

# City of San Antonio



## Minutes Municipal Utilities Committee

**2021 – 2023 Council Members**  
**John Courage, Dist. 9 Chair**  
**Jalen McKee-Rodriguez, Dist. 2 | Phyllis Viagran, Dist. 3**  
**Melissa Cabello Havrda, Dist. 6**

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**Friday, April 7, 2023**

**10:00 AM**

**City Hall Complex**

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The Municipal Utilities Committee convened a regular meeting in the Council Briefing Room in the City Hall Complex beginning at 10:01 AM. Deputy City Clerk Aurora Perkins took the Roll Call noting a quorum with the following Committee Members present:

**Members Present:** John Courage, *Chair*  
Phyllis Viagran, *Member*  
Melissa Cabello Havrda, *Member*

**Members Absent:** Jalen McKee-Rodriguez, *Member*

### Approval of Minutes

#### 1. Approval of minutes from the February 28, 2023 Municipal Utilities Committee meeting.

Councilmember Viagran moved to Approve the minutes of the February 28, 2023 Municipal Utilities Committee meeting. Councilmember Cabello Havrda seconded the motion. The motion carried by the following vote:

**Aye:** Courage, Viagran, Cabello Havrda  
**Absent:** McKee-Rodriguez

### Public Comment

None.

### Briefing and Possible Action on

**2. Discussion of policies and practices pertaining to the year-round conservation ordinance as well as drought ordinance.** [Ben Gorzell Jr., Chief Financial Officer; Troy Elliott, Deputy Chief Financial Officer]

Karen Guz, Vice President of Water Conservation for the San Antonio Water System (SAWS), provided a briefing on drought management and noted that 2022 was the second driest year on record for San Antonio. She added that 2023 was dry and warm and was about 50% of normal rainfall in January and February 2023 which meant that the service area was still in a severe drought.

Guz stated that while the La Nina weather system was considered over, it was only one weather influencer on overall weather and staff was still cautious on the future outcome of rain. She noted that while 2023 is a severe drought year, there had been worse years for drought levels. She added that SAWS was currently in Stage 2 water conservation status.

Guz provided an overview of the 2022 diversified demand response and utilizing other non-Edwards water sources. She reviewed the enforcement of rules outlined in City Ordinances and associated penalties to include municipal criminal citations. Guz spoke to a map of patrol areas monitored by SAWS staff. She noted that citations proved to be effective in the compliance of residential customers but was not as successful in commercial properties. She stated that a review of fees and criminal costs would be revisited since it had not been updated for over 20 years.

Chair Courage requested a report of the citations issued and commercial customers that had received those citations or warnings. Guz stated that a report would be provided to the Committee. Guz noted that the Municipal Court System had been very helpful and a true partner in the review of citations and enforcement of criminal offenses. Chair Courage asked if it were possible to develop internal SAWS enforcement policies to impose restrictions to offenders. Guz stated that SAWS could begin implementing their own enforcement but would need to partner with the City to increase penalties .

Guz stated that on a residential level most offenders were “one and done” offenders but this did not hold true for commercial customers. She spoke to the impact of non-compliance on water usage and reasonable water consumption by residential customers. She noted that 2022 and 2023 saw an unusually high level of non-compliance in water usage.

Guz reviewed marketing and educational efforts to the community to keep people aware of drought issues and water conservation.

Guz spoke to what was expected in 2023 which included mild rain expectation and continuation of severe drought status. She noted that aquifer levels were not in critical state but that SAWS was continuously cautious and wanting to balance costs and improvements associated with water demand and conservation.

## **DISCUSSION**

Chair Courage asked for clarification on water production from the Vista Ridge Water Supply and if there were concerns on production levels. Donovan Burton, SAWS Senior Vice President of

Water Resources and Governmental Relations stated that there were no concerns.

Councilmember Viagran requested a breakdown of violation areas by zip code so that council districts could provide more education on issues. She supported an increase of citations versus warnings issued.

Councilmember Cabello Havrda asked for clarification on the areas cited and amount of citations. Guz noted that citation amounts were controlled by City Ordinances and there were some restrictions on the number of citations and the dollar amount which was usually \$130.

Councilmember Cabello Havrda asked if there was data on continuous offenders of water usage at the residential level. Guz stated that citations proved to be successful and most offenders were “one and done” offenders. Councilmember Cabello Havrda reiterated that council districts were eager to assist in education efforts and usage of social media to communicate with residents.

Councilmember Cabello Havrda asked if increased irrigation permit management was needed. Guz stated that the State of Texas has one of, if not the highest, permitting standards in the United States. However there is no inspection requirement in the Extraterritorial Jurisdiction (ETJ). Councilmember Cabello Havrda asked how enforcement could be increased. Guz stated that it was difficult to enforce outside City limits but that discussions with other municipalities to assist in management of water conservation and water usage inspections in those areas were held. She also noted that it could be time for SAWS to increase enforcement efforts and take that enforcement from City inspectors.

Chair Courage noted that data provided was very telling of where violations were occurring and requested reports for each council district in order to better educate residents of water conservation.

Chair Courage read a letter from a City resident on concerns of water usage and conservation in maintaining his residential landscaping, costs for home improvements and usage of landscaping rebates. Guz stated that she welcomed the referral to discuss concerns with the resident and provide services and education on landscaping issues.

No action was taken or required for Item 2.

**3. Briefing by the San Antonino Water System (SAWS) on SAWS growth policy and proposed service area/Certificate of Convenience and Necessity (CCN) changes.** [Ben Gorzell Jr., Chief Financial Officer; Troy Elliott, Deputy Chief Financial Officer]

Andrea Beymer, Senior Vice President of Engineering & Construction with SAWS, provided a briefing of SAWS role in development in partnership with the City of San Antonio Development Services Department. She provided an overview of each entity’s responsibility including noting that SAWS controls the area under their Certificate of Convenience and Necessity (CCN) and the City had oversight over permitting of water infrastructure and land use regulations. She noted that SAWS addressed CCN issues specifically in areas of growth policy and service areas within the City and ETJ areas.

Beymer noted that SAWS had been addressing CCN concerns, guided by their Board of

Trustees, to address alignment with the City's Comprehensive Plan to include the SA Tomorrow Comprehensive Plan. She noted that the Plan addressed SAWS responsibilities in GCF #19 and NRES P13 to address growth and annexation. She noted that SAWS and City staff met on a monthly basis to address growth and water demand issues/concerns.

Beymer noted that there were three areas of potential adjustment for the CCN within the City and the ETJ presented to the Board of Trustees. One of the areas was on the Southeastern CCN Boundary which identified sewer demand. She noted that the Northwestern Boundary had growth potential and potential expansion of CCN for both water and sewer, and the Northeast Boundary (which expanded into Comal County) also had water demand but costs associated with sewer service were prohibitive.

Beymer reviewed impact fees associated with water and sewer services and noted that these fees were one-time charges to developers designed to recover capital costs for water and wastewater infrastructure. She noted that impact fees varied based on location and that the SAWS Board of Trustees requested an update of impact fees.

Beymer reviewed SAWS staff recommendations for each area to include expansion of each region and any impacts to the CCN.

## DISCUSSION

Chair Courage noted that he had encountered instances where water permits were issued for at times 20-year terms which grand-fathered the development standards of City's Development Services Department. He stated that it appeared that developers put SAWS standards above City requirements and asked if plans could not be awarded until the City planning process was completed. SAWS Attorney Keith Martin stated that under Section 245 of the Government Code, SAWS Utility Service Agreements are permits, but require the developer to contact the City Development Services Department to complete an administrative review for work on any other issues. Chair Courage asked if SAWS could only provide a review and recommendation but not full permit until reviewed by the City. Martin reiterated that Section 245 addressed the process and how to proceed with permitting. Martin stated that SAWS would discuss possible recommendations with City staff.

Chair Courage asked of the average amount SAWS budgeted for impact fees and what actually was received. Doug Evanson, Chief Financial Officer with SAWS, stated that impact fees budgeted remained constant through the recent years and that over the past two years impact fees received had been higher than budgeted. Chair Courage asked if the increase in impact fees received effected overall rates. Evanson stated that it did not since these impact fees could only be used for capital projects, so impact fees over budget are not very significant given the size of the capital plan.

Councilmember Viagran requested consideration in the future of a possible program like Under One Roof to assist residents changing from septic tanks to City water services.

No action was taken or required for Item 3.

**4. Briefing by the San Antonino Water System regarding its current financial standing, to include an update on its accounts receivables from 2022 to present. [Ben Gorzell Jr., Chief Financial Officer; Troy Elliott, Deputy Chief Financial Officer]**

SAWS Chief Financial Officer Doug Evanson provided an overview of the SAWS financial status and position. He noted that SAWS recently released its audited financial results and was in excellent financial position.

Evanson noted that SAWS' last formal rate request was in December 2017 which came into effect in 2018. He noted that essential service water and sewer rates were among the lowest in Texas to include comparisons with Austin, Dallas and Houston.

Evanson stated that an Environmental Protection Agency (EPA) Consent Decree entered in 2013 had resulted in more than \$1.6 billion in wastewater capital investments to meet environmental requirements. He noted that in the last decade, SAWS had made over \$1.7 billion in water capital investments which were completed to ensure water quality and service to San Antonio.

Evanson reviewed COVID-19 economic impacts and responses which included suspended service disconnections and late fee penalties from March 2020 through October 2021. He noted that this resulted in SAWS reducing revenue (reserving) more than \$35 million during the last three years for higher delinquency levels. He reviewed current active account delinquencies and stated that SAWS continued to work with customers at risk for disconnection who demonstrate a willingness to work towards resolving their delinquent balance.

Evanson noted that the COVID-19 Pandemic had impacts of supply chain disruption and inflation. He noted challenges of continued long supply chain lead times causing adjustments to construction timelines and price increases for materials and supply for projects. Evanson stated that inflation had a large impact on hourly staff and that SAWS had provided pay increases assisting staff during an economic challenging time. He added that these pay increases could not have been given unless SAWS was in a strong financial status.

Evanson discussed impacts from Winter Storm Uri and other recent initiatives/challenges to include the ConnectH2O Advanced Meter Installation Program. Evanson reviewed water rates compared to other cities and noted that some of the other cities recently had increased their rates even more than projected by SAWS. Chair Courage requested data on all Texas cities and other similar sized cities nationally such as Phoenix.

Evanson stated that SAWS had managed to maintain lower fees due to prudent use of cash reserves to manage the debt portfolio. He noted that during the last five years, SAWS had utilized redemption and refinancing to reduce debt service and stated that SAWS continued to make efficiency gains in delivering services and even with acquisition of the BexarMet Water System.

Evanson stated that the recent rate restructuring yielded significant savings for residential service and the restructuring of the Uplift Program was the most significant since he joined SAWS in 1995. He reviewed bond to debt data and cash on hand levels.

In summary, Evanson stated that SAWS utilization of current cash reserves would assist in

minimizing future rate requests and infrastructure improvements. He stated that SAWS forecasted \$2.9 billion in capital spending in 2023 through 2027 and that the future still had financial challenges.

Quorum was lost at 11:40 AM and minutes were no longer taken at that time.

No action was taken or required for Item 4.

### **Executive Session**

No Executive Session was held.

### **Consideration of items for future meetings**

None.

### **Adjournment**

Meeting was adjourned at 11:40 AM when quorum was lost.

**APPROVED**

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*John Courage, Chair*

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**Debbie Racca-Sittre, City Clerk**