ORDINANCE 45,059

AUTHORIZING AND DIRECTING THE CITY MANAGER TO ENTER INTO AN AGREEMENT WITH GREAT NORTHWEST VENTURE, WHEREBY CITY AGREES TO TREAT WASTEWATER GENERATED WITHIN GREAT NORTHWEST SUBDIVISION.

* * * *

75-15 The Clerk read the following Ordinance:

AN ORDINANCE 45,060

APPROVING THE PETITION OF LLOYD A. DENTON TO INCLUDE LAND IN A MUNICIPAL UTILITY DISTRICT, TO BE KNOWN AS ENCINO PARK MUNICIPAL UTILITY DISTRICT NO. 1.

* * * *

The Ordinance was explained by Mr. Mel Sueltenfuss, Director of Public Works, who said that this is the City's consent to the formation of Encino Park Municipal Utility District to serve the proposed subdivision on the Edwards recharge zone. It has been reviewed by staff, City Water Board, Public Works Department, Planning Department and the Legal Department. He recommended approval of the Ordinance. He reviewed the history of this proposal by the developer. The matter had been explained in detail to Council members in "B" Session.

After consideration, on motion of Dr. Nielsen, seconded by Dr. San Martin, the Ordinance was passed and approved by the following vote: AYES: Cockrell, San Martin, Becker, Black, Nielsen, Teniente; NAYS: None; ABSENT: Lacy, Morton, O'Connell.

* * * *

Mrs. Cockrell said, "The issue of development over the recharge zone is one that we are all concerned about naturally. When the land is privately owned, the developer, as long as he meets criteria of the Texas Water Quality Board, has the right to proceed with development. Now, I think at question here is simply whether it was to the best interest of San Antonio to have it proceed as a purely private development or whether some type of governmental entity such as a municipal utility district would, in the long run, better safeguard the surveillance of the development that was occurring and continue to be an entity with which the City of San Antonio could work. Based on this alternative, I have voted for it. I think that the City needs to continue to exercise every vigilance in connection with the recharge zone.

I think we need to continue to insist that the Texas Water Quality Board standards be strict, that if we see any areas where they are not strict enough that we would continue to urge even stricter standards. The City does have a responsibility in seeing that the standards are met and are upheld for the safety of our drinking water.

In this particular instance and with the choices available I think we have made the best of the choices that are available to us."

75-15 The following Ordinances were read by the Clerk and explained by Members of the Administrative Staff, and after consideration, on motion made and duly seconded, were each passed and approved by the following vote: AYES: Cockrell, San Martin, Becker, Black, Nielsen, Teniente; NAYS: None; ABSENT: Lacy, Morton, O'Connell.

AN ORDINANCE 45,061

AUTHORIZING REIMBURSEMENT OF \$4,237.00 TO THE U. S. DEPARTMENT OF LABOR FOR CERTAIN EXPENDITURES IN THE PUBLIC SERVICE CAREERS PROGRAM DISALLOWED AS BEING IN EXCESS OF THE CONTRACT AMOUNT.

* * * *

AN ORDINANCE 45,062

AUTHORIZING PAYMENT OF THE SUM OF \$3,550.00 AND ALL COURT COSTS OUT OF FUND NO. 799 IN FULL AND FINAL SETTLEMENT OF PLAINTIFF'S CLAIMS IN DAMAGE SUIT CAUSE NO. 74CI-2927, IN THE 150TH JUDICIAL DISTRICT COURT OF BEXAR COUNTY, TEXAS, STYLED ROBERT R. SANCHEZ VS. THE PARKS AND RECREATION DEPARTMENT, A DEPARTMENT OF THE CITY OF SAN ANTONIO.

* * * *

75-15 Item 17 of the Agenda being a proposed ordinance appointing members to serve on the Board of the San Antonio Development Agency was withdrawn from consideration at Council's request.

75-15 The following Resolution was read by the Clerk and explained by Mr. Mel Sueltenfuss, Director of Public Works, and after consideration on motion of Dr. Nielsen, seconded by Dr. San Martin, was passed and approved by the following vote: AYES: Cockrell, San Martin, Becker, Black, Nielsen, Teniente; NAYS: None; ABSENT: Lacy, O'Connell, Morton.

A RESOLUTION
NO. 75-15-17

EXPRESSING TENTATIVE CONSENT OF THE CITY COUNCIL TO THE PROPOSAL OF BEXAR COUNTY FOR UTILIZING AIR SPACE OVER MAIN AVENUE FOR A PORTION OF A PROPOSED COURTHOUSE ADDITION TO EXTEND OVER AND ACROSS SAID AVENUE TO CONNECT THE PRESENT COURTHOUSE TO A NEW ADDITION PLANNED ON THE BLOCK LOCATED IMMEDIATELY TO THE WEST, AND PRESCRIBING CERTAIN CONDITIONS AND REQUIREMENTS BEFORE FINAL APPROVAL SHALL BE GRANTED.

* * * *

75-15 The following Ordinances were read by the Clerk and explained by Members of the Administrative Staff, and after consideration, on motion made and duly seconded, were each passed and approved by the following vote: AYES: Cockrell, San Martin, Becker, Black, Nielsen, Teniente; NAYS: None; ABSENT: Lacy, Morton, O'Connell.

AN ORDINANCE 45,063

AUTHORIZING THE PURCHASE OF PARTS AND REPAIR OF A COMPRESSOR AND GEAR PERTAINING TO SEWAGE TREATMENT FROM DELAVAL TURBINE, INC. FOR A TOTAL OF \$53,500.00.

* * * *

AN ORDINANCE 45,064

APPOINTING ELEVEN MEMBERS TO THE MARKET ADVISORY BOARD AND PRESCRIBING TERMS OF OFFICE.

* * * *

Mrs. Joydean Adams	Mr. Frank Sepulveda
Mr. Nic Catalani	Mr. Jerry Erhler
Mr. Marcus Eastman	Mr. Jimmy Johnson
Mr. James W. Gorman, Jr.	Mr. Frank Persyn
Mr. Henry Guerra	Mr. Pete Sanchez

Mr. Robert San Miguel

* * * *

CARVER AUDITORIUM

Dr. San Martin asked that the Council consider the desirability of naming a Citizens Advisory Board for the Carver Auditorium operation. This will be an excellent citizen participation area and if a citizens board were operating it, then the citizens might have more access to it.

Rev. Black stated the main function of such a Board would be to deal with other agencies that might want to utilize space in the auditorium, but it would be broad enough to represent the total community. This could be the beginning of a cultural center in the community.

BOARD APPOINTMENTS

Mrs. Cockrell called attention to the fact that there are five boards where the Council needs to replace former Councilman Leo Mendoza. She said that two new members of the Council had agreed to serve. She recommended appointment of Dr. Nielsen to AACOG, Bexar County Criminal Justice Council, and the SABCUT Steering Committee. Mr. Teniente said he would serve on the Criminal Justice Information System and the Manpower Planning Commission.

Mrs. Cockrell moved that ordinances be prepared effecting these appointments. The motion was seconded by Dr. San Martin and passed on the following roll call vote: AYES: Cockrell, San Martin, Becker, Black, Nielsen, Teniente; NAYS: None; ABSENT: Lacy, Morton, O'Connell.

Mr. Teniente stated that he wanted to nominate Mr. Dario Chapa to fill the unexpired term of Ray Walker on the Planning Commission. The motion was seconded by Dr. Nielsen and carried by the following roll call vote: AYES: Cockrell, San Martin, Becker, Black, Nielsen, Teniente; NAYS: None; ABSENT: Lacy, Morton, O'Connell.

City Manager Granata stated he would have ordinances prepared for next week.

CITY MANAGER GRANATA

Mr. Sam Granata, City Manager, made the following statement:

"I am very happy to be back with you today. I have been out now for about two and a half months. I want to take this opportunity to thank you, the staff, the citizens and everyone for being so considerate and thoughtful during my illness. I also want to publicly thank everyone for the many cards, the lovely flowers, their prayers, and their visits. For this I am most grateful. I really appreciate everyone's understanding. I've tried to keep up with what is going on. I plan to return to full time duty in April.

Thank you very much again."

75-15 The Clerk read the following letter:

March 14, 1975

Honorable Mayor and Members of the City Council
City of San Antonio, Texas

Gentlemen and Madam:

The following petitions were received by my office and forwarded to the City Manager for investigation and report to the City Council.

March 11, 1975 Petition of Mr. Paul Wilcox requesting permission to install a six (6) foot fence with three strands of barbed wire making it seven (7) foot overall at his business establishment, located at 1553 Austin Highway.

March 14, 1975 Amended Petition submitted by Mr. Allen Ghormley, Denton Development Corporation, 8301 Broadway, regarding Encino Park Municipal District No. 1 application.

/s/ J. H. INSELMANN
City Clerk

* * * *

There being no further business to come before the Council, the meeting adjourned at 10:40 A.M.

A P P R O V E D

Charles L. Becker

ATTEST:
City Clerk

March 20, 1975
nsr