

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



**Meeting Minutes
City Council Special Meeting**

City Hall Complex
105 Main Plaza
San Antonio, Texas 78205

Thursday, October 31, 2019

1:00 PM

Municipal Plaza Building

The City Council of San Antonio convened in a Special Meeting of the Municipal Plaza Building.

ROLL CALL

City Clerk Leticia Vacek took the Roll Call noting a quorum with the following Councilmembers present:

PRESENT: Mayor Nirenberg, Treviño, Andrews-Sullivan, Viagran, Rocha Garcia, Gonzales, Cabello Havrda, Sandoval, Pelaez, Courage, and Perry.

1. Briefing from the San Antonio Water System (SAWS) on the 2020 Budget, pre-approved rate adjustments, and various projects to include the Consent Decree, Vista Ridge, Rate Study and Rate Advisory Committee, Affordability, recent high water usage, and Automated Metering Infrastructure. [Ben Gorzell, Chief Financial Officer; Troy Elliott, Deputy Chief Financial Officer, Finance]

Ben Gorzell stated that in 2014, the San Antonio Water System (SAWS) Board selected the Vista Ridge Project Proposal and negotiations began with Abengoa. He noted that in October 2014, the City Council approved the execution of the water transmission and purchase agreement and authorized SAWS to move forward with the project. He stated that a rate plan to provide financial security for the project was approved by the City Council in 2015. He noted that in 2016, Abengoa filed for bankruptcy protection and the SAWS Board transferred the project from Abengoa to Garney Construction.

Mr. Gorzell stated that in 2016, SAWS set the Vista Ridge water price for the 30-year term at 1606 per acre foot. He noted that the Vista Ridge Project would begin delivery of 50,000 acre feet of water to SAWS in the spring of 2020 which would represent 20% of SAWS' current annual usage. He stated that on November 5, 2019, the SAWS Board would consider approval of a 9.9% increase for the average residential customer and a 19.2% increase in recycled water rates. He noted that the City was supportive of the 9.9% increase as part of the Preapproved Rate Plan. He reviewed the SAWS Capital Improvement Plan (CIP) for the upcoming five years.

Robert Puente reviewed SAWS' accomplishments and future plans for the Mitchell Lake Wetlands. He stated that in 2013, SAWS entered into a consent decree with the United States and the Environmental Protection Agency (EPA). He reported that every intermediate milestone and deadline in the consent decree had been met. He reviewed the reduction in sewer overflows for the past ten years and noted that SAWS has committed over \$600 million to the program and another \$6 million would be invested in 2020. He spoke of the following plans which SAWS planned but failed to produce water:

- Applewhite Reservoir I
- Applewhite Reservoir II
- Simsboro Groundwater
- Lower Guadalupe Project
- LCRA – SAWS Water Project

Mr. Puente stated that political, legal, and regulatory issues were the largest obstacles regarding water in Texas. He noted that a public procurement process was initiated requesting proposals for a project up to 50,000 acre feet with no increase in price for 30 years and the applicant was required to assume the risk associated with the project. He stated that the Vista Ridge Project was viewed as a major achievement by numerous national organizations. He noted that the project company, Vista Ridge, LLC, recently completed the 142 mile delivery pipeline and were pumping water and testing the infrastructure. He stated that the Vista Ridge Water Supply Agreement was approved by City Council on October 30, 2014 and in 2015 the five-year water supply rate through 2020 was approved by City Council. He noted that SAWS worked to keep rates below the maximum increases and has done so. He stated that SAWS has taken the following steps to lessen the impact of the rates for residents and businesses:

- May 2016 interest rate lock (saved \$17.6 million annually)
- Continued focus on efficiency
- \$40 million savings in projected debt service

Mr. Puente presented the following history of projected 2020 rate increase percentages:

	2017 B	2018 B	2019 B	2020 B
2020 projected % average residential bill increase	16.7%	12.4%	11.5%	9.9%

He stated that beginning in 2020, SAWS would experience a significant increase in annual operating and maintenance expenses. He noted that SAWS had 488 days of cash on hand which was an intentional plan to build up cash reserves to:

1. Reduce the amount of debt needed for CIP
2. Keep credit rating at the highest point in SAWS history
3. Cover unexpected costs
4. Account for increased Vista Ridge operation and maintenance costs

Mary Bailey stated that there has been a recent increase in customer concerns related to high water bills. She noted that this was due to a very hot and dry summer and billed water usage for August and September was 19% more than the average billed usage for the same months from 2011-2018. She stated that customer concerns were concentrated in areas with a greater percentage of automatic irrigation systems. She noted that customers expressed concern regarding the tiered rate structure in which water bills increased exponentially with increased water usage. She stated that the SAWS Residential Water Rate Structure was the result of the recommendations for the 2015 Rate Study which was typically performed every five years.

Ms. Bailey noted that this year, SAWS began a Rate Study to review the rate structures which was conducted with the help of a rate consultant as well as the Rate Advisory Committee (RAC). She stated that the mission of the RAC was to assemble a diversity of perspectives which represent our community to evaluate and make recommendations on the water, sewer, and recycled water rate structures. She reviewed the membership of the RAC and noted that at their next meeting they would be ranking various pricing objectives. She stated that the ranking would provide SAWS and the consultant with the communities' highest priorities related to water and sewer rates. She noted that any recommended changes proposed by the RAC would be presented to the City Council later next year.

Ms. Bailey stated that the Advanced Meter Infrastructure (AMI) Initiative had the potential to transform how we obtain and communicate information regarding a customer's water usage. She noted that the three ways to obtain water usage from the meter were by: 1) Manual reading of the meter; 2) Automated Meter Reading (AMR); and 3) AMI. She reviewed the AMI System and the timeline for its full implementation which was estimated to occur between the fourth quarter of 2021 and 2026.

Mayor Nirenberg stated that the Vista Ridge Project was built on managing risk from a financial standpoint. He asked who was managing the Vista Ridge Project. Mr. Puente replied that once the pipeline was complete the Post Oaks District in Burleson, Texas would be managing the project. Mayor Nirenberg expressed support for permanent Stage 1 water restrictions and a per capita lifeline rate. He asked what the proactive outreach was for at-risk customers. Gavin Ramos stated that the SAWS' Assistance Program had grown and SAWS partnered with City Councilmembers to have SAWS representatives in their offices during certain hours. He noted that SAWS has also partnered with the Food Bank and other organizations which come in contact with individuals in need of assistance. Mayor Nirenberg asked of the security of the water source and the minimum available groundwater. Donovan Burton stated that the State Water Development Board's model reflected the interaction between groundwater and surface water.

Councilmember Rocha Garcia asked of the number of “touch points” utilized by Council Districts. Mr. Puente stated that some were tracked by Council Districts and would be provided to their offices. Councilmember Viagran asked if the SAWS Board had discussed connecting those whom reside in rural areas or in southern Bexar County to SAWS water. Mr. Puente replied that they had discussed it but it would require Council involvement to connect them to SAWS. Councilmember Viagran requested that SAWS provide a report on the locations in the City and in each Council District where residents were not utilizing SAWS for their source of water.

Councilmember Andrews-Sullivan asked for the amount of community engagement that occurred regarding the Vista Ridge Project. Mr. Puente stated that public meetings were held and posted on the SAWS website. Councilmember Andrews-Sullivan asked if the increased rates were discussed during the community engagement. Mr. Puente replied that they were.

Councilmember Treviño requested a commitment from SAWS to partner with the City on data sharing strategies. He requested a report on the AMI and data sharing in the next briefing provided to City Council.

Councilmember Courage asked how customers had been informed on the SAWS Residential Water Rate Structure. Mr. Puente replied that customers were advised on the SAWS Residential Water Rate Structure prior to implementation. Councilmember Courage suggested that residents be provided with information on the SAWS Residential Water Rate Structure every summer.

Councilmember Peláez requested that residents receive an alert when their water usage increased. Mr. Puente stated that the AMI would provide two-way communications and could assist in providing alerts to customers.

Councilmember Perry asked if the rate for recycled water was increasing. Doug Evanson replied that the rate for recycled water had increased in order for the differential between potable and recycled water to remain the same. Councilmember Perry asked of the growth of SAWS in terms of personnel. Mr. Evanson stated that 34 individuals had been hired since 2015.

Councilmember Sandoval recommended that membership on the SAWS Board include an individual with expertise in conservation. She requested data on per capita use for residential customers. She asked of the strategy related to affordability. Gavino Ramos stated that SAWS engaged the State Demographer at UTSA to provide data and the finance group at SAWS provided information utilizing census tract data. He stated that the data assisted SAWS in setting a goal to assist 60,000 families. He stated that SAWS was reviewing alternatives to assist renters who were not receiving a water bill. He noted that two Affordability Specialists would be joining SAWS and would be present out in the community, and at Council District offices, and partner agencies. Councilmember Sandoval spoke in support of the coordination on street projects.

Mayor Nirenberg asked of the status of the Development Services Department Coordinating Committee. Andrea Beymer stated that the Mayor’s Utility Task Force began meeting in early Fall of 2019 and

discussed coordination and the sharing of data between the Transportation and Capital Improvements Department, CPS, SAWS, and all other Utilities.

ADJOURNED

There being no further discussion, Mayor Nirenberg adjourned the meeting at 4:11 pm.

APPROVED

**RON NIRENBERG
MAYOR**

Attest:

LETICIA M. VACEK TRMC/CMC/MMC
City Clerk