



City of San Antonio

Agenda Memorandum

File Number:19-7151

Agenda Item Number: 16.

Agenda Date: 10/31/2019

In Control: City Council A Session

DEPARTMENT:

Finance

DEPARTMENT HEAD:

Troy Elliot, Deputy Chief Financial Officer

COUNCIL DISTRICTS IMPACTED:

City Wide

SUBJECT:

Dual-Use CCN Application Consent

SUMMARY:

South Central Water Systems (SCWS) has requested consent from the City of San Antonio (City) to apply for a Dual-Use Sewer Certificate of Convenience and Necessity (CCN) with the Public Utility Commission of Texas (PUC). San Antonio Water System (SAWS) staff has conducted an analysis of the request working with SCWS and recommends that the City agree to the consent request. The SAWS Board also passed a resolution indicating their support of the Dual-Use CCN. The Board resolution and the service agreement, which includes a map of the area, are included as attachments.

BACKGROUND INFORMATION:

SCWS has requested consent from the City to apply for a Sewer CCN with the PUC. The CCN would apply to two tracts of land located in Comal County as described in the service agreement attached: the Continental tract and the TAW tract. The tracts are located within the SAWS Sewer CCN and within the City's extraterritorial jurisdiction (ETJ). The Continental Tract is located in the Edwards Aquifer Recharge Zone. The TAW Tract is located within the Edwards Aquifer Contributing Zone. Continental Homes is developing a new residential development to be known as The Reserve at Copper Canyon in Comal County ("Continental Property") and TAW intends to develop or sell the TAW Property for commercial development purposes (collectively, the "Development"). Section 13.245 of the Texas Water Code requires consent from a city with a population of 500,000 or more prior to PUC granting a CCN within the ETJ of the city. As a condition of the consent, the city can require that all sewer facilities be designed and constructed in accordance with the municipality's standards for facilities.

Over the course of the past year, SAWS staff has worked directly with SCWS staff discussing various options

relating to the development and operations of the wastewater system. SCWS has agreed to make certain improvements to existing facilities and committed to construct future development phases in a manner that is acceptable to SAWS. Therefore, it is SAWS' recommendation that the City agree to the consent request to apply for the Sewer CCN under the conditions as set out in the attached service agreement.

ISSUE:

SCWS has requested consent from the City to apply for a Dual-Use Sewer CCN from the PUC. The Texas Water Code requires the City's consent prior to the PUC granting a CCN.

ALTERNATIVES:

Alternatively, the City could not offer consent to the CCN application request. Section 13.245 of the Texas Water Code requires that consent be sought from the City prior to the PUC granting a CCN within the City's ETJ. Should the City not consent, PUC could still grant the CCN if it makes additional findings. If SAWS were to provide wastewater service to the Continental and TAW Properties it would cost approximately \$ 11 million dollars to construct the infrastructure to provide the wastewater service. Allowing SCWS to serve the properties allows SAWS to avoid a large capital outlay. Finally, by consenting to the CNN application request, the PUC will adopt the conditions outlined above in the service area agreement with SCWS.

FISCAL IMPACT:

The proposed Resolution will have no fiscal impact on the City.

RECOMMENDATION:

Staff recommends approval of the proposed Resolution consenting to a request by SCWS to file an application for a Dual-Use Sewer CCN with the PUC.