

City of San Antonio



Minutes Municipal Utilities Committee

2021 – 2023 Council Members

John Courage, Dist.9, Chair
Adriana Rocha Garcia Dist. 4 | Melissa Cabello Havrda Dist. 6
Ana Sandoval, Dist. 7

Tuesday, September 27, 2022

10:00 AM

City Hall Complex

The Municipal Utilities Committee convened a regular meeting in the Council Briefing Room in the City Hall Complex beginning at 10:07 AM. City Clerk Debbie Racca-Sittre took the Roll Call noting a quorum with the following Committee Members present:

Members Present: John Courage, *Chair*
Dr. Adriana Rocha Garcia, *Member*
Melissa Cabello Havrda, *Member*
Ana Sandoval, *Member*

Members Absent: None

Approval of Minutes

1. Approval of minutes for the August 23, 2022 Municipal Utilities Committee meeting.

Councilmember Cabello Havrda moved to Approve the minutes of the August 23, 2022 Municipal Utilities Committee meeting. Councilmember Rocha Garcia seconded the motion. The motion carried by the following vote:

Aye: Courage, Rocha Garcia, Cabello Havrda, Sandoval

Absent: None

Briefing and Possible Action on

2. Briefing by the San Antonio Water System (SAWS) on the 2022 Rate Advisory Committee recommendations related to water, wastewater and recycled water rates [Ben Gorzell Jr., Chief Financial Officer; Troy Elliott, Deputy Chief Financial Officer]

Chair Courage introduced the Items and invited the San Antonio Water System (SAWS) representatives to speak.

Mary Bailey, Vice President of Customer Experience and Strategic Initiatives for SAWS, provided an overview of the rate study process which included identifying revenue requirements, a cost of service analysis and a rate design study. She stated that the cost of service analysis included all customer classes such as residential, general, surcharge, irrigation, wholesale and recycled water. Bailey listed the members of the Rate Advisory Committee (RAC), the timeline of the seven meetings that occurred between February 2022 and June 2022, and the work performed including the process to review cost of service and rate structures as well as an evaluation of alternatives.

Bailey reported that the residential rate recommendations were focused on affordability for essential indoor water and sewer use with a reduction in sewer bills for 100% of customers, in which 98% of SAWS Affordability Discount Program participants would see a reduction in their water bills and 83% of residential water customers would see reduced charges for those using less than 9,000 gallons per month with a 20% reduction in fixed charges.

Bailey provided a tiered chart of residential water usage that gradually increased per gallon based on increased usage with five rate tiers versus eight and the lowest tier beginning at a lower amount with the higher tiers increasing over the previous rate. Bailey also provided a tiered chart for wastewater that was being reduced from three tiers to two tiers and reiterated that 100% of customers would see a reduction in their sewer bill.

Bailey displayed a sample bill for a resident which compared the affordability metrics for essential use with a goal of keeping essential indoor water consumption costs at 2% of the resident's income. She reported that the sample bill noted a higher price for residences outside the City limits. Bailey explained the current affordability rate structure and the recommendations from the RAC to replace the fixed discount program with a discounted rate structure that was tiered with costs of the program recovered through fees to other customers that were not in the program at 32 cents per 1,000 gallons and that the new program was expected to cost almost twice as much as the current program.

Bailey provided a chart that compared SAWS average residential bills with peer Texas Cities. Bailey showed the General Class which included commercial, industrial, and multi-family which included an approach where rate blocks were tied to the customer's usage which included a premium cost for customers that had large peaks in demand and inconsistent usage amounts. The RAC did not recommend breaking out multi-family from the General Class because they had very consistent usage that afforded them the lowest rate in the General Class. Bailey provided a sample bill for the General Class which indicated an overall 7% increase, the Irrigation Class bill which stayed mostly the same, and recycled water rates would increase by 15% in the first year and 10% per year thereafter for four more years because the Recycled Water revenues were not recovering the costs of providing services.

Bailey provided the 2022 SAWS Rate Study approval timeline which included public outreach that was currently underway with the SAWS Board and presentation to the full City Council for consideration in November 2022 and new rates would take effect in January 2023.

DISCUSSION:

Councilmember Cabello Havrda thanked the RAC for their work, especially the Council District 6 appointee. She asked if there was an Affordability Program for small or micro-businesses and if there was outreach planned to businesses. Bailey reported reaching out to business organizations and stated that the lowest rate was paid for General Class customers who maintained consistent usage as infrastructure needed to be sized to meet peak demand, however, there was no breakdown of customers within the General Class.

Councilmember Rocha Garcia thanked the RAC for their work, especially the Council District 4 appointee. She supported the new Affordability Program and the work of the RAC to keep rates low. Councilmember Rocha Garcia asked if any customers would drop off with the proposed increase to Recycled Water and when the new rates would take effect. Bailey stated the new rates would take effect in January 2023 and they did not anticipate any Recycled Water customers moving to potable water as Recycled Water was still cheaper even with the rate increase. Councilmember Rocha Garcia requested information on outreach related to the Affordability Program. Bailey stated that Gabino Ramos, SAWS Vice President of Communications and External Affairs and his team block-walked in the low-income census tract to try and get more residents to apply and were making calls and doing extensive outreach. Councilmember Rocha Garcia offered to block walk in Council District 4.

Councilmember Sandoval suggested that the affordability change was one of the most significant changes ever made to SAWS Rates. Bailey agreed. Councilmember Sandoval thanked the RAC for their work, especially the Committee Chair Frances Gonzales and the Council District 7 appointee. Councilmember Sandoval asked for a clarification on the term “peak” usage and recycled water rates. Bailey explained that usage was compared on a monthly basis and inconsistent usage created a peak demand on SAWS systems which increased the cost to provide service, and the recycled water rates were not recovering the costs.

Councilmember Sandoval asked how irrigation costs were separated. Bailey stated that since 2001, all irrigation systems for General Class ratepayers were required to have a separate meter and SAWS approximated that 20% of total use was standard for customers that did not have a separate meter. Councilmember Sandoval asked if apartment complexes had separate unit meters. Bailey stated that SAWS did not individually meter multi-family properties, this would have to be performed by the building owner. Councilmember Sandoval asked about the cost of the Affordability Program and suggested more customers might be enrolled so the additional cost passed through would be calculated and the calculation would be brought before the full City Council for consideration.

Councilmember Sandoval asked what impact the stormwater fee had on someone not being able to pay their SAWS Bill. Deputy City Manager Maria Villagomez stated that the lowest stormwater fee tier paid \$3.75 per month and the highest tier paid \$10.45 per month. Bailey stated that the stormwater fee tiers were based on how much impervious cover the resident had on their property.

No action was required for Item 2.

3. Briefing by the San Antonio Water System (SAWS) on the 2022 Water Management Plan
[Ben Gorzell Jr., Chief Financial Officer; Troy Elliott, Deputy Chief Financial Officer]

Donovan Burton, SAWS Vice President of Water Resources, provided an overview of the 50-year Water Management Plan which considered demand, supply, climate change, conservation and regional partnerships. Burton listed the type of community engagement and outlined the planning efforts from 1995 where the City of San Antonio relied completely on the Edwards Aquifer through 2022 which included diversification of water sources. Burton stated that the utility was constantly running tests and experiencing supply disruptions in different locations but had been able to continue providing service to all customers with no disruptions.

Burton provided a chart on climate change and reduced rainfall which showed an impact on the supply of water but the demand had decreased due to significant conservation. Burton outlined the potential population growth of 694,000 more people by the year 2040 which would increase demand. Burton listed the next steps which included community engagement, briefings to the SAWS Board and City Council, with a draft plan anticipated by the end of the calendar year.

DISCUSSION:

Chair Courage asked if some of the 13 water sources in addition to the Edwards Aquifer were at risk of being lost. Burton commented that the Guadalupe-Blanco River Authority (GBRA) Canyon Lake water supply would end in 2037, and some of the supplies from the former Bexar Metropolitan Water District would end in 2049, however some of these had not been producing.

Chair Courage requested information on the brackish desalination costs and potential for expansion. Burton stated that the plant was ready and could be expanded with costs at \$1,200 to \$1,300 per acre foot. Chair Courage commented that he did not initially support the Vista Ridge pipeline but had changed his mind with this year's drought, asked about the structure of the program and whether communities where the Vista Ridge water originated would reduce the supplies being sent to San Antonio. Burton explained that the public private partnership and payments for water received through Vista Ridge and the relationship with the groundwater district in those areas originated from Vista Ridge.

Councilmember Rocha Garcia asked for information on the timeline related to public input on the Plan. Burton stated that the draft plan would be available for 45 days.

No action was required for Item 3.

4. Briefing by the San Antonio Water System (SAWS) on of the status of customer delinquencies including the utilization of American Rescue Plan Act (ARPA) assistance funds to-date [Ben Gorzell Jr., Chief Financial Officer; Troy Elliott, Deputy Chief Financial Officer]

Mary Bailey, Vice President of Customer Experience and Strategic Initiatives for SAWS, provided a report on customer delinquencies which indicated that they grew during the COVID-19 Pandemic but had improved recently, although it was not back to pre-pandemic levels. Bailey credited the reduction as a result of the COVID-19 Relief Plan which included

automatically enrolling customers in the program, American Rescue Plan Act (ARPA) funding assistance, as well as increased payment rates for customers. Bailey provided an update on the request for ARPA funding extension until December 31, 2022 as it was set to expire on September 30, 2022. Bailey also provided information on the Low-Income Housing Water Assistance Program (LIHWAP) which was supported by Federal funds through Bexar County for residents that were at or below 150% of the Federal Poverty Level.

Bailey described the extensive outreach provided prior to disconnection and listed the assistance that was being offered including payment plans. Chair Courage requested the percentage of residential and commercial accounts that had service disconnected. Bailey stated that most of the delinquencies were residential, not commercial, as most businesses that were still open had opted for payment plans.

Councilmember Rocha Garcia requested information on Project Agua. Bailey stated that customers that were in the Affordability Program were automatically enrolled in Project Agua and could get up to \$115 to help them with outstanding bills. Councilmember Rocha Garcia asked if there were adjustments made for leaks. Bailey stated that customers had often neglected to open their bills during the pandemic which caused leaks to continue for many months but that SAWS was working with them and would adjust charges once the leak was repaired.

Councilmember Cabello Havrda requested information on how much assistance had been provided by City Council Districts. Councilmember Cabello Havrda requested the total number and percent of those that had been disconnected, how many had been reconnected and how soon. Bailey stated that one third of the customers (approximately 5,000 customers) never turned their service back on after disconnection, but for those that did get their water reconnected, it was within one day. Bailey added that usually when customers did not turn their service back on, it was because they had moved. Councilmember Cabello Havrda recommended helping those who stayed in their house to connect to the various programs. Bailey stated that if SAWS knew that someone was still living in a house without water, they would report it to Code Compliance.

Councilmember Sandoval commented that there was \$1.6 million in ARPA funds remaining and \$3.5 million from LIHWAP which could help residents get caught up. She asked for a breakdown of the costs per program, more information about the partnership with Code Compliance, and how the payment arrangements worked. Councilmember Sandoval provided an example of a Senior who had gotten disconnected and an out of town daughter paid the bill but struggled with getting the service reconnected. Bailey stated there could be a delay due to privacy issues but she would look into the instance.

Chair Courage thanked SAWS for the presentations provided.

No action was required for Item 4.

Executive Session

There was no Executive Session.

Consideration of items for future meetings

Chair Courage announced that the future meetings would include reports from CPS Energy.

Adjournment

There being no further discussion, the meeting was adjourned at 11:54 PM.

Approved

John Courage, Chair

Debbie Racca-Sittre, City Clerk