

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



DRAFT

Meeting Minutes

City Council B Session

City Hall Complex
105 Main Plaza
San Antonio, Texas 78205

Wednesday, November 9, 2016

2:00 PM

Municipal Plaza Building

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

PRESENT: 11 - Mayor Taylor, Treviño, Warrick, Viagran, Saldaña, Gonzales, Lopez, Medina, Nirenberg, Krier, and Gallagher

1. A Briefing by the San Antonio Water System on 2017 rate adjustments, proposed 2017 Water Management Plan, and an update on the Vista Ridge Project; and a briefing by City staff on the 2017 rate adjustments. [Ben Gorzell, Chief Financial Officer; Robert R. Puente, President & CEO, SAWS]

Robert Puente, SAWS President and CEO, presented a 2017 Rate Adjustment Request totaling 6.8%. He noted that the City Council approved a rate adjustment not to exceed 7.9% last year. He stated that 2/3 of this would support the capital program, with 40% of that providing additional wastewater revenues needed to comply with the consent decree with the Environmental Protection Agency (EPA) and the U.S. Department of Justice. He noted that 19% of the rate adjustment would be utilized to fund improvements necessary to integrate Vista Ridge water yet to be received. He stated that the remaining 41% increase would be utilized for capital improvements for the water production and distribution system and for finalizing the Bexar Metro Integration.

Mr. Puente presented 2017 Initiatives to include: 1) EPA Sewer Consent Decree; 2) Non-Revenue Water; 3) Conservation Programs; and 4) Proactive Water Infrastructure Planning (Subsurface Condition Assessment). He stated that other initiatives included Customer Service Technology Enhancements which would expand and improve customer engagement channels through Chat, Voice and Text Messaging. Additionally, they will perform an Automated Meter Infrastructure Assessment and potentially implement a Pilot Program. He provided highlights of the SAWS-BexarMet Water System Integration: 1) No District Special Project (DSP) water rate increase during integration; 2) Resolved water supply shortages and improved operations; 3) February bond refinancing generated NPV savings of \$17 Million; and 4) Operational savings in the millions to date.

Mr. Puente outlined the 2017 Affordability Programs noting that assistance would total \$3.9 Million; a 30% increase from 2016. He reported that they would host targeted outreach events with on-site enrollment. He mentioned that the increase in the discount at the very lowest income levels will almost entirely offset the change in the Average Residential Bill. He provided a comparison of rates for Major Texas Cities and noted that only the rates in the City of Dallas were lower than those of the City of San Antonio.

Mr. Puente provided an overview of the Vista Ridge Project highlighting the History of the Project. He reported that they entered into a Water Transmission and Purchase Agreement with Abengoa in 2014; however, there was a change in control to Garney in 2016. Subsequently, an Interest Rate Lock in 2016 had resulted in significant cost reduction for the project. He highlighted the project timeline in which Water Delivery will begin in 2020. He stated that the following were amended to the financial close conditions in the agreement: 1) Operating service provider; 2) Groundwater transportation permits; 3) Well field sites; and 4) Terminus site conditions.

Mr. Puente stated that if the changes to the agreement were not agreed upon by January 2017, the original agreement would be sustained. He provided details of the water purchase noting that there was a fixed price of water at a lower cost of \$1,606 per acre-foot. He noted that the Integration Project totaled \$143 Million and that projected rates had already been approved by the City Council. He indicated that the amendment continued the risk profile being shifted onto the private sector and would protect SAWS Customers. He noted that the amendment retained the WTPA commitment to local landowners and local groundwater management.

Mr. Puente outlined the 2017 Water Management Plan noting that it would be completed by the first quarter of 2017 and be comprised of 50 years of water management. He stated that the Plan would include:

- Drought of Record Conditions
- Supply, Demand, Population, and Conservation Goals
- Internal Discussions with Water Planning Experts
- Public Discussion

Mr. Puente noted that 2017 Planning would consider:

- Integration timing
- Project phasing
- Wholesale agreements
- Existing supply contracts

Ben Gorzell stated that the City Council had approved a SAWS maximum rate cap of 7.9% last year for 2017. He noted that SAWS returned with a rate cap of 6.8%. He reported that after a comprehensive review; staff concludes that a 6.8% Proposed Rate Adjustment is reasonable. He spoke of the Sanitary Sewer Overflow Reduction Program (SSORP) and noted that the EPA Consent Decree Investment in the Sewer Collection System from 2013-2023 totaled \$250 Million in Operating Costs and \$840 Million in Capital Costs. He reviewed the Sanitary Sewer Overflow (SSOs) 12-Month Moving Average noting that changes were due in part to rainfall. He noted that more rainfall resulted in water infiltrating the Sewer System which causes SSOs. He reviewed residential customer bills for the System as a Whole and for Affordability Customers.

Mr. Gorzell highlighted FY 2017 Customer Service Improvements to include adding 36 Positions, Temporary Employees, and a Consultant & Customer Interaction System. He noted that future improvements would include a Mobile Application, Phone System Enhancements, and an Internet Web Chat Function. He spoke of Real Water Loss and noted that \$14 Million would be utilized in 2017 to address Non-Revenue Water. He added that the Vista Ridge Project Company reached Financial Close on November 2, 2016 and SAWS continues to monitor the project closely. He stated that staff recommended the SAWS Proposed 6.8% Rate Increase for 2017.

Mayor Taylor asked of strategies to improve water conservation. Mr. Puente stated that in addition to existing programs, SAWS would roll out new conservation programs such as the Rain Barrel Program. He mentioned that SAWS had over 1,000 requests for rain barrels on the day they became available. He stated that SAWS partnered with the Real Estate Community, the San Antonio Real Estate Council, and Homeowners to educate them on SAWS' Water Conservation Programs.

Councilmember Krier asked for an update on discussions with the Military to address their water needs. Mr. Puente replied that SAWS was partnering with the Military to make sure

each of the Military Bases had an adequate water supply. He noted that some of the Military Bases required updated connections while some, such as Camp Bullis, required a little bit more work. Donovan Burton stated that the connection to Camp Bullis would be completed by the end of the year and all connections to bases would be complete by August 2017. Councilmember Krier asked if SAWS would be able to maintain its comparative standing with other Texas Cities in the next five or ten years. Mr. Puente replied that San Antonio would continue to be one of the lowest among other Texas Cities as San Antonio was the only one that had reached an agreement with the EPA.

Councilmember Warrick asked how many SAWS Customers were unable to pay their bill and had their water disconnected. Mr. Puente replied that 7,000 customers were disconnected but their services were generally reconnected shortly thereafter. He noted that disconnection did not occur until a bill was past due by 90-120 days. Councilmember Warrick asked how many customers were served by Affordability Programs. Mr. Puente replied that SAWS has 20,000 families signed up for the Affordability Program.

Councilmember Gonzales asked if recycling of water was decreasing since 2000. Mr. Puente replied that water recycling had declined due to an increase in other sources of water.

Councilmember Nirenberg stated that he would like to know how many people in Affordability Programs had their service disconnected. Mr. Puente stated that SAWS communicates with those whose service was in danger of being disconnected and noted that everything possible was being done to avoid disconnection of service. Councilmember Nirenberg expressed concern with the lack of transparency on the Vista Ridge Project.

Councilmember Viagran noted concerns regarding the Customer Service Center that closed on the South Side. She asked if payments to SAWS would be made utilizing the mobile application. Mr. Puente replied that payments could be made via the mobile application. Councilmember Viagran asked of a shift from the 8th Block to the 7th Block. Mr. Gorzell replied that SAWS was working with those customers and performing home visits to help reduce their bills.

Councilmember Gallagher asked of a way to avoid such a dramatic rate increase in 2020. Mr. Gorzell replied that the City Council could direct the rate adjustment to increase in 2018 and/or 2019 in order to avoid a dramatic increase in 2020.

Councilmember Krier asked Berto Guerra of his philosophy and approach on the issue of transparency. Mr. Guerra stated that at the beginning of the Vista Ridge Project; he vowed to negotiate the project publicly. He welcomed everyone to observe the ongoing

negotiations of the project.

Councilmember Treviño asked when it was expected that SAWS would have the easements complete relative to necessary infrastructure. Mr. Puente replied that the easements would be completed by June 2017. Councilmember Treviño asked of the costs of infrastructure improvements. Mr. Puente stated that the costs for infrastructure improvements were \$143 Million.

Mayor Taylor thanked everyone for the presentation.

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 a utility line warranty program 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 was taken in Executive Session.

PUBLIC HEARING

City Clerk Vacek read the caption for Item 2:

2. Second public hearing regarding the U.S. 281 North Corridor Annexation Area consisting of approximately 1.9 square miles, within San Antonio's extraterritorial jurisdiction (ETJ) in Bexar and Comal Counties and being a variable width of up to 4,000 feet along the U.S. 281 North right-of-way, beginning approximately at the City limits of San Antonio south of Marshall Road and Northwind Boulevard in Bexar County and continuing north along U.S. 281 North to approximately 1,830 feet south of Ancestral Trail in Comal County. [Peter Zaroni, Deputy City Manager; Bridgett White, Director, Planning & Community Development]

Mayor Taylor opened the Second Public Hearing regarding the U.S. 281 North Corridor Annexation Area. She called upon Mr. Nazirite Ruben Flores Perez to speak.

Mr. Nazirite Ruben Flores Perez spoke in support of the proposed annexation noting that it was important to spread out the city. He noted the benefits to those being annexed to include access to shopping, universities, and bus service.

There being no other citizens wishing to speak, Mayor Taylor closed the Public Hearing.

CITIZENS TO BE HEARD

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

Robert Gonzales stated that he had advocated for the Taxicab Industry for over 30 years and expressed concern with the decline in Taxicab Business due to Transportation Network Companies (TNCs). He asked the City Council not to increase the amount of Taxicab Permits noting that current Taxicab Drivers could become bankrupt.

Mark Perez expressed concern with businesses operating without the proper permits throughout the city to include the AGE Refinery Facility and DPT Laboratories. He noted various City Employees that had not responded to his requests.

Carol Fisher submitted a list of 100 individuals in support of a cap on Transportation Network Company (TNC) Driver and Taxicab Driver Permits. She noted issues with air quality that could affect the economy.

Pedro Ruiz expressed concern for Immigrants, Minorities, and Native Americans due to the Presidential Election Results. He spoke of the various Native Americans that were running for office to represent the local area.

Nazirite Ruben Flores Perez noted concerns for the Taxicab Industry and the lack of requirements for TNCs. He congratulated Donald Trump for winning the Presidential Election.

ADJOURNMENT

There being no further discussion, Mayor Taylor adjourned the meeting at 6:24 pm.

APPROVED

IVY R. TAYLOR
MAYOR

ATTEST:

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