

State of Texas
County of Bexar
City of San Antonio



Meeting Minutes
City Council B Session

City Hall Complex
San Antonio, Texas 78205

2021 – 2023 Council Members

Mayor Ron Nirenberg

Mario Bravo, Dist. 1 | Jalen McKee-Rodriguez, Dist. 2
Phyllis Viagran, Dist. 3 | Dr. Adriana Rocha Garcia, Dist. 4
Teri Castillo, Dist. 5 | Melissa Cabello Havrda, Dist. 6
Ana Sandoval, Dist. 7 | Manny Pelaez, Dist. 8
John Courage, Dist. 9 | Clayton Perry, Dist. 10

Tuesday, August 16, 2022

2:00 PM

Municipal Plaza Building

The City Council convened a regular meeting in the Norma S. Rodriguez Council Chamber in the Municipal Plaza Building beginning at 2:12 PM. City Clerk Debbie Racca-Sittre took the Roll Call noting a quorum with the following Council Members present:

PRESENT: 11 – Nirenberg, Bravo, McKee-Rodriguez, Viagran, Rocha Garcia, Castillo, Cabello Havrda, Sandoval, Pelaez, Courage, Perry

ABSENT: None

ITEMS

1. Swearing in Teri Castillo as Mayor Pro Tem for a term from August 16, 2022 through October 24, 2022.

Councilmember Castillo was sworn in as Mayor Pro-Tem by City Clerk Debbie Racca-Sittre for the term of August 16, 2022 to October 24, 2022.

2. Staff presentation on the FY 2023 Proposed Budget focusing on, but not limited to, the following City Departments or Initiatives: [Erik Walsh, City Manager, Justina Tate, Director, Management & Budget]

A. Electric Utility Customer Credit

City Manager Erik Walsh introduced the Item and Deputy Chief Financial Officer Troy Elliott who provided an overview of the Item. Elliott stated that the unusually high revenues to the City were a result of extreme heat (50 days of weather over 100 degree Fahrenheit), high natural gas prices (impacted by the war between Russia and Ukraine) and noted that these conditions were one-time in nature. Elliott reviewed the updated FY2022 forecasted payments from CPS Energy which compared the adopted budget of \$361 million, trial budget which added \$35 million and year end projection which included an additional \$40 million for a total year end projection of \$436 million.

Elliott provided an explanation of the City Manager's recommendation to rebate \$50 million back to customers with \$5 million to assist eligible low income residential customers through the Residential Energy Assistance Program (REAP) and \$45 million credit to all CPS Energy customers (residential, commercial, inside and outside San Antonio city-limits) based on July energy usage with an average credit of \$31 to be paid in October 2022. Elliott listed factors considered such as the unusual one-time nature, current high inflationary environment, high natural gas prices, extreme heat, assistance for low income ratepayers, and credit back to all CPS Energy Customers in the same way it was collected and the City's current financial position.

Elliott introduced Rudy Garza, President and Chief Executive Officer of CPS Energy who stated that the utility would be the conduit to provide the credits to its customers and CPS Energy was happy to be a partner with the City.

Mayor Nirenberg opened the discussion by commenting that all residents had been hit hard by inflation this year and it had been a hot summer and added that the City should be continually supporting resiliency. Mayor Nirenberg asked Garza when the additional \$75 million for the Save for Tomorrow Energy Plan (STEP) would be depleted. Garza stated that the weatherization program contracts were being extended another year and the program was being reconfigured to have many of the subcontractors under the current STEP Program become prime contractors that would work directly with CPS Energy. Garza provided an overview of their community engagement strategy.

Mayor Nirenberg acknowledged that there had been great discussion about the importance of resiliency moving forward but it was important to relieve the immediate impact utilizing an equitable process within the framework of the State utility regulations. Mayor Nirenberg requested an explanation of how the REAP program fit within the regulations. City Manager Walsh stated that the recommendation was based on the fact that REAP was an existing program. Garza added

that CPS Energy would likely make its own donation to REAP to help customers with their past due balances.

Mayor Nirenberg commented that the vast majority of the money customers paid for energy was sitting in the pockets of private gas companies that would not provide any rebates. Mayor Nirenberg asked if there was an opt-out for the rebate so that customers could donate their credits to REAP. Garza explained that this would be a manual process but could be accomplished.

Mayor Nirenberg summarized that this was a windfall derived from extremely high energy costs borne on the backs of ratepayers whose needs should be considered. His concern was that the rebate didn't target those who needed the most help and the extreme weather events were something that would become more common, so resiliency was a top priority.

Councilmember Viagran suggested that the rebates would be better received in December rather than October and had concerns regarding the equitable nature of the large commercial businesses getting such a large rebate adding that she wanted to know if those businesses had equitable practices such as paying a living wage. Councilmember Viagran stated that her priority was helping vulnerable Council District 3 customers who were facing disconnection.

Councilmember Bravo wanted to help the community long-term, noting that quality of life mattered to our citizens and added that his alternative proposal was a long-term solution and suggested that it would make our City more competitive and act as a leverage for Federal Grants. Councilmember Bravo noted that sidewalks and streets were a priority for citizens but added that the community just approved a \$1.2 Billion Bond and suggested that putting this immediate one-time money into infrastructure would mean that those Bond projects would have to wait.

Councilmember Bravo stated that the funding came from severe summer heat and his proposal would protect CPS Energy customers in the future. He added that CPS Energy had planned to increase rates every two years over the next six years and utilizing the funding to save energy and sell the electricity to make money through the grid.

Councilmember Rocha Garcia asked of the revenue surplus that CPS Energy was expecting. Garza stated that CPS Energy spent most of the money buying fuel and needed to utilize their portion of the revenues to invest in power plants and other infrastructure noting that their Fiscal Year was based on a calendar year, unlike the City's. Garza stated that the goal for CPS Energy was to double its REAP donation with some of the funds as they usually donated \$1 million per year.

Councilmember Rocha Garcia stated that her residents wanted the rebate but added that there needed to be more money for infrastructure simply based upon inflation. Councilmember Rocha Garcia recommended that the City Council develop a policy to address CPS Energy surplus revenues with the priority given to infrastructure and resiliency hubs.

Councilmember Courage questioned whether City revenues should go to residents and businesses outside of the City limits. Councilmember Courage asked if the revenue projections might be a little high since August had been a little cooler. Elliott replied that his projections were

conservative. Councilmember Courage suggested the revenue could be given back to only City residents (\$75 to each CPS Energy Customer) in November or December 2022 as rebates from the City, not through CPS Energy to avoid going afoul of the utility rate regulations and to allow for only residential customers to get a rebate, but not commercial businesses citing that they could write their bills off on their taxes. Councilmember Courage suggested utilizing \$70 million for the rebates to San Antonio residents.

City Manager Walsh noted that CPS revenues were not consistent and so the projections had always been conservative, but this year's revenue was an unprecedented windfall, so he did not recommend utilizing those funds for regular/ongoing expenses. City Manager Walsh commented that the regulatory environment and rates were not just for City of San Antonio residents, but for all CPS Energy customers. City Manager Walsh outlined that \$10 million to cash fund the Edwards Aquifer, \$9 million to develop an emergency preparedness hub and \$6 million for sidewalks.

Councilmember Cabello Havrda asked Garza to provide information on the amount CPS Energy provided to the REAP. Garza responded that CPS Energy donated \$800,000 annually to REAP which helped 12,000 customers up to two times per year for a maximum of \$400. Elliott clarified that most of the money had already been collected. Councilmember Cabello Havrda stated that she surveyed her residents and many families requested weatherization as well as a rebate and suggested that weatherization would have a larger impact and would stay in the energy lane. Councilmember Cabello Havrda did not recommend a delay in the rebate beyond October 2022.

Councilmember McKee-Rodriguez stated that he would support substantial targeted adjustment rooted in equity and justice which he suggested that the rebate was not equitable as it rewarded high energy users and ensured that all the money went back to CPS Energy. Councilmember McKee-Rodriguez supported a policy discussion surrounding CPS Energy revenue surpluses and added that this windfall proved that a rate increase was not needed noting that he voted against it in June.

Councilmember McKee-Rodriguez recommended long-term bill reduction such as weatherization and white roofs. He noted that the average Council District 2 residents would receive a \$29 rebate and requested a median rebate amount for each council district. Councilmember McKee-Rodriguez suggested commercial class rebates be limited to small businesses and asked residents to bring bills to budget townhall to determine what their actual rebate would be. Garza explained that the rate increase was necessary to invest in infrastructure and for people to be able to keep up with growth and he stated that he would provide written responses to the other questions.

Councilmember Castillo noted that the rate structure was not equitable and that high energy users already received a lower rate per kilowatt hour and would get the largest rebate adding that the estimated rebate was \$28 for Council District 5 residents. Councilmember Castillo supported weatherization, minor rehab and Under One Roof Program, Operation Face Lift for small businesses to help them become more energy efficient noting that the City's westside was an urban heat island and could use more trees and less concrete.

Councilmember Castillo stated that many two income households with other debts and critical medical needs were impacted as much as vulnerable homeowners who could benefit from REAP. Councilmember Castillo asked CPS Energy how many residences on the critical care list were eligible for disconnect. DeAnna Hardwick, Interim Executive Vice President of Customer Strategy reported that there were 5,700 delinquent accounts owing \$6.8 million that were classified as critical care or seniors.

Councilmember Perry pointed out that there was a total of \$75 million in surplus revenue, not just \$50 million which could be rebated to customers and requested those numbers and the average rebate. Councilmember Perry stated that the surplus was an overcharge and people wanted their money back, so he supported giving back all \$75 million to the ratepayers. Councilmember Perry requested CPS Energy's total budget, how much revenue was collected, and how much money CPS Energy would have left. Garza clarified that CPS Energy's budget was a cost-based budget to pay for people, operations, fuel, and capital improvements and that CPS Energy put any additional revenues into the infrastructure fund.

Councilmember Sandoval requested a profile of the REAP customer to include single-family versus multi-family and suggested collaboration between STEP, REAP, Minor Home Repair Program, and the Under One Roof Program. Garza stated that customers whose homes were weatherized under STEP could also qualify for REAP but the weatherization usually decreased bills significantly. Garza noted that high utility burdened customers (more than 10% of their income went to energy) could benefit most from STEP. Councilmember Sandoval suggested a more detailed discussion at the Municipal Utilities Committee about collaboration between the programs.

Councilmember Sandoval asked about use of American Rescue Plan Act (ARPA) funding to help families. Councilmember Sandoval supported a policy discussion around the use of CPS Energy surplus revenues but also a conversation about the forecasted revenues. Councilmember Sandoval expressed concern regarding climate change, the impacts on our daily lives and suggested that a \$50 million investment in climate protection could improve quality of life. Councilmember Sandoval suggested dedicating the 14% from the STEP Revenues ongoing to invest in climate change. Garza stated that the new STEP Program would not come in until next fiscal year.

Councilmember Pelaez suggested deploying a survey of the public to ask them for their opinions since there seemed to be discrepancies between what some Council Districts were reporting. City Manager Walsh stated that staff could develop a plan and a survey. Councilmember Pelaez noted that many San Antonio residents could use \$31 to pay for their medicines or other immediate needs. Councilmember Pelaez reiterated that the city had a serious domestic violence problem that had not been adequately funded and this was an opportunity to make an investment in change.

Councilmember Sandoval closed her comments by clarifying that her proposal would need some seed money and clarified that her proposal was to leverage Federal Grants, provide small grants to communities and address the urban heat island.

Councilmember Courage reiterated his support for focusing only on San Antonio residents to reap the benefit of the revenues, not businesses or out-of-city ratepayers. Councilmember Courage supported more funding for increasing energy efficiency along with providing direct rebates to the San Antonio resident customers in larger amounts.

Councilmember Perry noted that businesses were also ratepayers and supported rebating all customers the entire \$75 million.

Councilmember McKee-Rodriguez supported the idea of doing a survey that was interactive where they could enter their bill amount to know what the credit would be for them. He asked for more information on the legality of not crediting certain customers which City Attorney Segovia stated would be discussed in Executive Session.

Councilmember Bravo asked Garza if customers had been overcharged. Garza stated that June 2022 and July 2022 bills were 30% to 50% higher than May 2022 because of high usage due to the hot weather but customers were charged the rates approved by City Council. Councilmember Bravo maintained that people were not overcharged, but just had more need for energy due to climate change.

Councilmember Castillo cited corporate greed by the gas companies and stated that CPS Energy customers were charged per the Council-approved rates and were not overcharged. She requested a minimum of \$6.7 million to assist those critical care customers and supported a survey so long as Council District 5 could be issued iPads to help her residents respond.

Mayor Nirenberg noted that STEP was created over 10 years ago to make homes more climate resilient, so this was not a new issue. Mayor Nirenberg stated that customers were not overcharged as CPS Energy was a cost-of-service program and the City received revenue because the City was the owner and those revenues had always been utilized for the City's budget. Mayor Nirenberg noted that this year was different due to the increased cost of energy over the summer and suggested that more comprehensive change needed to be made utilizing long-term, not one-time revenue. Mayor Nirenberg suggested an effective and fair way to get the revenues and closed that there would be more discussion.

EXECUTIVE SESSION

Mayor Nirenberg recessed the meeting at 4:26 PM to enter into Executive Session to discuss the following items:

- A. Economic development negotiations pursuant to Texas Government Code Section 551.087 (economic development).
- B. The purchase, exchange, lease or value of real property pursuant to Texas Government Code Section 551.072 (real property).
- C. Legal issues related to collective bargaining pursuant to Texas Government Code Section 551.071

(consultation with attorney).

- D.** Legal issues related to litigation involving the City pursuant to Texas Government Code Section 551.071 (consultation with attorney).
- E.** Legal issues relating to COVID-19 preparedness pursuant to Texas Government Code Section 551.071 (consultation with attorney).

Mayor Nirenberg reconvened the meeting in Open Session at 5:24 PM and announced that no action was taken in Executive Session.

ADJOURNMENT

There being no further discussion, the meeting was adjourned at 5:24 PM.

Approved

Ron Nirenberg
Mayor

Debbie Racca-Sittre
City Clerk