

**State of Texas
County of Bexar
City of San Antonio**



**FINAL
Meeting Minutes
City Council B Session**

City Hall Complex
114 W. Commerce
San Antonio, Texas 78205

Wednesday, October 29, 2014

2:00 PM

Municipal Plaza Building

The City Council of San Antonio convened in the “B” Room of the Municipal Plaza Building at 2:00 pm. City Clerk Leticia Vacek took the Roll Call with the following Councilmembers present:

Present 11 - Mayor Taylor, Bernal, Toney, Viagran, Saldaña, Gonzales, Lopez, Medina, Nirenberg, Krier, and Gallagher

1. Staff briefing on recommended policy updates to the City’s Tax Increment Finance program. [Peter Zanoni, Deputy City Manager; John Dugan, Director, Planning and Community Development]

Mr. John Dugan briefed the City Council on the Tax Increment Finance (TIF) Program Policy. He stated that following today’s session; they would perform outreach to stakeholders including the Real Estate Council, Centro, and Development Process Task Force. He mentioned that the information had been presented to the Infrastructure and Growth City Council Committee on October 15, 2014.

Mr. Dugan explained that a TIF was a tool used to promote reinvestment and redevelopment in a designated geographic area. He stated that it set aside growth in property tax revenues in a designated area for reinvestment into that area. He noted that

there were currently 19 Tax Increment Reinvestment Zones (TIRZ) in San Antonio; 12 petitioned by the Developer and 7 were City-Initiated. He outlined the TIRZ Establishment Timeline and presented maps of the 19 TIRZ. He reported that the City had invested over \$580 Million in current, approved TIRZ and that other taxing entities had invested over \$200 Million. He stated that there were eight City Employees that supported the TIF Program. He highlighted the TIF Special Revenue Fund but noted that the fee collections have historically not covered the cost of managing the Program.

Mr. Dugan outlined the TIF Policy that was most recently adopted by the City Council in 2008. He stated that the guiding principle determined the most appropriate use of the TIF and ensured compliance with Texas Tax Code-Chapter 311. He spoke of the TIF Policy Audit Results in which corrective actions were recommended and noted that they had been corrected. He stated that they further recommended adjustments to the TIF Policy: 1) Separate Policy from Administrative Guidelines; 2) Simplify the TIRZ Application; 3) Change TIRZ Eligibility from Demographic to Market Factors; and 4) Modify Existing Fees. He outlined the proposed Annual Administrative Fees for each of the three Tiers and stated that the new fees would apply to TIRZ designated after Council Policy Approval. He stated that the Annual Fee would be capped at 20% of the Increment.

Mayor Taylor thanked staff for the presentation and asked of the financial success of the Developer and City-Initiated TIRZ. Mr. Dugan replied that the Developer-Initiated TIRZ were providing between \$30,000-\$350,000 in Annual Increment. He noted that most were performing well and that those that were not had been dissolved. Mayor Taylor asked of the change in eligibility from Demographic to Market Factors. Mr. Dugan stated that they would not exclude Demographic Factors and that using Market Factors would open it up to other areas of the city. Mayor Taylor asked of Best Practices of other cities using this tool. Mr. Dugan responded that the City of San Antonio utilized a pay-as-you-go approach in which Annual Increment is used to reimburse projects. He noted that other cities issued Bonds which were high risk.

Councilmember Saldaña stated that the TIF/TIRZ was simply a reimbursement program. He confirmed that TIRZ were supposed to promote and encourage development in areas that otherwise would not attract sufficient development or investments. He expressed concern with not using Demographic Factors as a basis for TIRZ. Mr. Dugan stated that they would not recommend a TIRZ in a high growth area but that there were areas that may not be low-income that could benefit from reinvestment incentives. He noted that they would include criteria such as Low-Income or CDBG Eligible to the policy. He added that they could designate areas as TIF Districts when creating the Comprehensive Plan for Growth. Councilmember Saldaña noted concerns regarding Administrative Fees being driven based on areas with better return on investment. Mr. Dugan confirmed that fees did not drive anything and were used as a way to cover actual costs.

Councilmember Lopez asked if it could be considered as a Debt Repayment Tool if used for a Mass Transit Project such as light rail. Mr. Dugan stated that was not included in the policy but could be discussed in the future. Councilmember Lopez spoke of Lone Star Rail and stated that it was important to discuss tools that could be utilized for Mass Transit. City Manager Sculley stated that they were not yet prepared to present on Lone Star Rail and hoped to do so in the near future. Councilmember Lopez asked of the participation of other entities. Mr. Dugan replied that it was their option to participate and were included in the Development Agreement. Mayor Taylor asked if School Districts were prohibited from participating. Mr. Dugan confirmed that they were prohibited from participation. Councilmember Lopez added that it was statutory that they could not participate at the School District Level but not statutory at the State Level.

Councilmember Toney expressed concern with changing eligibility from Demographic to Market Factors noting that it would greatly affect District 2. He stated that he would prefer that they be augmented with Market Factor Eligibility Requirements.

Councilmember Nirenberg expressed support for separating Policy from Administrative Guidelines noting that the TIF and TIRZ Policies could be used to support Economic Development. He asked of the revenue projections of the new Fee Structure. Mr. Dugan stated that they anticipated an increase of \$250,000 which would cover the existing gap.

Councilmember Viagran noted concerns with changing eligibility from Demographic to Market Factors. She spoke of areas that were in need of revitalization such as the East Southcross Corridor which was declining due to the closure of Southeast Baptist Hospital. She stated that she looked forward to input from stakeholders.

Councilmember Bernal stated that a TIRZ should be used to capture tax dollars that could be reinvested in the same area and not an incentive. He spoke of the importance of developing areas of the city that have historically struggled.

Councilmember Gallagher stated that he was in support of the revisions recommended by staff. He stated that the policies could be used as tools to resolve issues before they become challenges.

Councilmember Gonzales asked of vacant properties. Mr. Dugan replied that the city would receive the Increment for same once the property was assessed. Councilmember Gonzales asked who was responsible for paying the fees. Mr. Dugan responded that they were paid from the Tax Increment.

Mayor Taylor asked of coordination with other taxing entities and noted concerns that

representatives from Bexar County and the School Districts serve on the TIRZ Boards but do not participate. She asked if TIF Funds could be used for Home Repair and Rehabilitation. Mr. Dugan replied that he would follow up and provide a response to the City Council.

EXECUTIVE SESSION

Mayor Taylor recessed the meeting into Executive Session at 3:35 pm to discuss the following:

- A. Deliberations regarding economic development negotiations and discuss related legal issues pursuant to Texas Government Code Sections 551.087 (economic development) and 551.071 (consultation with attorney).
- B. Deliberate the purchase, exchange, lease or value of real property and discuss related legal issues pursuant to Texas Government Code Sections 551.072 (real property) and 551.071 (consultation with attorney).
- C. Discuss legal issues related to collective bargaining pursuant to Texas Government Code Section 551.071 (consultation with attorney).
- D. Discuss legal issues related to the City's solicitation of services pursuant to Texas Government Code Section 551.071 (consultation with attorney).
- E. Discuss legal issues relating to municipal courts pursuant to Texas Government Code Section 551.071 (consultation with attorney).

RECONVENED

Mayor Taylor reconvened the meeting at 6:05 pm and announced that no action was taken in Executive Session.

CITIZENS TO BE HEARD

Mayor Taylor called upon the citizens registered to speak.

Dr. Cheryl Hamilton addressed the City Council and requested that the vote on the Vista Ridge Project be delayed for a few months. She expressed concern that with the length and

cost of the Project.

Alan Montemayor addressed the City Council in opposition to the Vista Ridge Project. He expressed concern with the increased traffic and development that would occur over the Recharge Zone.

Roger Singler addressed the City Council in opposition to the Vista Ridge Project. He stated that he was concerned that there had not been sufficient citizen input.

Marisa Laufer addressed the City Council in opposition to the Vista Ridge Project noting that it would cause water rates to increase significantly.

Gerald Ripley addressed the City Council in opposition to the Vista Ridge Project. He stated that there could be \$521 Million in savings if the Project is not approved. He expressed concern with Abengoa's Financial Status, water supply reliability, and stated that the Project was rushed.

Mark Perez addressed the City Council regarding facilities storing chemical materials without the proper permits. He expressed concern with City Staff in the Fire Department, Development Services, and 3-1-1 as they had not responded to his requests.

Mayor Taylor exited the Council Chambers and Mayor Pro Tem Nirenberg presided over the meeting.

David Klar addressed the City Council in opposition to the Vista Ridge Project. He stated that more water was not needed and highlighted other potential options for water.

Vanessa Quezada addressed the City Council and requested that the vote on the Vista Ridge Project be delayed. She expressed concern with the negative impact to ratepayers.

Paul Pipkin addressed the City Council in opposition to the Vista Ridge Project. He expressed concern with the Project Cost and stated that he did not want SAWS involved in the Project.

Eiginio Rodriguez requested that the vote on the Vista Ridge Project be delayed until he completes his research. He expressed concern with water quality and noted the importance of Water Conservation.

Nazirite Ruben Flores Perez expressed concern with the Halloween Festivities occurring at the San Antonio Zoo. He stated that Halloween was not recognized in The Bible.

Theresa Berlanga spoke in favor of the changes to Banking Laws made by President Obama which do not allow banks to use their customers' money. She expressed concern with a home that she owns on West Avenue as she believes that HEB is interested in purchasing it along with others in the neighborhood.

Raymond Zavala addressed the City Council in opposition to the Vista Ridge Project. He expressed concern with SAWS selling water to other communities and asked why Desalination and Water Conservation were not sufficient. He requested a one-mile buffer zone around Haven for Hope and spoke in opposition to increasing Council Pay.

Itza Carbajal requested that the City Council delay the vote on the Vista Ridge Project noting concerns with the impact to ratepayers.

Faris Hodge, Jr. submitted written testimony recognizing Mayor Taylor for being selected by the City Council as Mayor. He submitted numerous newspaper articles highlighting items such as the Academic Center at Texas A&M University, Health Care for Texas that is long overdue, and Giving thanks to Firefighters. He highlighted the \$100,000 grant received by the Animal Care Services Department. Additionally, the Outreach Team created by CPS Energy to help their customers. He referenced the increase in Rental Car Fees at the San Antonio International Airport.

ADJOURNMENT

There being no further discussion, Mayor Pro Tem Nirenberg adjourned the meeting at 7:02 pm.

APPROVED

IVY R. TAYLOR
MAYOR

ATTEST:

LETICIA M. VACEK, TRMC/MMC
CITY CLERK