

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



**DRAFT**

**Meeting Minutes**

**City Council B Session**

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

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**Wednesday, October 14, 2015**

**2:00 PM**

**Municipal Plaza Building**

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

**PRESENT:** 9 - Mayor Taylor, Treviño, Warrick, Viagran, Lopez, Medina, Nirenberg, Krier, and Gallagher

**ABSENT:** 2 - Saldaña, and Gonzales

Mrs. Vacek announced that Councilmember Saldaña was absent due to work related obligations and Councilmember Gonzales was absent due to a death in the family.

1. SAWS Proposed Rate Adjustments Briefing by SAWS [Robert R. Puente, SAWS President and Chief Executive Officer]

Mrs. Sculley provided an overview of the revised schedule related to the SAWS Rate Adjustments and Annexation. She stated that the dates had been changed due to input from the City Council, Transportation Technology and Utilities Council Committee, and the public. She noted that the SAWS Rate Adjustment would be considered after the City Council receives the Final Water Policy Study. She mentioned that three public comment opportunities would occur and that SAWS would be hosting five community meetings. She

added that the Annexation Schedule was also being revised. Councilmember Nirenberg asked of the IH-10 West Consideration for Annexation. Mrs. Sculley replied that it was scheduled for City Council Approval on October 29, 2015. She noted that they would be required to provide new notices if pushed back any further. Mayor Taylor stated that they would continue discussion on same and ensure that the public is notified with the correct dates.

Robert Puente presented a Power Point regarding the SAWS 2016-2020 Rate Outlook. He stated that their objectives were to: 1) Increase Operational Efficiency; 2) Develop Alternative Water Supplies; 3) Improve Water and Sewer Infrastructure; 4) Preserve a Strong Credit Profile; and 5) Maintain Affordable Rates. He spoke of the Customer-to-Employee Ratio noting that SAWS maintained the highest ratio of the Five Largest Cities in Texas. He reported that they would continue their focus on Conservation with 16,500 acre-feet of water savings planned by 2020. He stated that they would add 63,440 acre-feet of water by 2020 through Brackish Desalination (13,440 acre-feet by 2017) and Vista Ridge (up to 50,000 acre-feet by 2020). He outlined the Vista Ridge Contract Provisions noting that SAWS would only pay for the water made available. He added that Vista Ridge would build the project infrastructure and accept all risks. He highlighted the Timeline for the Vista Ridge Contract and the Project Protections and Mitigation. He mentioned that Environmental Benefits included diversification from the Edwards Aquifer and the ability to optimize the Aquifer Storage and Recovery (ASR) Project.

Mr. Puente reported that 900 miles of Wastewater Collection Mains were more than 50 years old. He stated that in 2016, they had replaced \$113.3 Million worth of Sewer Mains and would replace \$116.7 Million worth of Sewer Mains in 2017. He spoke of SAWS' Compliance with the Environmental Protection Agency (EPA) Consent Decree that was entered by the court on October 15, 2013 noting that \$850 Million in capital investments would be required during the 10 to 12 year term. He reported that Sanitary Sewer Overflows were on decline due to the great investment in infrastructure.

Mr. Puente spoke of SAWS' strong credit profile from Fitch, Moody's, and Standard & Poor's noting that their strong ratings kept borrowing costs low. He highlighted the recent debt refinancing savings in which they would realize \$57 Million over the next five years. He outlined the Rate Adjustment Requirements from 2016 through 2020 and reported a 7.5% total increase for 2016 and 7.9% increase in 2017. He indicated that the Wastewater and Water Delivery Fees were not yet determined for 2018 through 2020. He presented a monthly average residential bill that would increase to \$55.65 in 2016 and \$60.02 in 2017. He stated that SAWS would remain the lowest of the Five Largest Cities in Texas. He provided an overview of the Affordable Discount Program based on Poverty Level and

noted that there would be new donation opportunities for Affordability Programs through bill distribution. He added that they had doubled the Project Agua Budget to \$200,000 and that they would increase participation and awareness of all Affordability Programs.

Mayor Taylor asked of the role of the Consent Decree in the need for rate support. Mr. Puente replied that the Consent Decree totaled \$1.1 Billion over 10 to 12 years and the first two years of the rate increase would be used to fulfill Consent Decree Obligations. Mayor Taylor asked of the protections regarding the Vista Ridge Project. Mr. Puente responded that they had negotiated with Abengoa so that they were responsible for the risks associated with the project to include only paying for water that is needed, project cost overruns, and a cap on the interest rates. Mayor Taylor asked of the concerns related to the financial strength of Abengoa. Mr. Puente stated that the concerns related to Abengoa were addressed in the contract and that SAWS was not spending any money on the project until Financial Close. He noted that lenders would not provide funding for the project if they did not feel that the company could complete the project. Mayor Taylor stated that although she appreciated efforts to increase operational efficiencies, there were concerns regarding the lack of responsiveness to the Business Community and Small Business Owners. Mr. Puente stated that there had been a bottleneck in the Development Services Component at SAWS and that they had added more seasoned Engineers to address issues. He added that they were working with the Development Industry to ensure that their needs were being addressed. Mayor Taylor asked of the Affordability Programs. Mr. Puente replied that they were adding funds to the Affordability Programs and that they had block walked with Councilmember Gonzales in District 5 to inform the community about the funding assistance available. He added that customers that use less than the Lifeline Rate would realize a savings in their bill and that they would continue their outreach to the community.

Councilmember Nirenberg asked of the Wholesale Rate Program and how it was designed. Mr. Puente replied that SAWS had very few wholesale customers and that they would work with the customers that had concerns regarding same. Ms. Mary Bailey added that they operated on a Take or Pay Contract and explained that first Tier was a reasonable low cost for water while Tier 2 was a higher market rate water for those that needed more water. Councilmember Nirenberg asked of the increase to the Water Supply Rate. Mr. Puente stated that they were requesting 1.8% in 2016; 3.2% in 2017; 1.3% in 2018; 4.5% in 2019; and 9.9% in 2020 for the Water Supply Fee. Councilmember Nirenberg asked of the Water Management Plan. Mr. Puente stated that they were working with the 2012 Water Management Plan which was updated every five years. Councilmember Nirenberg asked of the impact of a default by Abengoa. Mr. Puente replied that Abengoa was not the same as Abengoa Vista Ridge but that the lenders would still want to get paid and would look to a revenue source to pay for same. Doug Evanson added that they would be looking for somebody to operate the pipeline that has been constructed but SAWS would not be

required to take on the debt. Councilmember Nirenberg stated that the City Council had voted in favor the Vista Ridge Project but they wanted it to move forward under the right conditions. Mr. Evanson noted that once financial close occurs; SAWS would want to get water under the contract whether Abengoa was in the picture or not.

Councilmember Gallagher stated that he was pleased that staff would be added to read meters and asked of the funding from the Consent Decree. Mr. Puente replied that the funding was utilized in San Antonio on construction and design. Councilmember Gallagher mentioned risks with municipalities not purchasing the water from the Vista Ridge Project or not having water to sell. Mr. Puente noted that both were possibilities.

Councilmember Viagran asked of the impact of the rate increase to those who can least afford it or who use less water. Mr. Puente stated that individuals that conserve water and use less than 3,000 gallons per month would realize a rate decrease under the rate structure change. Councilmember Viagran asked how Sewer Line Projects were prioritized. Mr. Puente stated that they were inspecting and categorizing pipes and addressing those that had the highest risk. Councilmember Viagran expressed concern with the communication issues at SAWS and asked SAWS to provide the City Council with a Communication Plan moving forward. Mr. Puente replied that he would provide that information to the City Council.

Councilmember Krier commended SAWS for addressing billing issues but noted that there was still work to be done. He requested a status report on the how many people have been helped and how many bills have been adjusted. Mr. Puente stated that he would provide that to the City Council. Councilmember Krier stated that he was pleased that the Vista Ridge Contract minimized the City's risk and exposure and that only water received would be paid for. He asked of the agreement with the Military. Mr. Puente stated that they would ensure that the Military had an adequate supply of water and the necessary infrastructure.

Councilmember Warrick asked how much water would be used and how much would be sold. Mr. Puente replied that they could sell up to 15,000 acre-feet of water and still meet their water needs. Councilmember Warrick asked how much water could be stored in the ASR. Mr. Puente stated that they currently have 220,000 acre-feet but there was a great capacity to store more. Councilmember Warrick asked if Affordability Program Information was being shared with CPS Energy. Mr. Puente replied that they work closely with CPS Energy and that those receiving assistance from CPS Energy could be provided assistance from SAWS.

Councilmember Treviño asked of the difference between the Commercial and Residential

Rate Structure. Mr. Puente stated that all rates would be treated the same in regard to the Rate Increase. He noted that there was a Commercial Rate for Businesses and a Residential Rate for Residents and that they paid for themselves.

Councilmember Lopez spoke of the importance of the agreement with the Military and asked if the Military would be supported without the Vista Ridge Project. Mr. Puente confirmed that they had made a commitment to the Military regardless of the Vista Ridge Project. Councilmember Lopez asked of the Draft Water Study and what would be revised. Mr. Puente stated that it would be slightly restructured to make it less difficult to read and that the Executive Summary would be expanded. He confirmed that no substantial changes should be expected. Councilmember Lopez asked of the impact of a delay on the vote. Mr. Puente stated that the project would not be jeopardized and felt that November 19th was an acceptable date for approval.

Councilmember Medina reiterated the importance of ensuring water security for Military Installations and also addressing the Sewer Sanitary Overflow Issues. He added that they should ensure that residents are informed and that there continues to be a transparent process.

Mayor Taylor thanked SAWS Staff for the presentation.

2. Briefing and possible action on City Council Requested amendments to the Fiscal Year 2016 General Fund Budget. [Maria Villagomez, Assistant City Manager; Chad Tustison, Interim Budget Director]

City Manager Sculley presented a list of Budget Amendments to the FY 2016 General Fund Budget totaling \$3.7 Million. She stated that they had been presented to the City Council on September 4th prior to Budget Adoption but they had been deferred with the anticipation that a Collective Bargaining Agreement would be agreed upon with the Police Union. She noted that on September 30th, the Police Union ceased contract negotiations and the amendments were being forwarded for City Council Approval. She outlined the 28 expenditure amendments noting that they were partially funded from CPS Energy Revenues, as well as the funds that had been set aside for Lump Sum Payments for Police Officers.

Councilmember Viagran stated that she was pleased with the projects that were included such as the additional Code Enforcement Officers and funding for the Missions/UNESCO World Heritage Site. She also highlighted the COPS Match Grant that would provide the City's Portion of expenses associated with 4 new Police Officers.

Councilmember Krier asked staff to provide information regarding the dollar amount that would have been paid to Rank and File Police Officers and Firefighters if a contract had been adopted. Councilmember Warrick added that he was pleased to see funding for My Brother's Keeper, MLK Commission, and Project Quest.

Mayor Taylor thanked staff for the information.

### **EXECUTIVE SESSION**

Mayor Taylor recessed the meeting into Executive Session at 4:02 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 relating to a lawsuit styled Esmeralda Trevino v. City of San Antonio, Texas pursuant to Texas Government Code Section 551.071 (consultation with attorney).

### **RECONVENED**

Mayor Taylor reconvened the meeting at 6:00 pm and announced that no action had been taken in Executive Session. She addressed Item 3.

### **PUBLIC HEARING**

City Clerk Vacek read the caption for Item 3:

- 3. First Public Hearing for the Proposed Limited Purpose Annexation of the IH-10 East

Area. [Peter Zanoni, Deputy City Manager; John Dugan, Director, Planning and Community Development]

Mr. John Dugan addressed the Proposed Limited Purpose Annexation of the IH-10 East Area. He stated that the area was a major gateway into the City of San Antonio and had a population of approximately 40,000. He discussed transportation improvement projects planned for adjacent roadways and the need for comprehensive services. He mentioned that annexation would extend zoning and Building Codes to proposed areas, allowing for full City Services after a period of three years. He stated that residents would be able to vote in City Council Elections but would not be able to vote in Bond Elections.

Mayor Taylor opened the First Public Hearing for the Proposed Limited Purpose Annexation of the IH-10 East Area and called upon the citizens registered to speak.

Nazirite Ruben Flores Perez commented on the need for adequate personnel for annexation.

Gaytano Hernandez expressed concern that infrastructure would not be adequately serviced by City Services.

Bruce Chittenden expressed support for annexation and stated the need for City Services.

Roy Hirchak expressed opposition to annexation and concern for more regulations.

Kelvin Phillips expressed concern for increased taxes without an increase in services.

Oscar Kazen spoke in favor of annexation and commented on the need for regional community planning efforts.

Donald Nichols expressed opposition to annexation and overregulation.

James Larabee commented on the need for incentives for annexation.

Dora Guerra expressed concern for City Animal Regulations in the areas proposed for annexation.

Renea Witley stated her opposition to the proposed annexation.

City Clerk Vacek stated that she had received Written Testimonies from Melissa Kazen in favor of annexation and Lisa Pfifer in opposition to annexation.

Having heard all citizens wishing to speak, Mayor Taylor closed the First Public Hearing for the Proposed Limited Purpose Annexation of the IH-10 East Area.

### **CITIZENS TO BE HEARD**

Mayor Taylor called upon the citizens registered to speak under Citizens to be Heard.

Fernanda Covarrubias, Abel Ramirez, and Sarah Tijerina representing ALAS Youth Theatre Company addressed the City Council. They expressed concern for increasing water rates and the impact to low income families. They recited a poem entitled "Why is Water Special?" and stated that water should be considered as a right rather than a commodity.

Alan Montemayor expressed opposition to increasing water rates and the Vista Ridge Project.

Meredith McGuire expressed concern for the transparency of the Vista Ridge Project. She petitioned the City Council for full disclosure of the Project.

Henrietta La Grange expressed support for Chief McManus and commended Anthony Treviño for their Interim Work. She stated that she and others in her neighborhood fed stray animals because they were hungry.

Mayor Taylor excused herself from the meeting at this time and Mayor Pro Tem Gallagher presided.

Mark Perez expressed concern for businesses operating illegally in the City Limits.

Terry Burns expressed support for delaying the vote on the SAWS Rate Structure and stated the need for alternative sources of conservation in order to secure San Antonio's water supply.

Allen Hamilton expressed support for finding fiscally responsible sources of water.

Gaya Hamilton highlighted alternative methods of water conservation.

Karen Wheeler expressed support for delaying a vote on the SAWS Rate Structure and stated the need to fully review the Water Policy Study before voting on new rates.

Mickey Killian spoke of the History of Mission Concepcion and noted that there were Deed Restrictions on the property until 2017. He stated that it was probable that Native American Groups would petition UNESCO for revocation of the World Heritage Status.



Courtney Denton stated the need for more public comment and community engagement prior to voting on SAWS Rate Increases.

Bryan Hummel discussed how ancient societies managed water resources throughout time.

Nazirite Ruben Flores Perez spoke against witchcraft and Halloween.

Marion Thompson spoke against the zoning of the Planned Parenthood Facility located at 2140 Babcock Road. He expressed concern for the residents of Dreamhill Estates.

Tom Thompson asked that the statue of William Barrett Travis be moved to Travis Park.

Gary Johnson spoke against the SAWS Rate Increase and stated that the Vista Ridge Pipeline would negatively impact the environment.

Ana Lisa Peace requested that overlay districts be created and discussed alternatives to annexation. She spoke against the SAWS Rate increase and Vista Ridge Project.

Faris Hodge, Jr. submitted written testimony requesting that back up information be provided for the City Manager's Report. He provided various newspaper articles regarding the Collective Bargaining Negotiations, Hands-Free Driving Rule, and the Appointment of Hope Andrade as Chair of the VIA Metropolitan Transit Authority Board of Trustees.

### **ADJOURNMENT**

There being no further discussion, Mayor Pro Tem Gallagher adjourned the meeting at 7:36 pm.

APPROVED

IVY R. TAYLOR  
MAYOR

ATTEST:

LETICIA M. VACEK, TRMC/CMC/MMC  
CITY CLERK