

AN ORDINANCE 2021-12-02-0910

**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:**

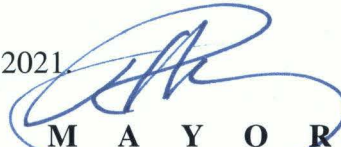
**SECTION 1.** The City Council hereby amends Ordinances No. 96794 and No. 100588 to adopt a 10% increase to Chilled Water demand charge rates for the Downtown and Port San Antonio Chilled Water System, to repeal obsolete fee payment provisions to GKDA, and to add a fee for the recovery of the capital costs related to the construction of main extensions and the installation of heat exchangers to serve new customers. Chapter 34, Article X of the San Antonio 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, Article X of the San Antonio 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 continue to be valid.

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

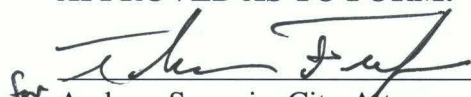
**PASSED AND APPROVED** this 2<sup>nd</sup> day of December 2021.

  
**M A Y O R**  
Ron Nirenberg

**ATTEST:**

  
Debbie Racca-Sittre, Acting City Clerk

**APPROVED AS TO FORM:**

  
for Andrew Segovia, City Attorney





## City of San Antonio

### City Council Meeting December 2, 2021

15.

**2021-12-02-0910**

Ordinance amending Chapter 34 of the Municipal Code and Ordinances No. 96794 and No. 100588 to increase the Chilled Water demand charge rates for the Downtown and Port San Antonio (Port SA) chilled water systems by 10% to improve the financial condition of the Chilled Water System; effective for consumption on or about January 1, 2022; 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; and Repeal obsolete rate provisions in the ordinances. [Ben Gorzell Jr., Chief Financial Officer; Troy Elliott, Deputy Chief Financial Officer]

Councilmember Viagran moved to Approve on the Consent Agenda. Councilmember Courage seconded the motion. The motion carried by the following vote:

**Aye:** Nirenberg, Bravo, McKee-Rodriguez, Viagran, Rocha Garcia, Castillo, Cabello  
Havrda, Pelaez, Courage, Perry

**Absent:** Sandoval

# **ATTACHMENT A**

**SCHEDULE "A" "B"**  
**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.



**SCHEDULE "A"**  
**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.



# **ATTACHMENT B**

**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.

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

**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.

**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.~~