

# City Council A-Session

## June 23, 2022

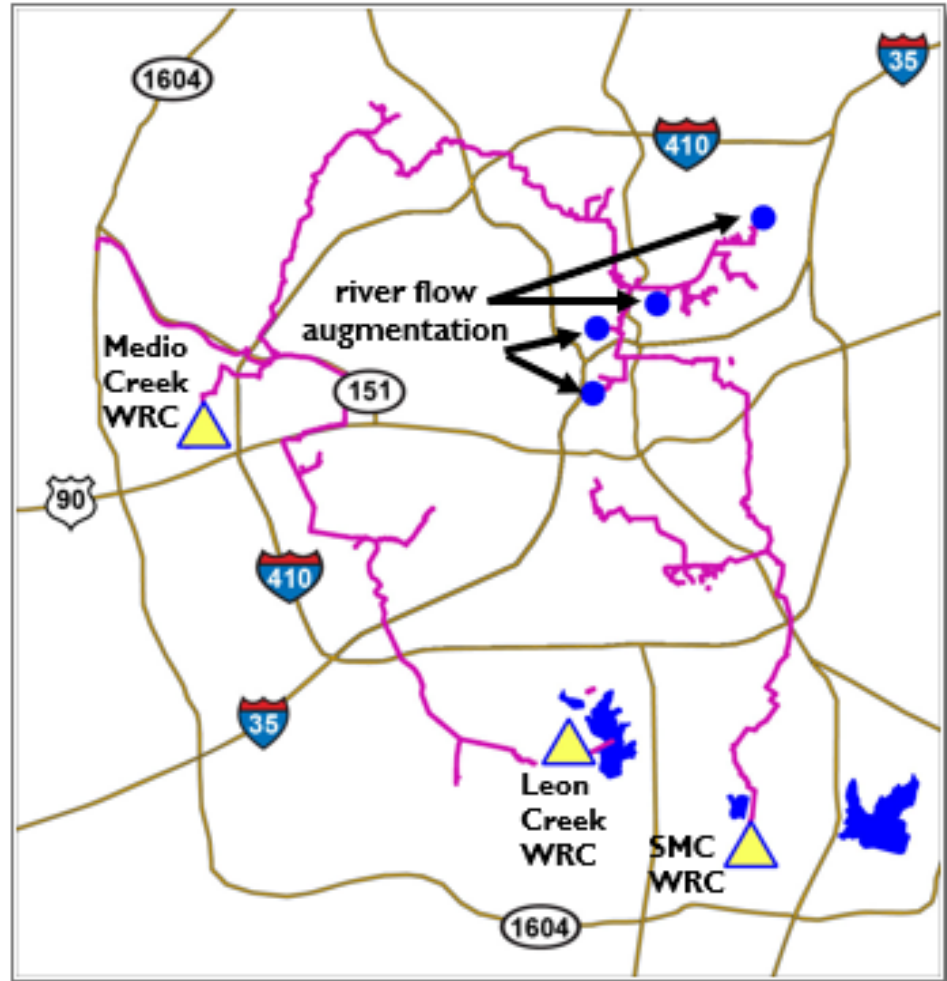
Agenda Item 35

## Recycled Water MOU with SAWS and SARA Permits

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Presented by: Russell Huff  
Assistant Public Utilities Director

SAWS  
operates the  
largest  
direct  
Recycled  
Water  
System in  
the Nation



# 2001 Agreement

INTERJURISDICTIONAL AGREEMENT  
BETWEEN THE CITY OF SAN ANTONIO AND  
THE SAN ANTONIO WATER SYSTEM  
TO  
TRANSFER USE AND CONTROL OF CITY WELLS  
TO THE SAN ANTONIO WATER SYSTEM  
AND  
PROVIDE RECYCLED WATER TO CITY FACILITIES

This Agreement is entered into by and between the CITY OF SAN ANTONIO ("CITY"), a Texas municipal corporation, acting by and through its City Manager, pursuant to City Ordinance No. 89069 (the "Ordinance") passed and approved on January 14, 1999, and the SAN ANTONIO WATER SYSTEM, a wholly owned municipal water, waste water and water recycling agency of the CITY OF SAN ANTONIO ("SAWS") acting pursuant to Resolution No. 98-335 (the "Resolution"), passed by SAWS' Board of Trustees on November 17, 1998; and,

WHEREAS the CITY and SAWS have been operating under the provisions of the Ordinance and the Resolution, and now wish to memorialize in this Agreement the terms under which they have been and will continue to operate, pursuant to the Ordinance and Resolution; and,

WHEREAS, SAWS is desirous of obtaining from CITY, for SAWS' municipal water purposes, the use, benefit, operation and control of certain permitted water rights and permits and use and control of the associated wells currently permitted with an authorized use of 5,210 acre-feet of water from a total of four (4) wells (the "River Wells") located in San Antonio, Bexar County, Texas as legally described on Attachment "A" attached hereto; and,

WHEREAS, CITY is desirous of obtaining from SAWS, for CITY's general municipal purposes the current supply of approximately 6,624 acre-feet per year of Recycled Water delivered to the San Antonio River and other municipal projects and sites; and,

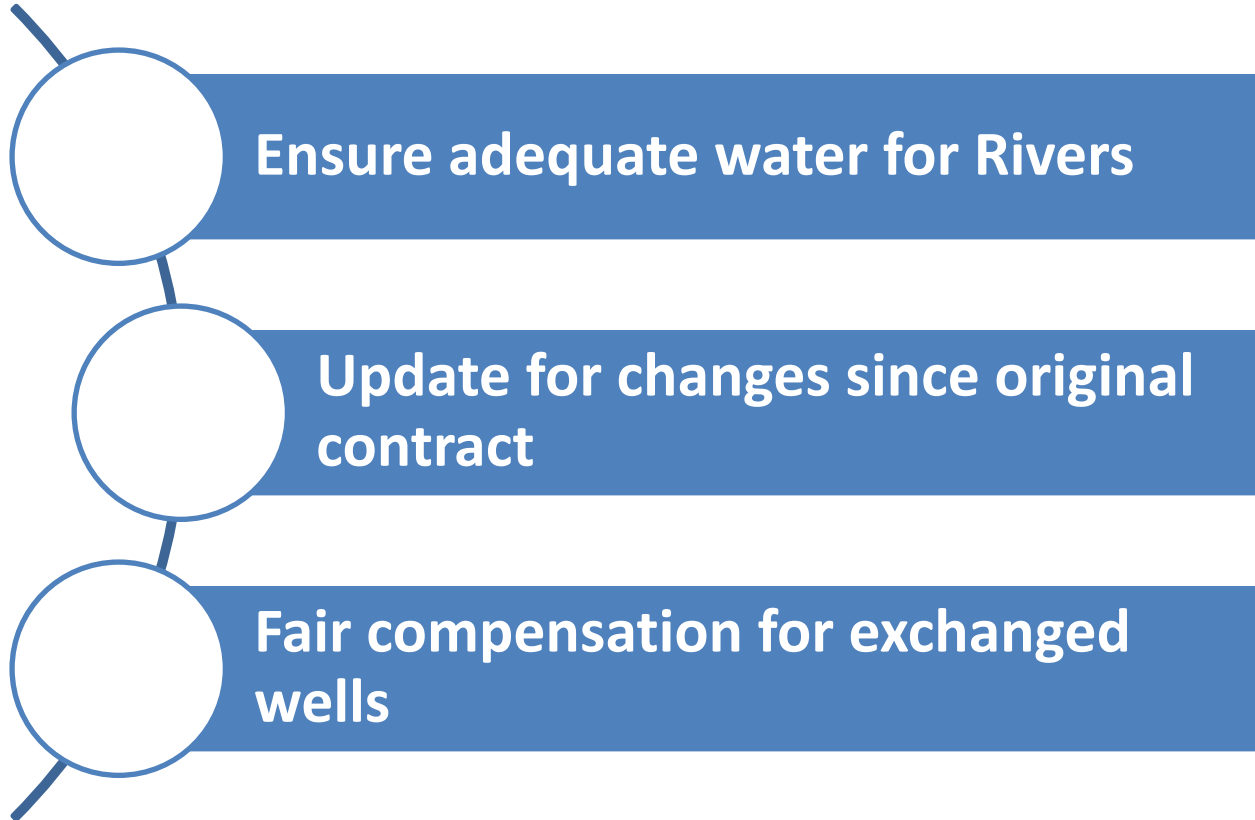
WHEREAS, the parties wish to exchange the use of properties and rights for their mutual benefit; and,

WHEREAS, it is the intent of the parties hereto that the values of the respective properties exchanged will be based on fair market value, according to the formula agreed to by the parties, and as further set out herein;

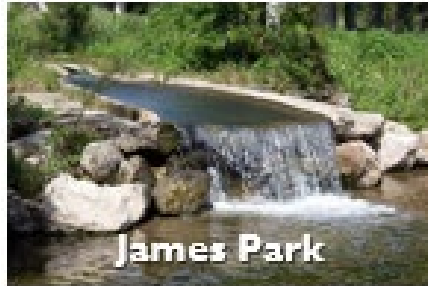
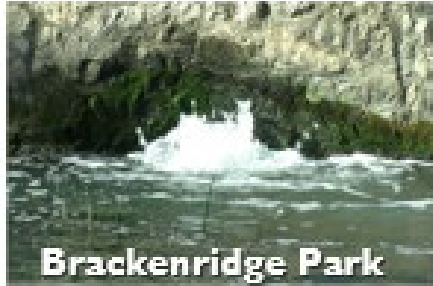
NOW, THEREFORE, the parties agree as follows:

- City provided four Edwards wells to SAWS in exchange for Recycled Water River Discharges
- Exchange, so no monetary compensation
- 20-year agreement expired Dec 2021
- CoSA and SAWS staff negotiated a replacement
- River Discharges into the San Antonio River and Salado Creek to maintain water quality
- Provided for current and planned service to CoSA parks and golf courses – at regular recycled rates

# Key Provisions of New Contract



# Adequate Water



- Provides 13% more water than original agreement
- Consulted with SARA
- Volume adequate to maintain river quality through drought conditions

# Updates

- Under original agreement – Non river flow customers paid regular recycled rates → Move 3<sup>rd</sup> Party and City locations on regular rates to standard retail recycled water agreements
- Utilize Recycled Water Capacity → Take or Pay Model
- 15-year term with one 10-year extension based on mutual agreement
- Compensation for SARA Permits → In Kind Services for Parks Department

# SARA Water Permits

- San Antonio River Authority (SARA) obtained TCEQ permits for
  - San Pedro Creek
  - Lock and Dam
  - Mission Reach
- City committed recycled water to the permits
- SAWS has agreed to incorporate these permits under the City's MOU at the exchange rate
- SARA agreed to provide in-kind services for the value of the recycled water (\$50,894)



# Compensation

SAWS only received 42% of expected Edwards Rights  
from transfer of the City wells

## Non-Edwards Exchange Rate

- Retail customers
- 21% of potable water rates



**Non-River Flows**

## Edwards Exchange Rate

- For customers who transferred Edwards Rights
- Discounted ~75% from non-exchange rate



**River Flows**



# Future Rate Changes

## SAWS Rates Advisory Committee

- Expected to recommend a recycled water rate increase.
- Finalizing recommendations to the Board June 28

## SAWS Board

- Consider recommendations over the summer
- Recycled water expected to continue to be significantly discounted from potable rates
- Discount of approximately 75% on the exchange rate is expected to remain

## City Council

- Approves rates

# Fiscal Impact

- CoSA pays \$862,998 annually for 6,590.13 AFY of River Discharges on a take or pay basis
- Contract effective July 1, 2022, so one quarter in current fiscal year (\$215,750)
- The third-party operators execute standard SAWS recycled agreements for their irrigation needs and are not part of the MOU
- SAWS continues service to four city locations currently using recycled water for irrigation at the retail recycled rate. Separate standard SAWS recycled water agreements to be executed.
- Parks Department negotiated an in-kind service agreement as compensation for recycled water committed to SARA water permits
  - Currently valued \$50,894
  - Adjusts if future rate increases cause the value to rise

# Recommendation

1. Approval of MOU with SAWS to continue recycled water discharges into the San Antonio River and Salado Creek as a cost-effective way to maintain the quality of the River Walk and other river features
2. Approval of Amendment No. 2 to the Operations and Management Agreement of the San Antonio Channel Improvement Project assigning additional maintenance responsibility to the San Antonio River Authority equal to the value of recycled water utilized for its permits and river operations

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