

**Intergovernmental Relations  
Council Committee Special Meeting  
Minutes**

**January 27, 2009  
Municipal Plaza Room B  
1:30 p.m.**

Council Present:	Councilmember Sheila McNeil, Chair, <i>District 2</i> Councilmember Philip Cortez, <i>District 4</i> Councilmember Diane Cibrian, <i>District 8</i> Councilmember Louis Rowe, <i>District 9</i>
Staff Present:	A.J. Rodriguez, <i>Deputy City Manager</i> ; Erik Walsh, <i>Assistant City Manager</i> ; Martha Sepeda, <i>First Assistant City Attorney</i> ; Laurence Doxsey, <i>Environmental Policy Manager</i> ; Ben Gorzell, <i>Finance Director</i> ; Robert Murdock, <i>Military Affairs Director</i> ; Peter Zaroni, <i>Management and Budget Director</i> ; Veronica Zertuche, <i>Deputy City Attorney</i> ; Robert Reyna, <i>Assistant City Attorney</i> ; Matthew Polanco, <i>Intergovernmental Relations Manager</i> ; Sally Basurto, <i>Intergovernmental Relations</i> ; Christine Wright, <i>Intergovernmental Relations</i> ; Mandy Milam, <i>Office of the City Clerk</i>
Others Present:	Chris Shields, <i>Lobbyist</i> ; Tris Castaneda, <i>Lobbyist</i> ; James Jonas, <i>Holland + Knight</i> ; Walter Serna, <i>Patton &amp; Boggs</i> ; Frank Burney, <i>Counsel to the Fire and Police Pension Fund</i> ; Warren Schott, <i>Fire and Police Pension Fund Executive Director</i> ; Larry Reed, <i>Fire and Police Pension Fund Board Chair</i> ; Bart Moczygemba, <i>Fire and Police Pension Fund Trustee</i> ; Shawn Ury, <i>Fire and Police Pension Fund Trustee</i> ; Donald Wagoner, <i>Fire and Police Pension Fund Trustee</i> ; Tom McNulty, <i>SAFD</i> ; Michael Trainer, <i>SAFPPA President</i> ; Michael Helle, <i>SAPOA President</i> ; Jerry Cortez, <i>SAPFFA</i> ; John Lujan, <i>SAPFFA</i> ; Mark Black, <i>SAPFFA</i> ; Roger Arriaga, <i>KB Homes</i> ; Carlos Contreras, <i>KB Homes</i> ; Carlos Contreras

**1. Call to Order**

Chairperson McNeil called the Meeting to order.

**2. Issues to be Considered**

**a. State Legislative Program Update and Possible Action**

Presented by A.J. Rodriguez, Deputy City Manager

**i. State Legislative Initiatives**

Mr. Rodriguez introduced Mr. Contreras as the new Intergovernmental Relations (IGR) Director. Mr. Contreras will begin with the City on February 1, 2009.

Mr. Rodriguez introduced said item and the members of the lobbyist team in attendance. He stated that three amendments to the State Legislative Plan, which had already been reviewed by the IGR Committee, would go before the full Council on January 29. They include: 1) The ACCD support for construction and information technology improvements; 2) Increased funding for community based alternatives for senior care; and 3) The appropriations request for the South Texas Women's Business Center. He stated that the Legislative Session had begun on January 13 and that Legislators would be primarily focused on balancing a two-year budget with approximately \$9 billion less in revenue than in 2007.

Mr. Rodriguez reported that Governor Rick Perry was concerned with a gas tax diversion of \$1.2 billion going towards the Department of Public Safety rather than Transportation, and that Lieutenant Governor David Dewhurst was focused on delivering essential services while keeping a reasonable reserve. He added that Texas Comptroller Susan Combs had reported that Texas' revenue outlook was challenging, but relatively strong when compared to other states.

Mr. Castaneda stated that the rules of the House would be taken up January 28, reported on changes in committee assignments and structure, and noted that they were waiting to see how the Legislature was going to structure their work. He added that anything on a fiscal note would be a hard sell no matter how great the intent due to the deficit. He reported that SB1 had been filed and that clean air initiatives and the Defense Economic Adjustment Assistance Grant (DEAAG) were included at level funding and healthcare comprised 34% of the budget.

Mr. Shields reported that the session had been moving slowly due to the appointment of a new Speaker and the reworking of some committees. He noted that it would be best to have the City's ideas championed by a committee member or ideally the committee chair. He stated that transportation was a critical issue of the legislative session and highlighted two of the components. He addressed the Local Option Funding mechanism and noted that San Antonio had been working very closely with Dallas/Fort Worth on a statewide bill consistent with what the Governor indicated he would support. He added that sales taxes were not included in the bill. Back-up plans were for Senator John Carona, chair of the City Transportation Committee, to file a bill on said issue. It has also been requested that Representative Michael Villarreal and Senator Jeff Wentworth file a local bill. The second component addressed was the Rail Relocation and Improvement Fund. He noted that it was a statewide issue, but perceived to involve mainly San Antonio and Fort Worth. He added that it would take a minimum of \$2 billion to start the project and would require a minimum of \$200 million in appropriations per year. He noted that early significant progress had been made on said issue. Mr. Shields reported that TxDOT was not in a position to apply for or accept any money from the stimulus package with respect to rail relocation and improvements.

Councilmember McNeil confirmed that transportation was a top priority. She noted that Representative Ruth Jones McClendon was looking to author a bill for rail relocation and had also discussed vehicle registration. She asked how that was different from the local option the City was looking at. Mr. Shields stated that there would be many overlapping proposals and noted that Senator Juan Hinojosa had filed a statewide vehicle registration fee bill that may conflict with the Local Option Funding Bill. He stated that Representative McClendon was

intending to file several bills that would provide mechanisms that would put money into the Rail Relocation and Improvement Fund, but they had been difficult to move forward in the past.

Councilmember McNeil asked about Proposition 12. Mr. Shields stated that he did not think there was any scenario in which the legislature would not fund the Proposition 12 Bond. He reported that it was approximately \$5 million and not included in the baseline budget. He noted that historically, critical issues were negotiated at the end of session. It was also noted that all transportation issues discussed thus far were completely separate from the stimulus package. Stimulus package transportation project requirements were identified as such: 1) They must create jobs; 2) Be ready to go in sixty to ninety days; and 3) Be completed in two years or less.

Councilmember Cibrian entered the meeting at this time.

Councilmember McNeil noted that there had previously been a \$2 billion surplus, but now they were facing a \$9 billion deficit and asked what they could anticipate being cut first. Mr. Shields noted that funds had been set aside to lower the deficit to approximately \$3 billion, but added that estimates for Medicaid and other types of health and human services and Proposition 12 Funding had not been included in the baseline budget. Mr. Castaneda stated that the number was not certain, but could be approximated at \$2-5 billion.

Mr. Shields addressed his concerns for the Military Installation Protection Act by noting that the Legislature had not been receptive of this type of legislation over the past twenty years. He noted that Representative McClendon had filed a bill and Senators Wentworth and Leticia Van de Putte were considering filing legislation.

Councilmember Cibrian stated that she was appreciative for the information, but wanted to ensure the protection Camp Bullis. She noted that she agreed with the analysis and that a preliminary draft study of the Camp Bullis Joint Land Use Agreement would be released shortly.

Mr. Shields noted that the City had always been focused on job creation and had been successful because of the various tools provided by the state. He stated that all significant economic development projects concerning San Antonio over the past few years had included a Chapter 3-80 or a Chapter 3-12 provision which will expire this year unless reauthorized. He stated that Representative Rene Oliverira had filed legislation, but it had been very difficult to obtain the previous extension.

## **ii. Fire and Police Pension Fund**

Mr. Gorzell stated that the Fire and Police Pension Fund was set up as a statutory trust and both the contributions and benefit levels were set out under state statute. He highlighted some of the investment returns that the Fund had incurred over the past six months noting that as of September 30, 2008, the Fund was down 13.4% and for the current fiscal year it was down an additional 15.5% totaling \$600 million in losses. He added that this was typical for funds across the country.

Mr. Gorzell stated that staff had received an actuarial evaluation of the Fund as of October 1, 2008 and that unfunded liability was \$254.1 million. He noted that the typical measure for a pension plan was the funded status of the plan and a benchmark was if the unfunded liability could be paid off in thirty years or less. He stated that the Fire and Police Pension Fund's unfunded liability was twelve years, but the value of the assets had been smoothed so that it was deferring \$221 million of losses from the last fiscal year. With the current year's losses, this was approximated to be \$520 million. Without smoothing, the funded position of the Fund would drop from 89% to 79%, and the amortization period would increase from twelve years to twenty-nine and one-half years.

Mr. Gorzell noted that eleven items had been presented to the IGR Committee. Items 1 through 3 had cost impact to the Fund and would increase the unfunded liability, while Items 4 through 11 were administrative in nature. He noted that the package had begun at \$56 million with four years amortization, but the Fire and Police Pension Fund Board had changed the proposal and reduced the total to \$11.4 million. He stated that staff recommendation was that the IGR Committee not include anything in the 2009 State Initiatives Plan that would add cost to the unfunded liability of the Fund.

Mr. Walsh clarified that staff did not believe that the \$11.4 million would require the City or employees to increase contributions. He stated that the recommendation was based on the losses incurred by the Fund over the last six months.

Councilmember McNeil noted the complexity of the issue and stated that the IGR Committee may recess into Executive Session to discuss said item and consult with the Attorneys. Councilmember Cibrian requested to ask a few questions prior to the recess.

Councilmember Cibrian asked for the background and history of the Fund. Mr. Burney stated that San Antonio had one of the best funded pensions in Texas. He noted that he had worked with the Fund for fifteen years and had always been able to come to an agreement with staff and the Council on the Legislative Plan. He stated that before the process began, he had negotiated with City staff and agreed on a structure for legislative proposals. He reiterated that the Board had reduced the original plan from \$56 million to \$11.4 million and that the principle change requested was a cost of living increase for retirees who have been retired for more than ten years. He stated that the Board felt that the proposal was appropriate in light of the Fund's condition.

Councilmember McNeil recessed the meeting into Executive Session at 2:30 pm at the request of Councilmembers Cortez and Rowe to discuss Item 2.A.ii.

**4. Executive Session: consultation considering attorney-client matters (real estate, litigation, contracts, personnel, and security) may be discussed**

Councilmember McNeil reconvened the meeting at 2:50 pm to address Item 2.A.ii. There was no action taken.

Councilmember Cibrian moved to forward the complete list of eleven items to the full Council for consideration: 1) Allow buy back of probationary time up to six months; 2) Provide 100% of

CPI COLA for those who retired between October 1, 1997 and September 20, 1999; 3) Extend the four year DROP option to five years; 4) Benefit changes for Marriage After Retirement spouses; 5) Eligibility change for Marriage After Retirement widows; 6) Remove requirement for disability retirees to provide a copy of tax return; 7) Allow Police and Fire Chief to "opt-out" of Pension Fund; 8) Amend Family Code; 9) Correct Section 5.03 (a-1)(4); 10) Provide for estates to be entitled 13<sup>th</sup> and 14<sup>th</sup> Checks; and 11) Benefit changes to surviving spouse/dependent children.

Councilmember McNeil noted her appreciation for the work done for employees and that Public Safety was a priority in San Antonio. She asked what was being done to recoup losses and save the Fund. Mr. Schott noted that the fund was a long term investment and added that in the previous five years, it had grown 55%. He stated that management did not have plans to change anything going forward, but that the Board and Investment Committee reevaluated the Fund every month and the current market provided for a great buying opportunity. He stated that he was positive that the Fund would see better years in the future.

Councilmember McNeil asked if the plan would change if the market continued to worsen. Mr. Schott stated that if things continued to get worse, the Board would look at pulling said item and that they would always have that opportunity until the item had passed. He added that he did not think it was necessary at this point and hoped to have City Council support.

Councilmember McNeil stressed the importance of the Fire and Police Departments as well as the Pension Fund, but did not think it was a sound decision to lend support to a fund that was losing money. She asked if there was any room for further negotiation. Mr. Schott stated that he understood the Council's concerns, but wanted to ensure them that the Board would never do anything to harm the Fund. Mr. Reed stated that the Board could reconsider the current proposal, but there had already been much compromise.

Councilmember McNeil proposed that staff and the Pension Fund Board would continue to negotiate the COLA and the Committee would forward the remaining items to the full Council for consideration.

Councilmember Cortez noted that he was a member of the Pension Fund Board and that he was in support of forwarding all items to the full Council for consideration. He stated that it was a small amount of money and he did not think that said item should be delayed at the Committee level. He added that the legislative session had already begun, so it would be best to act immediately.

Councilmember Cibrian asked how the Board had determined that \$11.4 million was a reasonable request and how the number compared to the \$1.6 billion Fund. Mr. Reed responded that the Board had concerns about the economy so they decided to move forward with what they felt was the most important item, the cost of living increase for retirees who had been retired from more than ten years. It was noted that with the market fluctuations, the Fund could easily make or lose \$10 million a day. Councilmember Cibrian asked how the item would affect the retirees. Mr. Reed stated that this had been done for many years and it was expected by the retirees. Councilmember Cibrian asked for a comparison of the Fund in terms of size. Mr. Reed

stated that some of the Dallas funds were larger at \$4 and \$3.5 billion, but they were in very bad condition. He noted that Houston funds were approximately \$400-500 million greater. Councilmember Cibrian stated that the proposal had been reduced significantly and the COLA was important and the reason for moving all of the items forward.

Councilmember Rowe asked for clarification on the COLA. Mr. Gorzell explained that retirees who have been retired for ten years or less only receive a 75% cost of living increase. Said item will increase the COLA to 100% for 107 individuals who retired between 1997 and 1999. It was noted that said item was not retroactive and the \$11.4 million figure was the amortization over the life of the Fund.

Councilmember Rowe moved to amend the motion and reconsider the COLA and forward the remaining items to full Council for consideration. Motion died for lack of a second.

Councilmember McNeil asked for the average pension for retirees. Mr. Schott replied that it had been approximately \$3,500 a month and that the increase would be \$3.00 a month.

Ms. Milam conducted a roll call vote of the IGR Committee on the decision to forward all eleven items forward to the full Council for consideration. The roll call vote was as follows: Councilmember Cortez, AYE; Councilmember Cibrian, AYE; Councilmember Rowe, AYE; Chairperson McNeil, AYE. Motion carried unanimously.

### **iii. Dangerous Dogs**

Mr. Rodriguez stated that Councilmember Ramos was looking to implement additional insurance requirements for homes with dangerous dogs. He stated that staff would be meeting with the Councilmember for additional information and would return to the IGR Committee with a recommendation at a later date.

### **b. Federal Legislative Update and Possible Action** Presented by A.J. Rodriguez, Deputy City Manager

#### **i. Federal Stimulus Package Discussion**

Mr. Rodriguez stated that the House Appropriations Committee had released an outline of their \$125 billion plan. He noted that the Senate was currently working on their revisions and staff was anticipating many changes. He stated that the House was expected to vote on their bill January 28. He added that President Obama and his staff had continually updated the House and Senate in regard to their positions on the different House and Senate versions and that staff anticipated that the bill would be completed before the President's Day recess.

Mr. Rodriguez noted that the City Manager had asked various department heads to review the House bill to determine what particular funding streams they would need for the items on the City's prioritized list. Once the Senate version has been completed, staff will be better able to determine that information.

Mr. Jonas stated that at this stage of the process, there were three items that staff was attempting to address: 1) Rumor Control, 2) Work on different pieces of various amendments and trends, and 3) Providing input. He stated that the congressional delegation had been sent to ensure that the City, Bexar County, and appropriate federal agencies were all on the same page. He noted that the lobbyist efforts were to provide the Council with information and determine coordination at the state level.

Mr. Serna stated that there were no CDBG funds in the Senate Bill which was a cause for concern for the City. He noted that they would continually monitor the progress made by both the Senate and House in determining the final version and would provide the Council with summaries of the bills.

Councilmember Cibrian asked how items would be prioritized based on the federal government's direction. Mr. Rodriguez stated that staff would use the list of prioritized items provided by the Council and catalog them within the funding mechanisms available at the federal level. That list would then go before the full Council for consideration and final adoption. He stated that in addition to the federal legislative plan, staff would pursue funding items through federal and state agencies so there may be multiple funding avenues.

Councilmember Rowe asked of the items included in the memo that were omitted from the list. Mr. Serna stated that the chart only included items that they thought the Council would be most interested in. Mr. Rodriguez noted that it was a preliminary list. Mr. Serna added that they did not do a side by side comparison. Once the Senate Bill was definitive, an improved list would be provided. Councilmember McNeil stated that she would also like to see Transit added and that the City should push for CDBG funding and ensure that the legislators knew how important CDBG funds were to San Antonio.

## **ii. Federal Legislative Plan**

Mr. Rodriguez stated that there were six priority initiatives and the top initiative was the Federal Stimulus Plan. He spoke of the fourteen funding requests for Initiative #2, the Surface Transportation Reauthorization Bill, noting that it would go before Council on January 29 and that the package totaled approximately \$282 million. He stated that Initiative #3 was the San Antonio River Improvements Project and that Mayor Hardberger would be meeting with Mr. John Paul Woodley, Assistant Secretary to the Army, to discuss Mission Reach Phases II and III. Initiative #4 was the Base Realignment and Closure (BRAC). He stated that staff was supporting the timely implementation of the 2005 directives. Mr. Rodriguez stated that in terms of Initiative #5, Federal Transportation Funding and Planning, staff wanted to eliminate predicted shortfalls in the Highway Trust Fund, develop strategies and solutions to the federal rescissions, and restore lost funding to states and local government. He spoke of Initiative #6, Rail Safety, noting that staff was looking to secure \$1 million for the SAFD Derailment Training Site.

Mr. Serna stated that there were three sources for funding: 1) The Stimulus Package, 2) Appropriations, and 3) The Surface Transportation Position.

Councilmember Cibrian moved to forward said item to the full Council for consideration. Councilmember Rowe seconded the motion. Motion carried unanimously.

**c. Grants Update**

Presented by Sally Basurto, Grants Management Officer

Ms. Basurto presented a tabulation of the grants activity to date. She stated that with the uncertain climate with state and federal funds, staff had refocused their efforts on foundation and private dollars. She highlighted the four newest awards that the City had received totaling \$125K: 1) The Center for Transportation and the Environment, Southern Fuel Cell Coalition to Aviation; 2) the San Antonio Conservation Society to Aviation; 3) Pet Smart to ACS; and 4) Alliance to Reduce Disparities in Diabetes to Community Initiatives. She spoke of two upcoming applications that had been submitted on behalf of the Library for a total of \$70K, the TPWD Urban Indoor Recreation grant for \$1 million, the Department of Energy's Clean Cities award for a potential \$1 million, and the National Archives and Records award for \$50K.

Ms. Basurto stated that professional development training would be available to Grants personnel. She noted that the City's grants contractor had conducted an initial analysis of the Stimulus Bill and had identified 221 grant programs that may be impacted. She stated that she would review the list and share it with pertinent individuals.

**d. Interlocal Agreement Briefings**

Presented by A.J. Rodriguez, Deputy City Manager

Mr. Rodriguez stated that there was no update at this time.

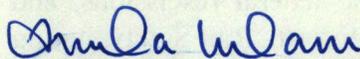
**3. Consideration of items for future meetings**

It was noted that the next IGR Committee meeting was scheduled for February 11, 2009.

**5. Adjourn**

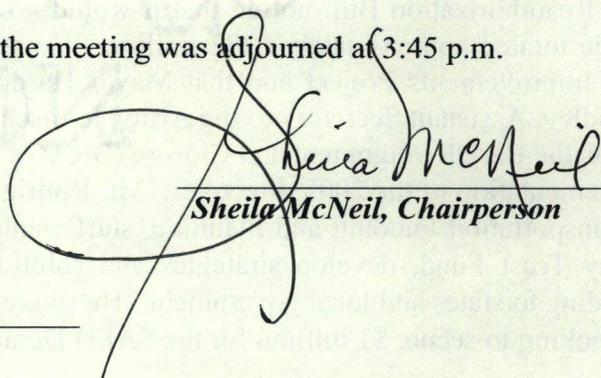
There being no further discussion, the meeting was adjourned at 3:45 p.m.

*Respectfully Submitted,*



*Mandy Milam*

*Office of the City Clerk*

  
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*Sheila McNeil, Chairperson*