



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 47

Agenda Date: September 29, 2022

In Control: City Council A Session

DEPARTMENT: Finance Department

DEPARTMENT HEAD: Troy Elliott

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Consent to application by SJWTX, Inc. for water and sewer CCNs within in the City's ETJ

SUMMARY:

A resolution consenting to the application by SJWTX, Inc. for water and sewer Certificates of Convenience and Necessity within in the City's Extra Territorial Jurisdiction. SAWS recommends consent.

BACKGROUND INFORMATION:

The San Antonio Water System's (SAWS) water and sewer Certificates of Convenience and Necessity (CCNs) currently extend into Kendall County and are also within the City of San Antonio's Extra Territorial Jurisdiction (ETJ). The CCNs in Kendall County consists of 520 acres of water and 317 acres of sewer as depicted on the attached maps. SAWS does not have existing customers or infrastructure within the CCN area in Kendall County, but requests for water and sewer service have been received in that area.

On March 1, 2022, SAWS staff presented options to the SAWS Board regarding servicing customers in the Kendall County CCN area. SAWS Board determined that it was not in the best interest of SAWS to serve this area due to the capital investment needed and operational

limitations in this area.

Accordingly, SAWS Staff requested proposals from other utility operators for the potential transfer of the Kendall County CCN area. SJWTX submitted a proposal which was found by SAWS Staff to meet the expectations for service that SAWS would otherwise provide including:

- Adequate water supply with plan to build in redundant sources
- Establish water conservation plan with triggers for drought restrictions
- Water infrastructure requirements that meet and often exceed TCEQ requirements
- Sewer infrastructure requirements that meet or exceed SAWS standards
- Sewer inspections, cleaning every five years with smoke testing every two years.

The transfer of the water and sewer CCN is subject to the consent of the City and final approval by the Public Utilities Commission of Texas (PUCT). Ultimately, the PUCT will determine if SJWTX has the financial and technical resources to serve this area.

SJWTX will request a sewer wholesale contract with SAWS to serve wastewater in order to prevent a package treatment plant from being constructed. Connection to the SAWS system will include extra protection for crossing Balcones Creek, including encasement at least ten feet beyond the bank and leak detection sensors. A final sewer wholesale contract will be subject to SAWS Board approval. In the event that contract is not approved, then SJWTX will be required to develop another plan for the collection and treatment of wastewater that is in compliance with state law and Texas Commission on Environmental Quality rules.

On July 12, 2022, the SAWS Board approved an agreement with SJWTX to transfer the water and sewer CCN in Kendall County and to file a joint application at the PUCT, and also recommending that the City consent to SJWTX's application to establish water and sewer CCNs within the City's ETJ.

As noted on the attached maps, the CCNs are 3.15 miles from Camp Bullis. Fair Oaks Ranch is between Camp Bullis and the CCNs. The CCNs are in the Military Notification Area (MNA) but outside the Military Sound Attenuation Overlay (MSAO), Military Protection Area (MPA) and the Military Lighting Overlay Districts (MLOD).

JBSA provided the attached no-objection letter to the SJWTX CCN applications. In the letter, JBSA's did not view the CCN applications to be a detriment to any current, or projected, water or sewer services provided by SAWS to JBSA. Additionally, JBSA did not consider CCN applications to be a trigger for the military notification requirements since they did not consider them lead indicators of future growth and/or development and would rely on existing CoSA and SAWS military notification processes to provide sufficient awareness of pending development actions.

ISSUE:

The application for the establishment of water and sewer CCNs within the City's ETJ is subject to the consent of the City and final approval by the PUCT. SAWS recommends that the City

consent to SJWTX's request for CCNs to avoid significant financial and operational challenges with serving this area.

JBSA provided a no-objection letter to SJWTX's CCN application.

ALTERNATIVES:

If City Council does not consent to the CCN application, SAWS will either be required to serve customers in this area which will present significant financial and operational challenges, or SJWTX could appeal to the PUCT to approve the application without the City's consent.

FISCAL IMPACT:

Funds will not be encumbered. There is no fiscal impact to the City.

RECOMMENDATION:

Staff recommends the City consent to the establishment of the water and sewer CCN by SJWTX within the City's ETJ.