

**State of Texas
County of Bexar
City of San Antonio**



**FINAL
Meeting Minutes
City Council B Session**

City Hall Complex
114 W. Commerce
San Antonio, Texas 78205

Wednesday, April 2, 2014

2:00 PM

Municipal Plaza Building

The City Council of San Antonio convened in the “B” Room of the Municipal Plaza Building with the following Councilmembers present: Bernal, Taylor, Viagran, Saldaña, Gonzales, Lopez, Medina, Nirenberg, Krier, Gallagher, and Mayor Castro.

1. A monthly Utility Briefing by SAWS relating to its water supply options and the process to adopt impact fees. [Ben Gorzell, Chief Financial Officer; Troy Elliott, Director, Finance]

Robert Puente, CEO of SAWS, reported that the San Antonio Area had experienced a dry cycle in 2013 and that year, the San Antonio Water System (SAWS) operated under Edwards Aquifer Authority (EAA) Restrictions with supplies reduced by 29%. He noted that supplies from the Medina System have been offline since April 2013 and supplies from the Trinity Aquifer were limited. He noted that the supplies in the Aquifer Storage & Recovery (ASR) Facility were utilized to meet the demand and avert Stage III Restrictions. He reported that Models have indicated a reduction of 40% in the Edwards Aquifer Supply, which would initiate Stage III Restrictions. He stated that when this occurred; SAWS would have to ensure that adequate supplies were available for Rate Payers. He noted that this year, SAWS did not plan on receiving supplies from the Medina System and expected a reduction in supply from the Trinity Aquifer. He reported that SAWS has avoided imposing Stage III Restrictions on three occasions and that the EAA would likely impose Stage III

Restrictions based on the Aquifer Level or spring flow. He indicated that an existing Ordinance allowed SAWS to avert Stage III Restrictions if other supply sources were identified.

Mr. Puente stated that SAWS had received a new supply from the Regional Carrizo Project which was their largest Non-Aquifer Supplier. He noted that the demand in 2014 must approximate 2013 levels to avoid Stage III Restrictions. He reported that SAWS experienced a 20% decrease in consumption among its Top 10 Water Users and a 16% decrease among its Top 100 Water Users in 2013. He stated that the following were intended to achieve Discretionary Use Reductions: 1) Industrial Process, Commercial, and Indoor Water Use are not restricted; 2) Focus on automatic, spray irrigation; 3) Car Washes with Efficiency Certifications would be allowed; and 4) Hotels to implement Limited Towel/Linen Change Programs. He indicated that Stage III Restrictions limited water use by residents to once a week, every other week. He reported that Stage IV Restrictions were the same as those for Stage III along with the assessment of a Stage IV Irrigation Surcharge. He stated that said Surcharge would be applied 30 days after Stage III Restrictions were implemented on Residential Usage above 12,700 gallons per month. He added that SAWS recommended the following strategies to purchase Water Rights for future needs:

- Edwards Aquifer - 10,900 acre feet/year additional
- Brackish Desal Plant - 12,210 acre feet per year online in 2016
24,420 acre feet per year in 2021
30,525 acre feet per year in 2026
- Expanded Local Carrizo - 7,000 acre feet per year online in 2017
14,000 acre feet per year in 2022
21,000 acre feet per year in 2026
- Regional Water Supply Project - Up to 50,000 acre feet per year starting in 2018
- Demand Reduction - 16,500 acre feet per year by 2020

Mr. Puente reported that the following current Water Supply Projects were located on the same 3,200 Acre-Site in South Bexar County: 1) Aquifer Storage & Recovery (ASR) Facility; 2) Desalination Plant; 3) Regional Water Supply Project (RFCSP); and 4) Expanded Local Carrizo Plant. He noted that a new City Public Service (CPS) Energy Plant would also be built on said site. He mentioned the Strategies for preparing for future needs with new Water Supplies: 1) Lock up future supplies at today's costs; 2) Avoid Stages III and IV after the new project was built; 3) Establish partnerships with other cities; and 4) More diversification from the EAA. He indicated that a major policy decision would have

to be made whether or not the City would have an abundant Water Supply or operate on the Water Just in Time Policy which was currently used. He stated that a project to ensure an Abundant Water Supply would require an increase in SAWS Rates and would require formal City Council Action. He noted that the expanded Brackish Water Project would provide 50,000 acre-feet per year when complete. He noted that the Project provided the opportunity for SAWS to co-locate with CPS Energy on said site. He reported that a joint Board Meeting between SAWS and CPS Energy would be held on May 14, 2014. He noted that said Project would provide 400,000 acre feet per year of water. He indicated that negotiations with the Vista Ridge Project were ongoing and progress had been made.

Mr. Puente reported that a One-Time Impact Fee would be assessed on new developments at the time of connection and this policy was utilized by most Texas Cities. He mentioned that the State required Impact Fees to be updated every five years. He stated that the Capital Improvements Advisory Committee recommended: 1) Adoption of the Land Use Assumption Plan; 2) Adoption of the Capital Improvements Plan of Eligible Growth Projects; 3) Adoption of the Calculation of the Maximum Impact Fees; 4) Charge the Maximum Impact Fees for Water Flow, Water System Development, and Wastewater Collection and Treatment; and 5) Charge less than the Maximum Impact Fees for Water Supply (\$1,590/unit instead of \$2,796/unit). He indicated that SAWS would focus on the Water Supply Impact Fee and noted that public deliberation was ongoing. He recommended that growth pay for itself. He reviewed the timeline and next steps for establishment of the Water Supply Impact Fee.

Mayor Castro thanked Mr. Puente for the presentation and asked of the Timeline for the Impact Fees. Mr. Puente replied that the SAWS Board would take action on the Impact Fees on May 6, 2014 and a City Council Public Hearing would be held on May 8, 2014. He noted that City Council Action would occur on May 15, 2014. Mayor Castro noted the significant rate increases that would occur in the future in exchange for an abundant water supply.

Councilmember Bernal referenced Slide 17 and asked of new development. Mr. Puente replied that new development included things such as buildings, homes and shopping centers. Councilmember Bernal asked of the recommendation to adopt a Capital Improvements Plan of Eligible Growth Projects. Mr. Puente stated that discussions would be held with the Local Community to determine which projects would be eligible.

Councilmember Nirenberg asked of the risk involved in the Water Supply Projects. Mr. Puente explained each of the projects and noted that there was minimal risk with the Edwards Aquifer, Brackish Desal Plant, and Expansion of the Local Carrizo Projects. Councilmember Nirenberg asked of the Regional Carrizo Project. Mr. Puente stated that the Regional Carrizo Project encompassed 17,000 acre-feet and was entirely located in

Bexar County. Councilmember Nirenberg asked of Water Conservation Efforts. Mr. Puente replied that they strived to educate the public on the differences among Water Conservation, Drought Management, and Water Management. He explained that Water Conservation should occur year-round and would require a change in daily habits. Councilmember Nirenberg asked of the quantity of water from the Brackish Desal Project. Mr. Puente stated that the 50,000 acre-feet noted in the presentation would be coming from Wilson County and was determined by a Study conducted. Councilmember Nirenberg asked of the assessment of the Regulatory Environment. Mr. Puente replied that State Representative Larson had taken on the issue of water and that there would be a vacancy on the House Natural Resources Committee which he was likely to fill. He noted that they were working on changing the definition and regulatory structure of Brackish Water. Councilmember Nirenberg stated that everyone would benefit from a diversified Water Supply and asked of the Impact Fees. Councilmember Nirenberg asked of the steps that must be taken to have a Diversified and Abundant Water Supply. Mr. Puente stated that Education and Involvement was extremely important and that staff would have to be innovative and proactive. Councilmember Nirenberg commended SAWS for their work and stated that San Antonio should be a model for others.

Councilmember Krier spoke of the importance of water conservation and highlighted San Antonio's effort regarding same. He asked of the impact on revenues if Stage III was implemented with no outdoor watering allowed. Mr. Puente replied that there would be a significant decrease in revenues. Councilmember Krier asked of the Brackish Desal Project. Mr. Puente responded that there were three phases and that the first two phases could be accomplished within Bexar County. He noted that the third phase may require the use of Wilson County. Councilmember Krier asked how SAWS Rates ranked within the State. Mr. Puente replied that they were the lowest with the exception of El Paso. Councilmember Krier spoke of the issue related to Impact Fees and asked how the Fees were determined. Ms. Kelley Neumann replied that they utilize the Land Use Assumption Plan to anticipate the amount of growth that will occur within the service area. She stated that there would be 100,000 new dwelling units within their service area over the next decade. She noted that they would subsequently review the amount of Capital Needs to serve the growth and that there was a prescribed formula. She mentioned that the City Council had approved a policy to waive Impact Fees within the Inner City Reinvestment Infill Policy (ICRIP) Area. Councilmember Krier requested a map of the ICRIP Area and expressed concern with Impact Fees being passed on to Homebuyers.

Councilmember Taylor spoke of the importance of the community dialogue that would occur regarding Rate Increases and Impact Fees. She asked of the coordination between the Water Supply and the Comprehensive Plan. Mr. Puente stated that SAWS would follow the plans put in place by the City Council. Councilmember Taylor requested additional information regarding Impact Fees.

Councilmember Viagran asked of the City's current water stage. Mr. Puente replied that the City was currently under Stage II and had been for 12 months. Councilmember Viagran concurred with Councilmember Taylor regarding the need for community outreach and integration with the City's Comprehensive Plan.

Councilmember Medina asked of the Commercial Rate for Impact Fees. Ms. Neumann replied that there was not a separate rate but was based on the size of the water meter. Councilmember Medina spoke of challenges with development in District 7 due to Water Infrastructure and Impact Fees. He requested a discussion with city staff regarding good building practices to capture rainwater.

Councilmember Gallagher referenced the double-digit rate increase to fund the Vista Ridge Project and asked of the timeline. Mr. Puente replied that it would occur between 2018 and 2019. Councilmember Gallagher expressed concern with current ratepayers paying for future growth and asked of Water Loss. Mr. Puente responded that they were trying to get a hold on main breaks and older meters. He indicated that they had an active Meter Replacement Program and hired a Third Party Consultant to help address Water Loss.

Councilmember Krier stated that xeriscaping was very expensive and asked if SAWS would incentivize same. Mr. Puente replied that SAWS had a rebate program to trade in turf for drought tolerant plants. Ms. Karen Guz stated that they have always had a Custom Rebate for businesses. She added that the SAWS Board had approved doubling the amount of Irrigation Efficiency Rebates.

Mayor Castro noted the importance of a robust community education process. He recessed the meeting into Executive Session at 3:34 pm to discuss the following:

- A. Discuss legal issues regarding collective bargaining and benefits related contracts pursuant to Texas Government Code Section 551.071 (consultation with attorney).
- B. Deliberations regarding economic development negotiations and discuss related legal issues pursuant to Texas Government Code Sections 551.087 (economic development) and 551.071 (consultation with attorney).
- C. Deliberate the purchase, exchange, lease or value of real property and discuss related legal issues pursuant to Texas Government Code Sections 551.072 (real property) and 551.071 (consultation with attorney).

- D. Deliberate competitive matters regarding CPS Energy and discuss related legal issues pursuant to Texas Government Code Section 551.086 (competitive matters) and Texas Government Code Section 551.071 (consultation with attorney).

- E. Discuss legal matters relating to water supply contract pursuant to Texas Government Code Section 551.071 (consultation with attorney).

Item E was not addressed.

RECONVENED

Mayor Castro reconvened the meeting at 5:15 pm and addressed the Ceremonial Items.

CEREMONIALS

Mayor Castro presented a Proclamation in recognition of this year's Fiesta San Antonio that would be held from April 10-27, 2014. The President, Officers and Staff of the Fiesta Commission presented their Official 2014 Fiesta Medal to Mayor Castro and the City Council. It was noted that the success of Fiesta was dependent on the hard work and dedication of the Commission which organizes the Texas-Sized Festival of over 100 events, with more than 75,000 volunteers, to accommodate 3.5 million party goers.

Mayor Castro presented a Proclamation to the San Antonio Conservation Society in recognition of their hosting "A Night in Old San Antonio" (NIOA) from April 22-25, 2014. It was noted that the four-night event was held in the La Villita National Historic District and celebrates San Antonio's Diverse Cultural Heritage. It was also noted that NIOA showcases 15 ethnic-themed areas, more than 250 food and drink booths, and over 20 regional bands and dance troops, to provide entertainment to nearly 85,000 revelers.

The University of Texas Co-op Society presented their Official 2014 Fiesta Medal to Mayor Castro and the City Council. It was noted that the Co-op is an Association owned by students, faculty and staff to furnish books, supplies, and clothing at discounted prices to its members. It was also noted that since the year 2000, the Co-op has provided over \$30 million in gifts, grants and rebates.

Mayor Castro excused himself from the meeting and Mayor Pro Tem Medina presided.

2. A Public Hearing for public comment on the development of the City's FY 2015 U.S. Department of Housing and Urban Development (HUD) Entitlement Grant Programs and Budget, including the Community Development Block Grant (CDBG), HOME Investment Partnership Grant (HOME), Emergency Solutions Grant (ESG), and Housing Opportunities for Persons with AIDS (HOPWA) Grant. [Peter Zaroni, Deputy City Manager; John Dugan, Director, Planning and Community Development]

Mayor Pro Tem Medina opened the Public Hearing for public comment on the development of the City's FY 2015 US Department of Housing and Urban Development (HUD) Entitlement Grant Programs and Budget, including the Community Development Block Grant (CDBG), HOME Investment Partnership Grant (HOME), Emergency Solutions Grant (ESG), and Housing Opportunities for Persons with AIDS (HOPWA) Grant.

Karen Tiseth stated that this was an exciting time for San Antonio in that the city was experiencing new beginnings. However, she expressed concern with the new development occurring in the city which is causing rent prices to increase. She requested that equal opportunities be provided for the multi-cultures represented in San Antonio.

There being no other citizens registered to speak, Mayor Pro Tem Medina closed the Public Hearing at 6:05 pm.

CITIZENS TO BE HEARD

Mayor Pro Tem Medina called upon the citizens registered to speak under Citizens to be Heard.

Mark Perez expressed concerns with businesses operating without the proper permits and noted the explosion that occurred at the AGE Refinery Building. He mentioned various Development Services Staff that were not responding to his requests or adhering to City Ordinances.

Nazirite Ruben Flores Perez spoke of the Americans with Disabilities Act (ADA) and the Case Laws that were created when ADA Complaints were filed. He referenced the Book of Revelations Chapter 12 Verse 3 in The Bible and the Seven-Headed Dragon.

R.L. Wagner expressed concern with the attitude toward Artists in the Downtown Area and asked why the city did not want concerts to occur in Travis Park. He spoke of the need to improve transportation in the city.

Faris Hodge, Jr. submitted written testimony noting the salaries of the 24 Highest Paid City Employees. He highlighted the 104th Year Celebration of the St. John Baptist Church and their guest Preacher, Dr. Kenneth Kemp. He wrote that the city should not establish unit prices and expressed concern that Texas lags in quality and access to Healthcare. He requested that the City's Nutrition Program and Meals on Wheels Programs be combined. He wrote that the citizens of San Antonio did not support the Proposed Street Car System and that Texas needs a new solution for Highway Funding.

ADJOURNMENT

Mayor Pro Tem Medina announced that there was no action taken in Executive Session. There being no further discussion, Mayor Pro Tem Medina adjourned the meeting at 6:21 pm.

APPROVED



JULIÁN CASTRO
MAYOR

ATTEST:



LETICIA M. VACEK, TRMC/MMC
CITY CLERK