

THIS IS A DRAFT ORDINANCE AND SUBJECT TO REVISION UNTIL A FINAL ORDINANCE IS APPROVED BY THE CITY COUNCIL FOR THE CITY OF SAN ANTONIO

AN ORDINANCE

AMENDING CHAPTER 34 OF THE CITY CODE BY ADJUSTING THE RATES FOR CHILLED WATER SERVICE PROVIDED BY THE SAN ANTONIO WATER SYSTEM BY TEN PERCENT; ADDING A FEE FOR THE RECOVERY OF CAPITAL COSTS RELATED TO THE CONSTRUCTION OF MAIN EXTENSIONS AND THE INSTALLATION OF HEAT EXCHANGERS TO SERVE NEW CUSTOMERS OF THE CHILLED WATER SYSTEM; AND REPEALING OBSOLETE RATE PROVISIONS.

* * * * *

WHEREAS, the San Antonio Water System (“SAWS”) operates a Chilled Water System that provides air-conditioning service to customers in the Downtown area and Port San Antonio; and

WHEREAS, the Chilled Water System was originally created to serve Hemisfair in 1968 and its operation was consolidated into SAWS at its creation in 1992; and

WHEREAS, the Chilled Water System functions by operating centralized water chilling plants and passing water chilled to near freezing through pipes to heat exchangers in customer buildings, which provide cooling for the customers’ air handling systems; and

WHEREAS, such a system provides energy efficiency benefits and greenhouse gas emission reduction through a large-scale centralized system and shifting electrical demand off peak; and

WHEREAS, there are twenty-one customers on the Downtown System, with approximately 70% of the Chilled Water System serving the City of San Antonio, primarily for cooling the Alamodome and Convention Center and the balance of customers primarily include government offices and hotels; and

WHEREAS, the Chilled Water System serves five customers in Port San Antonio including Boeing, Standard Aero, Chromalloy, United States Air Force, and Port San Antonio offices; and

WHEREAS, SAWS has demonstrated that since 2016, the Chilled Water System’s net position has deteriorated, has run at a deficit since 2019, and current rates are not generating sufficient cash flow to fund needed capital refurbishments; and

WHEREAS, Ordinances No. 96794 and 100588 established chilled water demand charges for the Downtown and Port San Antonio Chilled Water System; and

WHEREAS, the SAWS Board of Trustees (the “Board”) has recommended to the City Council that it approve a 10% increase to chilled water demand charge rates for the Downtown and Port San Antonio Chilled Water Systems to improve the financial condition of the System; and

WHEREAS, the Board has recommended to the City Council that it approve the creation of a fee for the recovery of capital costs related to the construction of main extensions and the installation of heat exchangers to serve new customers; and

WHEREAS, Ordinances 96794 and 100588 contain references to obsolete fee payments to GKDA (Greater Kelly Development Authority (now Port San Antonio)) in relation to an expired agreement and obsolete fee schedules that were implemented when the system formerly provided steam service, and the Board has requested that the obsolete provisions be repealed; and

WHEREAS, the City Council has determined that approval of the Board’s requests are necessary to ensure the financial sustainability and improvement of the Chilled Water System;
NOW THEREFORE:

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:

SECTION 1. The City Council hereby amends Ordinances No. 96794 and No. 100588 to adopt a 10% increase to Chilled Water demand charge rates for the Downtown and Port San Antonio Chilled Water System, to repeal obsolete fee payment provisions to GKDA, and to add a fee for the recovery of the capital costs related to the construction of main extensions and the installation of heat exchangers to serve new customers. Chapter 34 of the City Code shall be revised as set forth in **ATTACHMENT A** and such changes shall become effective on January 1, 2022.

SECTION 2. The City Council hereby amends Ordinances No. 96794 and No. 100588 to repeal obsolete rate schedules related to the provision of steam service. Chapter 34 of the City Code shall be revised as set forth in **ATTACHMENT B** and such changes shall become effective on January 1, 2022.

SECTION 3. Should any portion of this Ordinance be held or made invalid by a court of competent jurisdiction, or by statute, rule or otherwise, the remainder shall stand effective and valid.

SECTION 4. This ordinance is effective immediately upon the receipt of eight affirmative votes; otherwise, it is effective ten days after passage.

TF/
12/2/2021
Item # XX

PASSED AND APPROVED this 2nd day of December 2021.

M A Y O R
Ron Nirenberg

ATTEST:

APPROVED AS TO FORM:

Debbie Racca-Sittre, Acting City Clerk

Andrew Segovia, City Attorney

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ATTACHMENT A

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SCHEDULE "A"
CHILLED WATER SERVICE RATE SCHEDULE FOR DOWNTOWN AREA
SAN ANTONIO WATER SYSTEM
San Antonio, Texas
Effective ~~December 1, 2002~~ January 1, 2022

Billings for chilled water service shall be produced on a monthly basis and shall consist of both a capacity charge and a commodity charge as follows.

CAPACITY CHARGE

The capacity charge shall be ~~\$18.40~~ \$20.24 per ton hour of demand. The demand shall be the largest number of tons of cooling demanded in any of the twelve months ending with the month next preceding the month in which the bill is dated or the connected load specified in the contract with the customer, whichever is the greater of the two. The demand for the Alamodome, which is an event driven facility with occasional peaks in demand during off peak hours and long periods of low demand, shall be defined in a service agreement between the City of San Antonio and the San Antonio Water System to account for its unique and unpredictable demands on the chilled water system.

COMMODITY CHARGE

A commodity charge will be applied to the monthly metered consumption. The commodity charge will provide for the pass-through of the utility costs, including water and energy costs. No commodity charge shall be made if the metered use of the customer is zero (0) during the month.

The commodity charge will be computed as follows; all utility costs of the previous month will be recovered through an allocation to the consumption of the billing period. In addition, the payment to the city's general fund will be added where applicable.

Utility costs + Payment to general fund = Commodity charge consumption

CAPITAL COST RECOVERY FEE

In addition to any rates or fees adopted by the City Council that are related to the provision of chilled water services within the Downtown system, the SAWS Board of Trustees shall have the discretion to add a fee for the recovery of the capital costs related to the construction of main extensions and installation of heat exchangers to serve new customers. The addition of this Capital Cost Recovery Fee shall be negotiated and agreed to by SAWS and the new customer based on the total cost, including interest, to design, construct and install the capital improvements that are necessary to provide chilled water services to the new customer. An amortization schedule to recover these capital improvement costs shall have a maximum term of twenty (20) years. This Capital Cost Recovery Fee shall not include any infrastructure, fixtures, chattel or appurtenances that will be owned, operated or maintained by the new customer or the owner of the subject property. The SAWS Board of Trustees shall have the discretion to decide whether it will participate in the construction of a main extension and installation of heat exchangers on a case-by-case basis.

ADJUSTMENT FOR PAYMENT TO THE CITY GENERAL FUND

The City of San Antonio may change the percentage for payment to the city general fund pursuant to City Ordinance No. 75686, which is currently established at 4.0% of gross revenues. At that time, the commodity and capacity charge will be revised to include the new percentage of payment to the City of San Antonio.

DEFINITIONS

A ton is defined as 12,000 Btu's per hour.

An hour is defined as 60 consecutive minutes.

Gross Revenue is defined in City Ordinance No. 75686.

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SCHEDULE "A" "B"
CHILLED WATER SERVICE RATE SCHEDULE FOR KELLYUSA PORT SAN ANTONIO
SAN ANTONIO WATER SYSTEM
San Antonio, Texas
Effective ~~May 1, 2005~~ January 1, 2022

Billings for chilled water service shall be produced on a monthly basis and shall consist of both a capacity charge and a commodity charge as follows.

CAPACITY CHARGE

The capacity charge shall be ~~\$20.52~~ \$22.57 per ton hour of demand. The demand shall be the largest number of tons of cooling demanded in any of the twelve months ending with the month next preceding the month in which the bill is dated or the demand amount specified in the contract or agreement with the customer, whichever is the greater of the two.

COMMODITY CHARGE

A commodity charge will be applied to the monthly metered consumption. The commodity charge will provide for the pass-through of the Utility Costs, including water and energy costs. No commodity charge shall be made if the metered use of the customer is zero (0) during the month.

The commodity charge will be computed as follows: all utility costs of the previous month will be recovered through an allocation to the consumption of the billing period. In addition, the Payment to the City's General Fund ~~and to GKDA~~ will be added where applicable.

Utility Costs + Payment to General Fund + Payment to ~~GKDA~~ = Commodity Charge
Consumption

CAPITAL COST RECOVERY FEE

In addition to any rates or fees adopted by the City Council that are related to the provision of chilled water services within the Port San Antonio system, the SAWS Board of Trustees shall have the discretion to add a fee for the recovery of the capital costs related to the construction of main extensions and installation of heat exchangers to serve new customers. The addition of this Capital Cost Recovery Fee shall be negotiated and agreed to by SAWS and the new customer based on the total cost, including interest, to design, construct and install the capital improvements that are necessary to provide chilled water services to the new customer. An amortization schedule to recover these capital improvement costs shall have a maximum term of twenty (20) years. This Capital Cost Recovery Fee shall not include any infrastructure, fixtures, chattel or appurtenances that will be owned, operated or maintained by the new customer or the owner of the subject property. The SAWS Board of Trustees shall have the discretion to decide whether it will participate in the construction of a main extension and installation of heat exchangers on a case-by-case basis.

ADJUSTMENT FOR PAYMENT TO THE CITY GENERAL FUND ~~AND TO GKDA~~

The City of San Antonio may change the Percentage for payment to the City General Fund pursuant to City Ordinance No. 75686, which is currently established at 4.0% of Gross Revenues. At that time, the commodity and capacity charge will be revised to include the new Percentage of Payment to the City of San Antonio.

~~The San Antonio Water System has contracted with GKDA to pay 5% on all Chilled Water and Steam service revenues at Kelly USA unless the revenue is derived from services to the USAF on both the realigned portion of Kelly AFB and for the long term leased back facilities on the non-realigned portion of Kelly AFB, except for sales to the USAF that are billed to GKDA in connection with multi-tenant buildings in which USAF is one of the tenants.~~

DEFINITIONS

A ton is defined as 12,000 Btu's per hour.

An hour is defined as 60 consecutive minutes.

Gross revenue is defined in City Ordinance No. 75686.

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ATTACHMENT B

Ordinance 96794
SCHEDULE "B"
STEAM SERVICE RATE SCHEDULE FOR DOWNTOWN AREA
SAN ANTONIO WATER SYSTEM
San Antonio, Texas
Effective
December 1, 2002

~~Billings for steam service shall be produced on a monthly basis and shall consist of both a capacity charge and a commodity charge as follows:~~

CAPACITY CHARGE

~~The capacity charge shall be \$88.42 per 100 pounds per hour of demand. The demand shall be the largest number of pounds of steam demanded in any hour of the twelve months ending with the month next preceding the month in which the bill is dated or the connected load specified in the contract with the customer, whichever is the greater of the two.~~

COMMODITY CHARGE

~~A commodity charge will be applied to the monthly metered consumption. The commodity charge will provide for the pass-through of the Utility Costs, including water and energy costs. No commodity charge shall be made if the metered use of the customer is zero (0) during the month.~~

~~The commodity charge will be computed as follows; all utility costs of the previous month will be recovered through an allocation to the consumption of the billing period. In addition, the Payment to the City's General Fund will be added where applicable.~~

$$\frac{\text{Utility Costs} + \text{Payment to General Fund}}{\text{Consumption}} = \text{Commodity Charge}$$

ADJUSTMENT FOR PAYMENT TO THE CITY GENERAL FUND

~~The City of San Antonio may change the Percentage for payment to the City General Fund pursuant to City Ordinance No. 75686, which is currently established at 2.7% of Gross Revenues. At that time, the commodity and capacity charge will be revised to include the new Percentage of Payment to the City of San Antonio.~~

DEFINITIONS

~~An hour is defined as 60 consecutive minutes.~~

**Ordinance
100588
SCHEDULE "B"
STEAM SERVICE RATE SCHEDULE FOR KELLYUSASAN
ANTONIO WATER SYSTEM
San Antonio, Texas
Effective May 1,
2005**

~~Billings for steam service shall be produced on a monthly basis and shall consist of both a capacity charge and a commodity charge as follows:~~

CAPACITY CHARGE

~~The capacity charge shall be \$95.06 per 100 pounds per hour of demand. The demand shall be the largest number of pounds of steam demanded in any hour of the twelve months ending with the month next preceding the month in which the bill is dated or the demand amount specified in the contract or agreement with the customer, whichever is the greater of the two.~~

COMMODITY CHARGE

~~A commodity charge will be applied to the monthly metered consumption. The commodity charge will provide for the pass-through of the Utility Costs, including water and energy costs. No commodity charge shall be made if the metered use of the customer is zero (0) during the month.~~

~~The commodity charge will be computed as follows: all utility costs of the previous month will be recovered through an allocation to the consumption of the billing period. In addition, the Payment to the City's General Fund and to GKDA will be added where applicable.~~

~~Utility Costs + Payment to General Fund + Payment to GKDA = Commodity Charge
Consumption~~

ADJUSTMENT FOR PAYMENT TO THE CITY GENERAL FUND AND TO GKDA

~~The City of San Antonio may change the Percentage for payment to the City General Fund pursuant to City Ordinance No. 75686, which is currently established at 2.7% of Gross Revenues. At that time, the commodity and capacity charge will be revised to include the new Percentage of Payment to the City of San Antonio.~~

~~The San Antonio Water System has contracted with GKDA to pay 5% on all Chilled Water and Steam service revenues at KellyUSA unless the revenue is derived from services to the USAF on both the realigned portion of Kelly AFB and for the long term leased-back facilities on the non-realigned portion of Kelly AFB, except for sales to the USAF that are billed to GKDA in connection with multi-tenant buildings in which USAF is one of the tenants.~~

DEFINITIONS

~~An hour is defined as 60 consecutive minutes.
Gross Revenues is defined in City Ordinance No. 75686.~~