

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, September 24, 2024

10:00 AM

City Hall

The Municipal Utilities Committee convened a regular meeting in the Council Briefing Room in the City Hall Complex beginning at 10:06 AM. City Clerk Debbie Racca-Sittre took the Roll Call noting a quorum with the following Committee Members present:

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

Members Absent: None

Briefing and Possible Action on

- Briefing by the San Antonio Water System [SAWS] on the Disconnection Procedures of the Utility.** [Ben Gorzell Jr., Chief Financial Officer; Troy Elliott, Deputy Chief Financial Officer]

Robert Puente, San Antonio Water System (SAWS) President and Chief Executive Officer began his presentation by noting there would not be a need for a rate increase in 2025 and noted that he was working with Councilmember McKee-Rodriguez on his CCR 2024-0022 titled Preventive Measures to Eliminate Water Disconnections for Apartment Residents in Good Standing.

Puente introduced Cecilia Velasquez Vice President, Customer Experience & Strategic Initiatives who provided an overview of the 2023 billings including: 561,290 average monthly water connections billed, \$6.9 million total bills processed, and \$862.8 million operating revenues billed. Velasquez reported that in 2024, most delinquent accounts (87,308) were residential owing \$24 million, and 701 apartment delinquencies totaling \$4.8 million.

Velasquez outlined the process for Residential and Commercial Delinquent Account Review for Service Disconnections as follows: 1) On day 61, accounts were manually reviewed for service disconnection, 2) Due to labor limitations, accounts were prioritized based on delinquent account balances and billing cycle, 3) SAWS scheduled 500-700 disconnections per day, Monday through Thursday, 4) If the account was selected for disconnection, a robo-call was made a week in advance, providing seven days to pay prior to disconnection. Velasquez noted that approximately 40% of customers paid before the scheduled date and avoided disconnection, and 5) For those that got disconnected, SAWS offered same-day service restorations if payment was made by 3pm and 50% of customers were restored the same day.

Velasquez explained that delinquent apartment accounts included effective customer outreach efforts with limited resources. She stated that 400 accounts were reviewed and robocalled, 150 accounts with balances over \$50,000 were personally contacted via phone call and email as well as on-site visit, for the approximately 100 unresponsive accounts SAWS continued to reach out until payment was made or the balance reached \$50,000. Velasquez stated that if no payment was made by those apartments, a door hanger in English and Spanish was placed on the tenant's door that included the scheduled disconnection date and time and provided instructions to be prepared for service disconnection and instructed tenants to contact their landlord/property manager for questions. She noted that five apartment complexes owed over \$750,000 and had been delinquent for 20 months, as service disconnections were a last resort.

DISCUSSION:

Chair Rocha Garcia mentioned that SAWS had met with her office and began to develop strategies with the Neighborhood Housing Services Department (NHSD) to help residents facing disconnections.

Councilmember Cabello Havrda noted that City Ordinance allowed disconnection after 30 days of delinquency and asked why SAWS started at 61 days. Velasquez stated that a final formal notice was required but SAWS was giving 60 days and multiple reminders of the scheduled disconnection. Councilmember Cabello Havrda expressed concern that apartment tenants might not know if their water was scheduled for disconnection due to the landlord not paying the bill. Velasquez explained that SAWS sent notice to the tenants about the cutoff, but the contracted relationship was with the property management company. Councilmember Cabello Havrda recommended that SAWS consider providing a way for residents who spoke languages other than English or Spanish to find information by providing a language access help number on the door hangers.

Councilmember Courage noted that there was a difference between a renter or owner of a home rather than an apartment complex and suggested outreaching beyond the management company and owner to the mortgage lender. He expressed concern that the tenants were being penalized for their landlords unpaid bills and suggested that the City could step in to help SAWS put a lien on the property similar to a tax lien. Velasquez stated that SAWS had coordinated with the City's Code Compliance. Chair Rocha Garcia clarified that this could be a part of the Proactive Apartment Inspections Program.

Councilmember Castillo was concerned that if water was turned off at an apartment complex, it

could be not only a code violation, but a life-or-death issue for the tenant. She noted that the few non-responsive apartment complex owners/managers were not indicative of the apartment industry as a whole because if they were not paying their utility bills, then, they were probably not paying dues to the Apartment Association or other trade organizations.

Councilmember Castillo noted that if a tenant had an all-bills-paid lease and SAWS was not being paid, the landlord was effectively stealing the tenant's money and there should be legal recourse. Puente stated that some tenants had filed suit against their landlords but noted that the longest anyone had been without water on these large apartment complex cutoffs was 90 minutes because disconnects were an effective tool to get them to pay; even as a deterrent for other landlords when they saw other complexes get disconnected. Councilmember Castillo recommended accountability for the landlords noting that even a few minutes without water could have detrimental health impacts. She supported putting a lien on the property or legal action and requested an update at a future meeting. Chief Financial Officer Ben Gorzell recommended a balanced approach of accountability without harming the tenants.

Councilmember Whyte commented that the number of delinquent apartment complexes had risen. Velasquez stated that the numbers were up because disconnects had been re-continued after being on hold due to the COVID-19 Pandemic. Velasquez noted that the four complexes that were disconnected had been delinquent for 20 months and had very large balances, but it took the disconnection to come up with the payment after months of notice. Councilmember Whyte asked how many apartment complexes included water in the rent versus the individual unit. Velasquez did not have the information. Councilmember Whyte stated that some residents had told his office that they were not properly notified and recommended internal quality control checks to ensure that all notices were provided.

Councilmember Courage requested a breakdown between customers that were delinquent and those that had entered into a payment plan by customer category. Velasquez stated that about 30% of delinquent customers signed up for payment arrangements but 80% broke their agreements. Councilmember Courage offered to reach out to see why businesses and apartments had difficulty paying to see if there were resources or programs to help them.

Councilmember Whyte supported placing liens on the property but expressed concern about the proactive apartment inspections and recommended more dialogue regarding what was needed to first ensure that SAWS had the tools necessary; not resorting to new Ordinances until other options were explored.

Chair Rocha Garcia supported more dialogue around the disconnection policy and coordination with NHSD. She requested a plan to return to the Committee next month and potentially a B Session if an Ordinance was proposed. Chair Rocha Garcia also recommended best practices research of other cities and agreed that a landlord not paying the bills could be considered theft by the landlord. Chair Rocha Garcia noted that the Item was for briefing only so no action was taken.

2. Briefing by CPS Energy on the Disconnection Procedures of the Utility. [Ben Gorzell Jr., Chief Financial Officer; Troy Elliott, Deputy Chief Financial Officer]

Rudy Garza, President and Chief Executive Officer of CPS Energy recognized Board of Trustees

Vice-Chair Francine Romero and introduced Christen Waggoner, Vice President of Customer Experience Operations who presented information about the accounts receivables and support process. Waggoner stated that 79,000 customer accounts were currently at risk of disconnection at a cost of \$32 million, however, 34,668 accounts were past due in May and were now current in June. She reported that 69,000 accounts valued at \$72 million were actively engaged and maintaining their current payment plan but \$32 million was being written off on inactive accounts.

Waggoner provided a sample timeline of billing which allowed a 16-day period to make payment before a late fee was charged and disconnection notices were sent at 37 days. She indicated that no disconnections were made on weekends. Waggoner noted that during an extreme weather emergency, CPS Energy prioritized the health and safety of customers using practices consistent with the Public Utility Commission of Texas; She stated that CPS Energy would not discontinue or disconnect service to a customer of residential service during a period when the previous day's highest temperature did not exceed 32 degrees Fahrenheit and the temperature was predicted to remain at or below 32 degrees Fahrenheit for the next 24 hours according to the nearest National Weather Service (NWS) reports; or the NWS issued a heat advisory for a county in the CPS Energy Service Area, and the first two (2) calendar days following the termination of such advisory.

Waggoner stated that when a master meter apartment account was eligible for disconnection CPS Energy performed an internal review and attempted collection with notices mailed and phone calls, then CPS Energy outreached the property management with site visits and hand-delivered notices and engaged resources such as Energy2Business and other City/County programs. She indicated that other resolution techniques included re-engagement with the customer, setting installment plans, financial support resources and account monitoring. Waggoner indicated that no apartment complexes had been disconnected in the past four years under the Master Meter Support Program.

Waggoner closed her presentation by listing billing and assistance programs as well as payment methods utilized by CPS Energy.

DISCUSSION:

Chair Rocha Garcia appreciated the extra steps to send out notices and to go in person to get payments made. She asked if they were having the same problems with apartment complexes that SAWS was having. Waggoner stated that the Master Meter Support Program was proactive and working well and CPS Energy had not disconnected one of those accounts in four years.

Councilmember Cabello Havrda clarified that the Master Meter was for apartment complexes that held the account by the whole complex but suggested that CPS Energy collect contact information of the tenants to provide them notice even though the contract was with the landlord who was the Master Meter holder.

Councilmember Castillo recommended more locations for keeping people out of the heat and extending the disconnection times a few more days for extreme weather. She requested data from the San Antonio Apartment Association regarding its membership and asked how many complexes had all bills paid and if a trend had been noted where complexes were behind in payments with

CPS Energy and SAWS. Councilmember Castillo requested an update on the rate restructure process.

Councilmember Courage requested information about commercial businesses and individual resident disconnection processes. He noted that 185,000 accounts were at risk somehow related to nonpayment. Waggoner clarified that 37,000 accounts were written off and 69,000 were actively engaged in a payment plan so only 79,000 were truly at risk. Waggoner stated that 54,000 disconnections were completed between January through April 2024 and CPS Energy averaged 3,000 account disconnections per week.

Councilmember Whyte asked if there was a correlation between SAWS and CPS Energy delinquent apartment complex accounts. Garza stated that there were rules that did not allow the two utilities to share customer account information. Councilmember Whyte suggested that the dollar amounts had come down over time but noted that they were rising in the last couple of months. Garza explained that if customers were on a payment plan, they would not be on the disconnect list.

Waggoner stated that with the extreme summer weather, accounts were not currently being disconnected resulting in higher uncollected balances. Councilmember Whyte recommended internal quality control checks to ensure that all notices were provided.

Councilmember Castillo requested clarification on when an account could be written off. Waggoner stated that CPS Energy partnered with collection agencies but after a period of time with no activity or contact, they were written off. Councilmember Castillo recommended tracking those write-offs with customers on the critical care list.

Councilmember Courage asked what was the highest past due amount in the past few years. Garza stated that at its peak in 2023, it was \$208,000. Councilmember Courage asked how much was written off last year and noted that it was estimated \$32 million for this year. He suggested partnering with HEB for payments. Waggoner noted that HEB was collecting payments.

Chair Rocha Garcia noted that the Item was for briefing only so no action was taken.

3. Briefing by the San Antonio Water System [SAWS] on Construction Project Area Staging Procedures. [Ben Gorzell Jr., Chief Financial Officer; Troy Elliott, Deputy Chief Financial Officer]

Dr. Juan D. Gomez, SAWS Vice President for Engineering and Construction provided an overview of SAWS construction noting that the 2024 Capital Improvement Program (CIP) totaled \$567 million with \$498 million budgeted for construction. He reported that over the next five years SAWS was planning to spend over \$3 billion in capital projects, of which, \$2.96 billion was planned for construction.

Gomez reported that prior to beginning construction and throughout the duration of construction on any project, SAWS conducted outreach to the City and other utility owners, businesses, residents and homeowner's associations. He noted that SAWS also coordinated with the City Council offices. Information provided included the project's schedule, regular updates, potential water service interruptions and roadway impacts, according to Gomez. He reported that SAWS used

social media to provide notice of street closures and construction impacts and posted service interruptions on the SAWS Outage Map on the utility's website.

Gomez stated that a SAWS contractor was responsible for securing a Construction Project Area Staging, was required to follow the City standard for traffic control and was responsible for securing the right-of-way (ROW) or street cut permits from the Public Works Department.

Discussion on Items 3 and 4 was held simultaneously and comments would be reflected in Item 4.

4. Briefing by CPS Energy on Construction Project Area Staging Procedures. [Ben Gorzell Jr., Chief Financial Officer; Troy Elliott, Deputy Chief Financial Officer]

Richard Lujan, CPS Energy Vice President Gas Solutions outlined planned CPS Energy gas work noting that CPS Energy prioritized the use of easements for staging areas on gas projects. He noted that Right of Way (ROW) permits were obtained through the City's Public Works Department and contractors were required to meet all requirements for barricading and traffic control as specified in the Texas Manual on Uniform Traffic Control Devices and as directed by the City. He indicated that additionally, a City inspector performed final review of project backfill activities and ROW cleanup to close out the permit and materials and equipment were stored in alignment with the inspector's requirements.

Lujan stated that for planned City/CPS Energy Joint-Bid Civic Work, the City contracted with a general contractor and/or gas construction subcontractor for gas infrastructure improvements and all material/equipment staging areas were utilized on a short-term basis. He noted that for unplanned emergency CPS Energy Work, CPS Energy personnel coordinated with a City inspector on ROW restoration and cleanup as needed. Lujan indicated that most emergency materials were stored at CPS Energy facilities and moved to the jobsite when needed, however, onsite staging areas could be selected by prioritizing safety and minimizing the impact to traffic.

Lujan stated that transmission line project material was ordered and delivered to one of two transmission laydown yards and the material was not moved to the jobsite until it was ready to be installed. He noted that contract crews staged only equipment and material required to complete the job in the ROW and non-critical equipment was staged at a staging yard provided by the contractor near the jobsite or the CPS Energy transmission laydown yard. Lujan stated that the ROW was fully cleaned of waste material and equipment at the end of the project and an inspector verified that all cleanup and punch list items were resolved.

The staging area location for Electric Distribution Projects and timing for material delivery and usage were all discussed at the Pre-Construction meeting which included the Customer/Developer, Designer, Inspector, Contractor, Customer's Engineer (Civil) and Site Contractor, according to Lujan.

Lujan concluded his presentation by noting that there was consistency in the CPS Energy staging process across all project types; CPS Energy carefully selected staging areas to ensure safety, efficiency, and minimal impacts to traffic. He stated that CPS Energy collaborated closely with City inspectors and other stakeholders on all projects, ensuring that the staging process complied with local regulations and safety standards, and that proper cleanup and restoration of ROWs

was performed. Lujan noted that when collaborating with customers or developers, the staging area selection process balanced project needs with property considerations. He added that CPS Energy typically stored materials at designated facilities, moving to the jobsite only when needed.

DISCUSSION:

Chair Rocha Garcia stated that residents often asked about staging of equipment and materials in her council district and how long they would be there and whether they considered traffic and school busses as well as trimming the weeds. She asked about advanced notice requirements. Lujan stated that at least a one week notice was provided. Chair Rocha Garcia recommended a longer timeline for notice and use of social media including tagging the council district office so they could share both SAWS and CPS information.

Councilmember Whyte asked SAWS how contractors were selected. Gomez stated that pipeline projects were low bid and anything over \$10 million was through a Request for Competitive Sealed Proposals. Councilmember Whyte recommended a comprehensive review of each project after completion and development of a contractor scorecard; as construction was taking too long in the City. Puente stated that all SAWS projects were on-time and on-budget, but when they had a joint project with the City was when there were problems, and the largest issue was regulatory compliance with Texas Commission on Environmental Quality and the City was more worried about schedule. Gorzell recognized there were challenges across the board and many opportunities to improve.

Councilmember Castillo noted that there was an opportunity with communications and engagement including targeting advertising about potential road closures or detours and recommended a forecast to be sent out in advance to potentially impacted areas. She requested that SAWS provide council district offices with notices about projects that were coming up in the council district. Councilmember Castillo suggested a stakeholder focus group with small businesses to help identify best practices and set expectations.

Councilmember Courage supported reviewing the projects after the fact and providing feedback not only to the construction firms but to the City Council. He agreed that a day or a week notice was not acceptable, and every organization should be reviewing their projects and providing the council district offices with a forecast.

Councilmember Cabello Havrda noted that there had been community concerns about communication on construction projects and recommended a City liaison to work effectively with the business owners on projects and agreed that more stakeholder discussion was needed. She suggested regular meetings between the Public Works Department and SAWS or CPS Energy to work out issues. Gomez stated that staff of each entity met regularly on the projects but one of the biggest challenges was the schedule duration for SAWS work. Councilmember Cabello Havrda commented that residents felt all construction was the City's, whether it was SAWS or CPS Energy work. She recommended that SAWS, CPS Energy, and the City meet regularly to coordinate.

Chair Rocha Garcia asked Brian Chasnoff with the Communications & Engagement (C&E) Department to clarify communication efforts. Chasnoff stated that Public Works had Capital

Projects Officers whose job it was to coordinate with the community and businesses. Councilmember Whyte recommended improved communication and joint meetings to resolve issues.

Councilmember Castillo noted that the same contractor worked on many projects and going from project to project and recommended ensuring that small businesses had an opportunity to bid. She recommended improved messaging of detours to get to local small businesses impacted by large bond projects and suggested advertising on VIA Busses.

Councilmember Courage commented that private development was another area where the public was seeing construction which impacted traffic in addition to SAWS, CPS, and the City. He recommended a common calendar for the public.

Chair Rocha Garcia supported the utilities and others providing a construction project forecast and asked C&E to take it on or maybe the Municipal Utilities Division of the Finance Department.

Item was for briefing so no action was taken.

Executive Session

There was no Executive Session.

Consideration of items for future meetings

Adjournment

There being no further discussion, the meeting was adjourned at 12:07 p.m.

Approved

John Courage, Chair

Debbie Racca-Sittre
City Clerk