

# City of San Antonio



## Minutes Municipal Utilities Committee

2021 – 2023 Council Members

Dr. Adriana Rocha Garcia, Dist. 4, Chair

Teri Castillo, Dist. 5 | Melissa Cabello Havrda, Dist. 6

John Courage, Dist. 9 | Marc Whyte, Dist. 10

Tuesday, March 25, 2025

10:00 AM

Council Briefing Room

The Municipal Utilities Committee convened a regular meeting in the Council Briefing Room in the City Hall Complex beginning at 10:00 a.m. Deputy City Clerk Aurora Perkins took the Roll Call noting a quorum with the following Committee Members present:

**Members Present:** Dr. Adriana Rocha Garcia, *Chair*  
John Courage, *Member*  
Teri Castillo, *Member*  
Marc Whyte, *Member*

**Members Absent:** Melissa Cabello Havrda, *Member*

### Approval of Minutes

#### 1. Approval of minutes from the February 24, 2025 Municipal Utilities Committee Meeting

Councilmember Whyte moved to Approve the minutes of the February 24, 2025, Municipal Utilities Committee meeting. Councilmember Castillo seconded the motion. The motion carried by the following vote:

**Aye:** Courage, Rocha Garcia, Castillo, Whyte

**Absent:** Cabello Havrda

### Briefing and Possible Action on

- Council Consideration Request by Councilmember Jalen McKee-Rodriguez (District 2) and Councilmember Marina Alderete Gavito (District 7) on preventative measures to eliminate water disconnections for apartment residents in good standing.** [John Peterek, Interim Assistant City Manager; Michael Shannon, Director, Development Services]

Mike Shannon, Development Services Department (DSD) Director, provided an update on staff review of the Council Consideration Request (CCR 2024-0022) submitted by Councilmember McKee-Rodriguez addressing water disconnections in apartment complexes because of failure of landlords paying water bills even when tenants in good standing provided payment to them. He stated that the CCR requested that staff and SAWS establish methods to prevent similar situations when property owners and managers failed to make timely payments.

Shannon noted that the CCR also requested possible modification of the Proactive Apartment Inspections Program (PAIP) Ordinance to include apartments that were consistently late in paying SAWS before water disconnections occurred. He added that requirements of landlords and property managers could be put in place to require them to notify renters when entering SAWS payment programs due to overdue payments and require them to be managed by a reputable management company not currently on PAIP.

Shannon noted that staff presented to the Municipal Utilities Committee on February 25, 2025 and reviewed staff and SAWS actions since the meeting. He indicated that SAWS discussed new changes implemented within the previous six months and additional communication was provided to property owners, residents, and City departments such as DSD. He added that SAWS would increase collaboration and time preparedness. Shannon added that at that meeting, DSD had presented information and results on the PAIP and DSD had requested to work on formal recommendations that could include liens and the possible use of the PAIP.

Shannon reviewed outreach and collection efforts conducted by SAWS, which included increased coordination and communication with the Neighborhood and Housing Services Department (NHSD) and the addition of a QR code for the City's Renter's Resources website to door hangers. He spoke to the established partnership with the San Antonio Apartment Association to help identify additional points of contact and assisted with information collection efforts. Shannon noted that internal efforts included but were not limited to providing a certified letter to the registered owners in addition to a SAWS contact, expanding notification process from four to five weeks, and educating property managers regarding the City's disconnection timeline and payment options.

Shannon spoke to the updated process timeline for outreach and coordination of possible water disconnections during a five-week process. According to Shannon, the weekly process included continuous outreach, door hanger placement, site visits, and service disconnection after a five-week period had expired. He also reviewed past due bill progression, which occurred over 67 days.

Shannon reviewed the apartment disconnection outreach process for apartment complexes that had not paid or created a payment arrangement, which would begin up to six weeks prior to water disconnection. He noted the milestone events, which included coordination with the City, Bexar County and CPS Energy staff with continued outreach to property managers and owners.

Shannon provided an overview of the City's PAIP Ordinance, which goals included: 1) Incentivizing good apartment management; 2) Ensure the health, safety, and welfare of residents; 3) Increase accountability of property owners and managers; and 4) Provide time for compliance. He noted that the PAIP applied to complexes with 5+ units within the City limits and that registration was

required when a complex received three designated citations within a rolling six-month period or order by the Building Standards Board. He added that registered properties underwent monthly inspections and would remain in the Program for at least six months.

Shannon reviewed staff recommendations, which were for SAWS to continue to utilize enhanced outreach and communication procedures with additional time for notification and coordination with NHSD, DSD, and City Council offices. Secondly, Shannon recommended that there be a change to City Code Chapter 34 to allow the use of liens for delinquent accounts of over \$50,000, which would provide SAWS with an additional tool to collect monies owed and start with larger delinquent accounts. He added that a change to City Code Chapter 6 (PAIP) would be needed to add automatics program point if water was shut off for non-payment and would expedite entry process into the program but that all other components of the PAIP would remain the same. Shannon stated that the recommendation would require approval by the full City Council.

## DISCUSSION

Chair Rocha Garcia acknowledged the work of staff and SAWS on the Item and thanked Councilmembers McKee-Rodriguez and Alderete Gavito for authoring the CCR addressing the issue. She expressed her support on the use of property liens for accounts that remained delinquent on SAWS payments.

Chair Rocha Garcia asked how many apartment complexes had over \$50,000 in delinquent fees. Shannon stated that there were approximately nine of over 600 accounts and that staff would start with those and then work on the accounts which were delinquent for lower amounts. Chair Rocha Garcia requested data on accounts delinquent for \$25,000 and above, \$15,000 and above, and \$10,000 and above.

Councilmember Castillo noted that the San Antonio Apartment Association, DSD staff, and SAWS staff worked collaboratively to identify services gaps and opportunities to get apartment owners and managers back on track on paying delinquent accounts.

Councilmember Castillo agreed that the \$50,000 threshold was high and requested data on the delinquency threshold for single family residential disconnections. She spoke in support of staff recommendations, efforts of engagement of tenants, and disconnection communications by staff.

Councilmember Courage acknowledged the work of Councilmember Alderete Gavito on the Item. He spoke to the need to review the effectiveness of liens and the need for letters and communications to be distributed to ensure that owners were aware of possible liens that could be placed on properties until payments were made.

Councilmember Courage stressed that it was important to lower the threshold for liens to be placed at even as low as \$10,000. He noted that it was important to stay on top of delinquent accounts. Ed Guzman, SAWS Lead Counsel, spoke to challenges of liens at lower amounts since liens were made for a specific amount, which would need to be adjusted as delinquent amounts rose or lowered. He noted that it needed to be cost efficient and an analysis would need to be evaluated, which is why they would start at \$50,000 and not lower. Guzman reiterated that he

was open to lower lien amount to possibly \$25,000 but would be cautious to lower amounts too much.

Councilmember Whyte agreed with other members that \$50,000 was a high threshold and he would like to see lower amounts. He expressed his support of the overall Program and staff recommendations.

SAWS President, Robert Puente, acknowledged the Committee's request to lower the threshold to \$25,000 and staff would proceed with that threshold. He spoke to increased communications and outreach and the importance of landlords at the City and County level. Puente noted that staff would use liens as one of the tools in their toolbox but stressed the importance of communication by landlords that had issues with payments so that SAWS could work with them to get on a payment plan or address concerns.

Councilmember Courage reiterated the need for liens and to communicate the seriousness of being delinquent to landlords.

Chair Rocha Garcia asked for clarification on how many of the 39 accounts that were over \$25,000 delinquent were on the PAIP. Shannon stated that staff would provide the information to the Committee but that he thought only two were in the Program.

Councilmember Whyte moved to Approve. Councilmember Castillo seconded the motion. The motion carried by the following vote:

**Aye:** Courage, Rocha Garcia, Castillo, Whyte  
**Absent:** Cabello Havrda

**3. Council Consideration Request by Councilmember Teri Castillo (District 5) Proposing a Water & Sewer Lateral Improvement Program** [Veronica Garcia, Director, NHSD; Veronica Gonzalez, Assistant Director, NHSD]

Neighborhood and Housing Services Department (NHSD) Assistant Director, Veronica Gonzales, provided an update on the development of a Sewer Lateral Improvement Program. She reviewed the background of the Council Consideration Request (CCR 2024-0009), which requested that staff develop a City-sponsored residential water and sewer lateral installation pilot program and to review and update Chapter 34, Article V, Division 2 of the Code of Ordinances for requirement of certification of proper sewer laterals, and for staff to update mapping of missing or improper residential laterals.

Gonzales provided an overview of current efforts to assist residents with water lateral upgrades, which included assistance under the City's Home Rehabilitation Program, which served owner-occupied households at or below 80% of the area median income (AMI). She reviewed programs offered by SAWS, which included assistance under the Laterals to People Program, which repaired defective sewer laterals from outside a home to the property line for residents up to 125% of the poverty level. Gonzales also stated that SAWS had a Lateral Reimbursement Program, which reimbursed plumbing expenses for identified lateral defects from SAWS sewer

to the property line but noted that SAWS did not have a map of residential properties missing lateral connections.

Gonzales noted that affordable housing was identified as a one of the high priority services in the FY 2025 Budget & Priorities Survey and the request was aligned with departmental goals of DSD, Metro Health, and NHSD for preserving affordable housing and addressing a home's safety, health, and code issues.

Gonzales reviewed the legal requirements for water and sewer under Chapters 34, Article V, Division 2 and noted that sewer system elements in a right-of-way were the responsibility of SAWS and homeowners were responsible for lateral lines from the property line to the home.

Gonzales stated that there were no State or Federal laws that would prohibit the City from creating the requested program but requiring further disclosure would require a new Ordinance, additional inspections for homeowners, and could be subject to legal challenge.

Gonzales stated that the requested new program would require additional funding since costs for lateral repairs ranged from \$3,000 to over \$20,000. She noted that funding of \$200,000 would serve roughly 10 homes. Gonzales indicated that the Home Rehab Program did have a combined budget of \$16.7 million, which could support home to street lateral repairs.

Gonzales noted that the City would allocate up to \$500,000 to SAWS to expand repair service to homeowners in SAWS Lateral to People Program, which would assist an additional 10-20 households. She stated that the Program would expand its scope to include the installation of new laterals for specific situations such as improper tie-ins and include connection to a home structure.

Gonzales added that the City would allocate \$250,000 to SAWS' Plumbers to People Program, which ensured that income restricted households, which needed repairs adjacent to plumbing such as floor reinforcements and drywall repairs be reimbursed and could serve up to 100 households.

Gonzales stated that the City and SAWS were excited to collaborate on the pilot programs to leverage resources and expand resources for San Antonio families.

## DISCUSSION

Chair Rocha Garcia asked for clarification on the current criteria for SAWS' Lateral to People Program. SAWS External Affairs Manager, Greg Wukasch, stated that the Program was under the Uplift Programs that SAWS offered to low-income families and SAWS had released a Request for Proposal (RFP) for plumbing companies in San Antonio to provide these services. He spoke to the current awarded contractor and terms of the contract. Chair Rocha Garcia requested that SAWS continue to work with NHSD for contracted work needed by residents.

Chair Rocha Garcia asked if SAWS had any funds available for the Program. Gonzales stated that the pilot program was only considering City funds.

Councilmember Castillo spoke to examples of lateral line issues within her council district but noted

that some constituents did not qualify for the Program. She stated that there was a need to continue to identify additional funds for the Program for more residents to participate and gain education of the Program. Councilmember Castillo requested consideration of usage of rolled over Impact Fee waiver funds to be used for the Program.

Councilmember Castillo acknowledged the input of the San Antonio Board of Realtors (SABOR) on lateral concern issues and the importance of using a realtor when purchasing or selling properties.

SAWS President, Robert Puente, spoke to the City's possible availability of roll over waiver fee balances to be used for lateral improvement assistance or other programs and he noted that the City had the discretion to use Impact Fees for the purpose of assisting with lateral improvements. He noted that in the past, the funds totaled over \$2.5 million. Councilmember Castillo stressed the need for funding and possible use of the roll over fees to assist residents in areas such as in her council district to gain lateral water access.

Councilmember Courage stated that he felt that the 125% of poverty level should be lowered to the 150% poverty level and asked for consideration of making the program guidelines as such.

Councilmember Courage asked for clarification of \$750,000 available for the programs. Gonzales clarified that \$750,000 would be used for the two pilot programs for lateral improvements and other improvements. Councilmember Courage asked for clarification of the use of Impact Fees. Puente stated that the City had discretion of the use of rolled over Impact Fee Program and SAWS contributed funding through their Uplift Program. Councilmember Courage asked for staff to review the use of those funds to possibly expand funding opportunities for those needed lateral improvements and noted that he was supportive of the staff recommendations.

Chair Rocha Garcia asked if SAWS was the entity that would oversee the increase to 150% AMI. Puente confirmed that it would be SAWS with the available funds.

Chair Rocha Garcia asked if City staff could review the use of Impact Fee balances. Ben Gorzell, the City's Chief Financial Officer, stated that staff would provide an update at the next Municipal Utilities Committee meeting of possible expansion of the use of roll over fee funds.

Councilmember Whyte asked for clarification on the amount of Impact Fees that were available. Gorzell clarified that staff would review the funds and projects that had applied for Impact Fee waivers but noted that staff would need to review current and future commitments and the status of housing projects that were slated for Impact Fee waivers. Gonzales clarified that there were \$5 million of fee waivers committed and currently \$2.5 million slated for roll over. Gonzales noted that NHSD staff was currently evaluating SAWS Impact Fees to possibly change the eligibility levels in order to assist more families in need.

Councilmember Whyte asked if there were any legal concerns regarding challenges on expanding over current State requirements. Councilmember Castillo stated that within the CCR language it was stated that the seller of a property would need to disclose water lateral status and that SABOR

confirmed that this was the current practice for disclosures at sale. Assistant City Attorney, Jameene Williams, confirmed that in instances where a City required stricter restrictions than the State, the City could be legally challenged by the State Attorney General. Councilmember Whyte stated that additional information would need to be required and that he looked forward to updating the legal analysis. Gorzell stated that staff could provide a legal analysis at the next Committee meeting.

Councilmember Castillo clarified additional funding support for the pilot program and she supported Councilmember Courage's comments to expand the Program.

Gorzell stated that no motion was needed since the pilot program was already being funded under the NHSD Budget and staff would present the follow-up information at the next meeting.

**4. San Antonio Water System (SAWS) on water and sewer capital improvement costs (Impact Fees) associated with new developments.** [Ben Gorzell Jr., Chief Financial Officer; Troy Elliott, Deputy Chief Financial Officer]

Tracey Lehman, SAWS Senior Director for Development Engineering, provided an overview of SAWS Impact Fees, which were a one-time payment made by developers for infrastructure needed for growth. He stated that Impact Fees continued to allow growth to pay for itself and not be passed on to ratepayers. He mentioned that \$128 million was collected in 2024 and approximately \$632 million had been collected over the last five years.

Lehman reviewed the Impact Fee review process, which was covered under Texas Local Government Code 395 and was required to be updated every five years. He noted that the City Council had last approved Impact Fees in May 2024. Lehman added that the Capital Improvements Advisory Committee (CIAC) was established to review Impact Fees and members were appointed by the City Council and 40% of members must represent real estate development or the building industry.

Lehman provided an overview of the CIAC composition, which included council district and mayoral appointed representatives. He stated that the majority of the committee was made up of real estate and land development representatives.

Lehman spoke to the Impact Fee rate calculation, which was updated every five years and utilized the components under the Land Use Assumptions Plan (LUAP) and the Impact Fee Capital Improvements Plan (CIP). He noted that while the calculation review was performed every five years, it considered growth over the next ten years in terms of equivalent dwelling units (EDU). Lehman stated that once projections of growth were determined, SAWS looked at what was needed for the water system infrastructure to meet projected additional capacity. According to Lehman, the SAWS Board of Trustees and City Council would determine the amount of Impact Fees and whether to increase them or not.

Lehman reviewed maps of water service areas and sewer service areas, which were considered for Impact Fee rates. He noted that fees varied based on land demographics and infrastructure needed for sourcing and providing water.

Lehman stated that Chapter 395 also looked at the time for assessment and collection of Impact Fees. He stated that an assessment meant a determination of the amount of the fee, which was determined by when a plat was recorded. Lehman stated that under the Chapter, payment was made prior to the release of a water meter and initiation of service.

Lehman reviewed a comparison of other Texas city utilities and noted that not all cities required Impact Fees. He noted that the City of Houston had a higher vehicle tax, which was used for water expansion, which resulted in lower Impact Fees but he added that they had higher monthly water bills.

Lehman indicated that SAWS provided \$3 million per year to the City for Impact Fee Waivers to be used under the Fee Waiver Program. He explained that the amount of rollover waivers equaled \$5 million per year but that in January 2025, the City had \$8 million available for Impact Fee Waivers. Lehman clarified that projected eligibility was determined exclusively by the City and that only the City Council had authority to waive Impact Fees.

## DISCUSSION

Chair Rocha Garcia stated that the importance of the Impact Fee Waiver Program was to make sure that residents didn't pay for water improvements caused by development.

Chair Rocha Garcia asked how much the Impact Fees associated with new development affected the end cost of housing. SAWS President Robert Puente stated that 3% of housing cost was associated with Impact Fees.

Chair Rocha Garcia asked how many residents or businesses were assisted by the Program. Lehman stated that over 19,000 EDUs were serviced by the waivers.

Councilmember Whyte stated that he had submitted a Council Consideration Request (CCR) #2025-0010 to review the impact of all associated fees to residents associated with development of new homes. He noted that he appreciated the updated presentation.

Councilmember Courage stated that it was crucial for the City to identify ways for the City to identify cost efficiencies for fees to increase affordability to ultimately the home buyers.

Councilmember Castillo stated that it was important for single family owners to have the opportunity to tap into Impact Fee Waivers to gain homeownership or stay in their homes. She thanked SAWS for their work on the Item.

No action was taken on the Item.

## Executive Session

Executive Session was not held.



## **Adjournment**

There being no further discussion, the meeting was adjourned at 11:16 a.m.

**Approved**

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***Dr. Adriana Rocha Garcia, Chair***

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**Debbie Racca-Sittre  
City Clerk**