



City of San Antonio

Agenda Memorandum

Agenda Item Number: 4

Agenda Date: August 23, 2022

In Control: Municipal Utilities Committee Meeting

DEPARTMENT: Finance Department

DEPARTMENT HEAD: Troy Elliott, Deputy Chief Financial Officer

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

SAWS 2022 Rate Advisory Committee Recommendations

SUMMARY:

SAWS to provide a briefing on the 2022 Rate Advisory Committee recommendations related to water, wastewater and recycled water rates.

BACKGROUND INFORMATION:

SAWS periodically undertakes a rate study to ensure that the rates charged adhere to cost of service principles and reflect utility and community objectives. The rate study is conducted with the assistance of a national rate consultant and the SAWS Rate Advisory Committee (“RAC”), a special purpose advisory committee appointed by the SAWS Board of Trustees.

The last completed rate study was done in 2015, with the approved rate design recommendations going into effect in 2016. In 2019, SAWS began a new rate study, however, this study was indefinitely suspended in March 2020 due to the COVID 19 pandemic.

In September 2021, the SAWS Board of Trustees awarded a contract to Carollo Engineers, Inc. (“Carollo”) to assist in the performance of a new rate study. The scope of services to be provided by Carollo include:

1. Determination of the appropriate test year for the study,
2. Distribution of the full costs of SAWS’ services to various customer classes in proportion to the demands they place on the system (“Cost of Service Analysis”), and
3. Development of fair and equitable rate structure alternatives that recover revenue requirements for the test year (“Rate Design Study”).

During late 2021 and early 2022, Carollo utilized SAWS’ FYE 2022 budget to conduct the cost-of-service analysis which was approved by the Board in February. Also in February, the SAWS Board appointed 21 members to the 2022 RAC. SAWS staff solicited nominations for the 2022 RAC from each City Councilmember as well as business, civic and community organizations. The RAC met seven times between February 2022 and June 2022 during which they were presented with the cost-of-service findings and were asked to evaluate SAWS existing rate structures and provide input during the Rate Design Study phase of the project. In accordance with the 2022 RAC Bylaws approved by the SAWS Board of Trustees, on June 28, 2022 the 2022 RAC submitted recommendations for water, wastewater and recycled water rates to the SAWS Board. These recommendations are designed to fully recover the cost-of-service based revenue requirements determined by Carollo for the test year and reflect key objectives identified by the committee.

ISSUE:

Briefing by SAWS on the 2022 Rate Advisory Committee recommendations related to water, wastewater and recycled water rates.

RECOMMENDATION:

This item is for briefing purposes only