

SPECIAL MEETING OF THE CITY COUNCIL
OF THE CITY OF SAN ANTONIO HELD IN
THE COUNCIL CHAMBER, CITY HALL, ON
TUESDAY, AUGUST 28, 1973.

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The meeting was called to order at 8:30 A. M. by the presiding officer, Mayor Charles L. Becker, with the following members present: COCKRELL, SAN MARTIN, BECKER, BLACK, LACY, MORTON, BECKMANN, PADILLA, MENDOZA; Absent: NONE.

73-44 The following discussion took place:

MAYOR CHARLES L. BECKER: The purpose of this meeting this morning is to permit the City Water Board to give their side of this presentation that was made the last, whenever it was, by the Greater San Antonio Home Builders' Association. I appreciate the fact that we had you, more or less, scheduled to come back Thursday, but in the interest of time and considering the necessities involved and the urgency of this situation we hope we are not imposing on you by asking you to be here today. I don't think the extra two days would have made a great deal of difference actually. So in that connection we don't feel like we are cutting your time short to answer this presentation in the red book. I don't know who would like to start this morning, whether it be the Chairman of the Water Board, Mr. Kaufman, or General Counsel for the Water Board, Mr. Sawtelle, or Mr. Van Dyke, the General Manager, or all of them put together, but which ever one would like to, please step forward and feel free to do so, and you have unlimited time today, Jack.

MR. JACK KAUFMAN: Mr. Mayor, and Ladies and Gentlemen of the Council, I am Jack Kaufman, Chairman of your City Water Board, and the order of presentation that we would like to have is to have Mr. Van Dyke speak first, then Mr. Sawtelle, then myself.

MAYOR BECKER: All right, thank you.

MR. ROBERT VAN DYKE: Good morning. I am Robert Van Dyke, General Manager of the City Water Board.

The City Water Board attended the Council's first public hearing on a review of its Regulations on Wednesday 22 August 1973. During the course of the hearing we were handed a copy of the Greater San Antonio Builders Association Study on City Water Board Main Extension Policy. During the hearing Chairman Jack Kaufman told the Council that after we had had an opportunity to read the study report and after we had received a transcript of the hearing that we would advise the Council on how long it would take for us to prepare a report setting forth our facts and figures in response to the Builders' report. Because we did not receive the transcript of the 22 August 1973 meeting until Monday morning 27 August 1973 we have only had a minimum amount of time to read the 86 page transcript and the Builders' report prior to this hearing today.

Our fast review of the Builders' report indicates that there are many areas of that study on which the Council should have added factual data and complete information on costs, and results of this recommended action should be presented prior to final consideration of a matter of this great importance to the future of San Antonio and its citizens.

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I would like to point out that all of the statistical information presented in the report covered the period prior to 1 January 1973, and therefore has no actual bearing on the merits of Ordinance No. 42018 which was passed by the City Council on 29 March 1973 and which is the subject of this hearing. This discrepancy is sufficient in itself to discredit the validity of the remainder of the report. If we then assume that the builders based their thinking and conclusions on statistics for a period prior to the passage of the Ordinance, it is obvious that their conclusions are based on conjecture.

The developers attribute the comparatively low growth rate of San Antonio to the City Water Board's extension policy. During the period 1940 to 1960 the City had a growth of 131%. The growth of the City from 1960 to 1970 was only 11.3%. This growth trend reversal is due to the fact that the City Councils in their wisdom during the period 1960 to 1970 did not follow an aggressive annexation program which would have permitted the City Water Board to keep abreast of developments in the new City limits. The land area of San Antonio in 1960 was 161 square miles, and its area in 1970 was 184 square miles for a growth of only 14% in land area. The City's land area was not materially increased until December 1972 when 53.5 square miles were added. The basic reason for growth of the satellite communities around San Antonio such as Windcrest and Universal City is due to the low tax rate in these cities and the low percentage of market value on which assessments are based. It is difficult to envision that the lower taxes, no City inspections, and no building permits are outweighed by the City Water Board's on-site main policy. For example, the annual taxes on a \$20,000 home using the City's assessment value of 45% of market and current tax rate of \$1.89 per \$100 would be \$170.00 or \$14.18 per month. If we use the 60% assessment rate contained in the Builders' report, the monthly average tax cost would be \$18.90. To amortize the \$300 water main cost as stated by the developers would cost approximately \$27.75 per year or \$2.31 per month. This latter figure includes not only the amortization of the \$300 principal investment, but also the interest cost at a rate of 8-1/2%.

It is interesting to note that according to the 1970 census San Antonio has the highest population per square mile of any of the cities in Texas with 100,000 population or more. The population per square mile for San Antonio is 3,555.

Austin is 3,492

Dallas is 3,179

Houston is 2,841

This data nullifies to a large extent the comment in the Builders' report that the City of Houston "is for all practical purposes fully developed." It has been estimated that 50,000 citizens were annexed into the City of San Antonio on 26 December 1972, and this population increase does not appear to have been reflected in the population growth figures presented by the Builders' report.

The main extension policies of the City Water Board are discussed in the Builders' report and they have stated that "no other Texas city has a main extension policy that is more detrimental to the developer than the City Water Board's." An examination of the "Comparative Main Extension Policies, Major Texas Cities, August, 1973" as presented in the report reveals that the main extension policies of Corpus Christi, Dallas, and El Paso are comparable to those of San Antonio when viewed in their entirety. Austin has as stated in the Builders' report a refund policy of 80% of the cost of on-site mains. However, we have learned this policy is being revised to the extent that in the future on-site mains outside the City limits will be provided at the developers cost and dedicated to the City. The Builders' report does not point out that the present San Antonio sewer extension policy is more stringent than the City Water Board Regulations as far as extension of service mains are concerned.

The Builders' report indicates that the average monthly consumption per City Water Board customers on an annual basis is 2,366 cubic feet per month. This is the average monthly rate for all City Water Board customers including customers such as Brooks Air Force Base and other large industrial or commercial users and presents an erroneous picture. The average use of 5/8" residential customers who make up 95% of our residential customers and 87% of our total customers is only 1,494 cubic feet per month.

The developers have stated emphatically that they are facing an emergency and a shutdown of their industry because our Regulations are forcing them out of business. A review of the Babcock Place Subdivision, the Bristol Place Subdivision, and the Camelot-East Village Subdivision reveals that within these subdivisions there are approximately 2,366 platted lots approved by the City Water Board on which construction could proceed immediately with water available. Based on this sample review of subdivisions, it is estimated that as many as 5,000 such lots throughout the City and its extraterritorial jurisdiction have already been approved for construction and have water available, but on which no construction is proceeding. These facts hardly indicate that the industry is facing an emergency because of City Water Board policies.

The developers who own private water utilities have indicated an urgency and an emergency that would be dissipated in a minute if they would but comply with the law as all other citizens are required to do.

They failed to mention the many developers, who do not own private water utilities, who will suffer financially if they are denied use of the Community Water Development Fund monies for development in the extraterritorial jurisdiction if the action recommended by the Builders' report is followed.

Claims by the developers of the impact on the homebuilding industry by the City Water Board's policies appear to be overplayed and somewhat erroneous. This is substantiated by various bits of information released recently. An article contained in the San Antonio Express dated 23 August 1973 cites "Homebuilding Plummetts 19%" in Texas between May and June and states, "This massive drop was caused by some diminution of demand but principally by soaring interest rates and by inflation of building costs."

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A 21 August 1973 Wall Street Journal article cites that "As a result of the money-market situation and to a lesser degree, of the government's having suspended new commitments on most types of federally subsidized housing, the housing industry is entering a slump whose full force will be felt in 1974." This article places the blame primarily on interest rates and availability of mortgage money. The article further states "the big builders will have enough back orders to offset any slackening in new orders." "In the beginning of 1972, they felt that mortgage rates would remain low, and mortgage money plentiful, only until that November. In fact, the mortgage picture didn't begin to darken until this spring." The article further states, "Now a steep housing decline looms. If the government doesn't act," says Mr. Sumichrast of the home builders' association, "there will be a very deep recession in housing by the first of next year."

Another release by UPI dated 25 August 1973 cites problems in the homebuilding industry caused by interest on loans. The article states that new interest rates on FHA and VA homes for mortgages up to \$33,000 are being established. It further states that "lenders have not been willing to finance federally insured loans, which allow low and middle-income families to buy homes with little or no down payment because the interest rates permitted by the previous ceiling were too low in today's tight money market. As a result families with incomes of \$15,000 or less and small cash reserves have been unable to buy homes since June."

Information obtained from the Semiannual Issue of Building Construction in Texas compiled by the Bureau of Business Research of the University of Texas and the Division of Construction Statistics, U. S. Department of Commerce Bureau of the Census indicates, "In Texas, as in the nation, potential homeowners are discouraged from building or buying new homes by scarce money, high interest rates, and rising costs of labor, materials, land, and taxes." This data indicates that residential homes of all types over the State of Texas were off 5% from the period January to June 1973 when compared to the same period in 1972 and were off 20% for the month of June 1973 when compared to May 1973. A comparison of dwelling units authorized in Austin, Dallas, Houston, and San Antonio Standard Metropolitan Statistical areas contained in the report is as follows:

City	Percent Change in Number of Units/January-June 1973 From January-June 1972		
	<u>1-Family Dwelling Units</u>	<u>2-Family Dwelling Units</u>	<u>Apt Bldg Dwelling Units</u>
Austin	-20%	-28%	- 3%
Dallas	-25%	-58%	-23%
Houston	-10%	-58%	-34%
San Antonio	+36%	-16%	+178%

The developers in essence have asked you to give them a blank check in making the recommendations contained in the Builders' report. They have given you no cost data for you to measure the financial impact your action will have on City Water Board operations, and they have not told you the magnitude of the water rate increase you are going to have to pass on to the citizens of San Antonio in order to pay the developers what they are politically demanding.

Based on only a cursory review of available data because of the shortage of time, it is obvious that the information presented in the Builders' report hardly leads to or justifies the conclusions reached by the writers of the report. It is equally obvious that this Council should have a complete factual report for their study and consideration before any action is taken to modify or alter in any way the provisions of ordinance No. 42018. The City Water Board can prepare a factual report for the Council in approximately one month of interrupted work. If we are beset with unexpected problems such as the six-day strike we just experienced, the report could take even longer. However, if it is the wish of this Council that the City Water Board undertake such a report, it will be commenced without delay, and it will be concluded at the earliest time feasible commensurate with the complexity of the material that it must of necessity contain.

MRS. LILA COCKRELL: Mr. Van Dyke, I wanted to ask you if you would elaborate on one point you made of. It's an area that I do not have as much information about it. That is, the statement you made that smaller developers might, in fact, be hurt by this policy. You mentioned the Community Development Fund in the ETJ. Would you explain that just a little bit more for me?

MR. VAN DYKE: When the ordinance was passed it established a Community Water Development Fund and this Council, I'm sorry, Mr. Mayor, the previous Council authorized the issuance of \$6,000,000 in Water Revenue Bonds to be used to establish the Community Water Development Fund. This money which is to be used with developers, private customers, single customers, to extend water mains to their properties, both inside and outside the City limits. This policy was established in conjunction with the concept that we would provide water throughout the ETJ and eventually become the sole purveyor of water because if we did not have the financing, we could not very well go out into this great area contained in the ETJ. Now, if the Council, in its wisdom, decides that the Water Board should not have this power to operate in the ETJ, we will no longer have those funds available to the many developers that are using them every day, and, of course, now they're going to have to go out on the market and they're going to have to borrow money at considerably higher rates as we have seen just recently, and it's going to place a great financial burden on those developers who don't own their own water company. So, really, the ordinance that we're talking about affects only just five or six developers, and they're the ones that benefit by having the ordinance rescinded. All the rest will be hurt.

DR. JOSE SAN MARTIN: Mr. Van Dyke, how much of that \$6,000,000 has been spent already?

MR. VAN DYKE: We have expended approximately \$1,550,000 of it in the ETJ and \$647,000 inside the City limits.

DR. SAN MARTIN: Does that cover on-site mains right up to the development?

MR. VAN DYKE: We're talking, Dr. San Martin, about the approach main.

DR. SAN MARTIN: Approach main.....

MR. VAN DYKE: That goes from our existing facilities to a sub-division. The on-site mains, as you know, are paid for by the developers both inside and outside the City limits.

DR. SAN MARTIN: What is the interest that you sold that first million or how much have you sold of that \$6 million.

MR. VAN DYKE: The effective interest rate was 4.2, I'm sorry, 5.1 percent.

DR. SAN MARTIN: A number of developers, how many have actually, how many, is it just one large developer or several smaller developments that you have serviced with this?

MR. VAN DYKE: Many.

DR. SAN MARTIN: How many would you say?

MR. VAN DYKE: I don't have those figures readily in front of me, Doctor, but they would be contained in our report but there are many.

DR. SAN MARTIN: Have you used any of that money to purchase water systems?

MR. VAN DYKE: No, this money is not.....

DR. SAN MARTIN: For that use.

MR. VAN DYKE: It can only be used to help in the extension. I think, if you will remember back, that this is a revolving fund, and that the monies are paid back into it from pro-rata charges, and other connection charges so that the fund is kept in tact over a period of time and will be available to other developers so that they may borrow money and, in essence, let's not say borrow, let's not say borrow, let's say use the funds for financing.

DR. SAN MARTIN: If you've used only 1 million plus out of 6 million what is the rate of interest that you're earning on that balance of the money?

MR. VAN DYKE: We have used over 2 million.

DR. SAN MARTIN: Over 2 million, okay.

MR. VAN DYKE: Two million dollars and, John, what is our current special interest rate for earning?

MR. JOHN SHIELDS: We're earning 5.5 percent on our depository contract at Frost Bank.

DR. SAN MARTIN: Okay, thank you.

MAYOR BECKER: Mr. Van Dyke, for not having much time, I think you've done remarkably well here today in accumulating your data, and I'd like to also compliment you on one other thing if I may, and that is that I've heard a lot of things here today that I haven't heard prior to this morning. So, it's new. In part, now, in this red book, and I presume you have a copy of it.

MR. VAN DYKE: I don't have one with me, sir, does someone have a copy of this little red book?

MAYOR BECKER: Back in the back there's an Exhibit 5, this report makes mention of a fact that was mentioned here the other day the last time we met that of the 9,000 homes that were constructed in San Antonio last year, 6,000 of them were outside the City limits of San Antonio. I can't substantiate that. I have to accept that at face value because unless I go out and do this statistical work myself. This report here, this Exhibit 5, chart showing percent increase per year of City Water Board customers, source water statistics City Water Board. Then it shows a little notation here present City Water Board refund policy, in effect, and it was from approximately 1959, if I read this correctly, to the present time. It shows a marked decrease in the amount of actual City Water Board customers. I know that you can do anything with statistics, do anything with graphs, charts, that you want to, but is there any validity to the chart on Exhibit 5?

MR. VAN DYKE: I believe that our charts which are presented are probably correct, the notes that are on there, of course, have been added by the builders, I presume. Let's examine what this chart shows. It shows that the City Council, who were in office at that time, did not follow an annexation policy, and we are all aware of that. I pointed that out in my previous comments, too.

MAYOR BECKER: You think that the only reason this occurred is because the City Council did not follow an annexation program? Is that the only reason it occurred?

MR. VAN DYKE: I believe that if we have an opportunity to prepare the facts, it will show that the number of City Water Board customers increased in almost the same percentage as the growth took place as presented on this chart. Whenever you have a government that does not annex the territory around it when there's growth, the customers naturally would not be reflected, and I pointed out to you that the figures that were brought about by the 26 December 1972 annexation brought in approximately 50,000 people and 53.5 square miles of territory. I can only presume that we will be providing service to the majority of those people in the area that is annexed in a very short time. That's our role in life, to provide water for people in the City of San Antonio.

MRS. COCKRELL: Mr. Mayor, if I may just add one little comment on this. As a member of one of those Councils that had a very conservative annexation policy, I might say that the Council did receive requests from some major developers to give them time to get their subdivisions more completely sold out before proceeding with annexation. In an effort to cooperate with some of those major developers, I feel that the City perhaps followed a too conservative policy, but we were trying to give those developers the opportunity to get their properties more completely developed so that prior to having to take on the City taxes and so forth, that they would have the opportunity to sell their properties. I'm sure that this did contribute to the situation which you are describing and the fact that so much development did occur in the subdivisions which were outside and were permitted to remain outside the City limits.

MAYOR BECKER: I was going to say there was mention of the fact that development growth in the luxury housing market in Houston follows the pine trees. I'll reiterate the point. It's an accurate statement, it does follow the pine trees. It's difficult for people who have never been over there or examined the situation to really know what I'm talking about but it's a fact. The pine trees, wherever they extend, whether it be the Sugar Creek, Champions Area,

which is Farm Road 1960, as I pointed out before Highway 45, which goes to Conroe, the Lufkin Highway 59, the Nasa Base. All those areas where you can find pine trees are where the expensive homes are built. Most of the land within the City limits of the City of Houston is primarily occupied at present with houses. There is very little land left to be developed except certain barren land that's about like this table top here that for some reason, either never had trees or if they did have trees, they were cleared at some time in the past, for agricultural purposes, for farm land. This is one of the most compelling reasons why the growth in the City of Houston has taken the pattern that it has. You don't put a hundred and fifty thousand dollar house on a flat over there, a prairie flat, it goes into pine trees and yet they build these kind of houses, not only by the hundreds but indeed by the thousands.

Now, the thing that concerns me about this whole situation, and I don't propose to be an authority on any of it, we have a problem here that has apparently been something that has gone back and forth, and rehashed and thrashed out and fought over now for I don't know, since I guess 1959, '60 to say the least. I'm not sure that it's really accruing any real beneficial results as far as the City of San Antonio is concerned, taking the City as a whole. What I'm trying to do in my own mind is to develop an approach to this thing that will be both acceptable to the Water Board as well as the homebuilders, if that be possible, and I think it possibly is. Nothing is absolutely impossible if people just make their minds up to it. Now the WCID comes to my mind and while Mr. Sawtelle and Mr. Kaufmann are speaking, I would appreciate it if you and the various builders out there might consider the feasibility of going the WCID route. It has many advantages as was explained here the last time we met on this subject, that could possibly be an effective compromise for both sides. Now, I'm not saying that it will. I said possibly because I'm not an authority on WCID's. So, I think rather than either side becoming completely entrenched to take an adamant view on this thing, what we should really be doing is sitting down and thinking out how we can bring about an amalgamation of the forces of the mind to work toward the total betterment of the City of San Antonio. I'm convinced in my own mind practically 100 percent that the builders are going to continue to go out beyond the ETJ and if that's the case, then it certainly is not doing the City any worthwhile good, to be hopskipping all this undeveloped land for whatever reason it might be, to be always, so to speak, ahead of the hounds. What we need to do is develop the City. We need to develop the City limits as much as possible and also all the ETJ as much as possible, without having any further hopskipping into the hinterlands. Now, these population figures about densities of population, there's perhaps a lot of, I'm not going to deny them, but I do think there are extenuating circumstances as to why the density and population figure shows as it does for San Antonio. We have a highly dense population situation in this City, perhaps greater than any other city I know of in the State of Texas. We have areas here where I think the population density reaches 45 to 50 thousand people per square mile. I remember something on that in the census tract maps. I don't know of any other city that has that situation in the State of Texas, at least a city of this size. So, statistics can be done in many ways and can mean all kinds of things. Let's see if we can't approach this thing from another avenue. Rather than defending my view or you defending your view or any of us defending our own views, what can we possibly do to bring about a meeting of the minds.

MR. VAN DYKE: Mr. Mayor, I believe, sir, that you have raised some blanks upon which we totally agree with you. We don't have the knowledge

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and it's not contained in that report and that is precisely why we are here today to tell you what we have found and if we are here to tell you that you hold the future of San Antonio in your hands and, in your wisdom, you must make the right decision on what you're going to do if San Antonio is going to grow and prosper. I can only bring you information. I can only bring you the facts that we are able to find, and I believe that this is the information you want and this is what we are offering to do, but I think it must be brought up that it took apparently some five months to prepare the report that was presented to you and that we have only human beings that work at the City Water Board, and we have to get data. We are being asked to get information on things that are beyond our normal way of doing things. We are going to have to have market analysts. We are going to have to have economists. We're going to have to have correspondence with other cities to see why in Houston all this has taken place. We know that WCID's were the subject of great consideration in the legislature because they have been so poorly handled in the Houston area. There has been so much crime and misuse of the funds and mishandling of the way the WCID's were handled in the Houston area and these are the subjects of investigation by the state legislature. Now, the WCID's in itself is a reasonable concept, and it's only the people who operate them that sometimes don't follow their duties. So these are things that we need to find out about. We need to report back to you. I believe that you should have this information before you take upon yourself a decision, one way or another, that is going to affect the citizens of San Antonio. I believe, Mr. Mayor, that you must look very hard, who is going to benefit? Is it going to be a lot of people or is it going to be a few? These are the things that you need to study and you need to have the facts and we are willing to take the time to get those to you.

MAYOR BECKER: I think, perhaps, that properly handled a lot of people could benefit, and by a lot of people, I'm speaking of the people that are the residents of the City of San Antonio, and if this policy, in effect, would bring about an increase in taxes to the City of San Antonio in tax revenue, of developing the lands that are not being developed now that, in effect, should have a net result of benefitting all the citizenry of the City as I see it. Now, if it doesn't, of course, then we've all wasted our time. We have statutes I guess on every states' books in the land preventing murder or at least outlawing murder and yet it does occur from time to time. If there has been any abuse in the WCID situation in Houston, that doesn't mean that it should be condemned forever and a day as being unworkable. Now, I can't answer for the fact that whether there has or has not been, I'm merely offering a possible solution. Something that might satisfy both parties, that's really what I'm after here. I'm not being accusatory of either the home-builders or the Water Board for that matter, you understand.

MR. VAN DYKE: Yes, sir.

MR. ALVIN G. PADILLA: Excuse me, Mr. Mayor. Mr. Van Dyke, I'd like you to elaborate on a point that you made. You said that the developers were here politically demanding something. We might as well bite the bullet and I'm going to ask you to elaborate.

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MR. VAN DYKE: I think that's quite obvious, sir.

MR. PADILLA: I'd still ask you to elaborate because I'd like to discuss it with you.

MR. VAN DYKE: I'm willing to listen, sir.

MR. PADILLA: It was your term. I'd like you to say what you meant.

MR. VAN DYKE: I said that the developers were here politically demanding that this action be rescinded, this Ordinance be rescinded. I think that's stating the fact.

MR. PADILLA: I think that the term could imply just many things. I'd like to know what you meant.

MR. VAN DYKE: I mean that the developers are attempting to use the money and positions that they have to effect what they have failed to effect in the courts.

DR. SAN MARTIN: Mr. Mayor, I'd like to take exception to that remark, Bob. I have met with some of the developers that presented a report here the other day, Mr. Van Dyke, and I have met with some members of your Water Board of Trustees and specifically, Dr. Galindo, several times in the last few weeks. At no time, Mr. Van Dyke, did either side, either the Board of Trustees or the developers give me any indication that they were using political pressure on me or on any other member of this Council. Everytime that we met to discuss the issues, from their point of view, and at the conclusion of this meetings, they always said you do whatever you think is right for the citizens of San Antonio. At no time was there any indication of political pressure being applied and when they were here the other day, I said they presented what they thought was a fair presentation and no hint or indication of political pressure, so I, personally, will join Mr. Padilla in taking exception to that remark because I have not found it. I have not found it to be so and in fairness to Mr. Manupelli, who was here the other day, and I specifically asked him this question, and I told him at the time that I would ask it of you, too. So, I might as well ask it of you, too.

I asked Mr. Manupelli, do the developers really get paid twice as it has been indicated in several reports, and he said that perhaps he wasn't sure that maybe they did. Now, I told him at the time that I would ask you. Now what is your answer to that question, sir? Do the developers really get paid twice for passing on, first, the cost of the water system to the home purchaser and then by getting a refund from the Water Board? Now, is this true in all cases, or is this true in some cases, or it is not true in any case at all? Even our Congressman has said that they get paid twice so that something is there or somebody is not telling the whole picture. Now, what is your answer to that question?

MR. VAN DYKE: I believe that they get paid twice. Now, the FHA states that in valuating a home, the cost of a water main out in front of the property is included in the value of the lot and home. I would presume that most of the developers do deal with FHA. In essence, if that water main inside that house is later sold to the City Water Board I think it is a very logical and clear cut conclusion that the

developer has been paid twice. In the report presented by the developer to you, they state that the cost of the water system is \$300.00. They also state that they have a value of \$800.00 and according to my mathematics, this is 2.67 times the cost of the mains that were put in the ground. So, I say my two times is rather conservative by their own figures.

REV. CLAUDE BLACK: In a presentation of these issues, both parties have indicated the critical nature of our decision. You have said we hold the destiny of this City in our hands. I think the other parties have indicated the critical issue of employment and, of course, all of this imposes upon us responsibilities that we are not in the habit of handling. I'm not in the habit of holding the destiny of this City in my hands as fairly new, I'm interested in some of your report in a sense that you have indicated that this change of this Ordinance would only affect possibly about six, four or six, I think, I don't remember the exact number that you gave, of developers that it would not at least affect great numbers of the developers. Yet you have indicated also that the impact of this change would bring about increased cost of service. Now what I'm trying to put together is the minimum affect of developers and the maximum affect of the results of the change. And, I'd just like some comment on that. Now, is it that the developers that will be affected have this kind of impact on the total operation or what are we talking about? Because once you talk about the minimum affect of change upon the developers that are involved in this, and then a maximum kind of affect upon services rendered. It seems to me that there ought to be some kind of understanding of how this comes about and could you just enlarge that? And did I understand you properly in your report that's what I would first ask? All right?

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MR. VAN DYKE: I believe it would be fair to say that the establishment of privately owned water utilities in the ETJ of San Antonio is practiced only by a very limited number of developers. And if you want me to name them, I will do so. There are about five or six who feel that this concept is a reasonable one in their opinion. It is a money making proposition and they could do it under the law prior to the passage of our Ordinance on the 29th day of March. Now with the passage of that Ordinance, they are only allowed to expand their system, first to the capacity of the production storage facilities and treatment facilities that were in place on 29th of March 1973, or they could get their systems where inadequate and not up to the standards of the State Department of Health, we will allow them to increase their capacity up to the minimum standards but they could not add any additional capacity to go out beyond and to serve new areas with production capacity they do not have at the present time. Mr. Becker in his comments to you on Thursday, mentioned that if it was the case of having to drill new wells and to put in new facilities to serve these customers, that would be another story and I'm here to tell you that this is the case. They cannot serve those areas around them without adding a considerable amount of facilities in most cases. Now, I can't say this is true in every case, but there are a number of subdivisions that for example, Ray Ellison Industry owns that they have reached capacity. They cannot expand these under this Ordinance without drilling more wells and going into a capital expenditure in order to provide the services. This is what the Water Board was telling the Council and the people when we adopted this Ordinance. We said that we do not wish to hurt any developer that is out in the area that has a private water company. Let him expand up to the capacity of what he has and we will buy those systems if he doesn't want to be in the business. We will pay a fair market value so that he will not suffer any financial loss. This is written right into that Ordinance so that those people would not be hurt financially, but we said, if in the future we continue to have a proliferation of private water companies we, first of all, do not have the control of the water system in this area and this is extremely important as we go into the surface water period and if and when we ever have a lowering of the water table to the point that we are going to have, so to speak, ration water. If we have no control over the water utilities that are all pumping out of the same aquifer they could do anything that they wanted to and we couldn't. So this was one of the reasons. We felt that if we were able to live with the situation as it is today, but in the future to go out into the areas to serve that we ultimately can do a much better job for the citizens of San Antonio.

Now, you must realize that the ETJ area around San Antonio is larger than the area contained in the City limits. In fact, I don't have the exact statistics, but it is about 1 1/2 times as big. So with the start of the Community Water Development Fund, and with the extension of mains out into the ETJ, it's going to take us a period of time to have mains extended out there so that we are in a position to serve every area.

We discussed at the meeting on Wednesday, I believe, the Hunt School where Mr. Ellison had a water main right next to the school and the Water Board had the school follow the law and provide an extension. These people came to our Board and asked relief from this, and there is a provision in our regulations that says that the Board in its discretion may authorize the extension of a main if it is in the public good and for public purposes and this matter is under consideration at the present time and we will be rendering a decision on it very shortly. But that is specifically there so that the Board can take care of these problems and take care of the tax supported institutions if necessary. When we had the University of Texas started the Water Board was the first utility that went out and laid the main while some of the others saying it couldn't be done. We built a new pump station out there to take care of the University of Texas. Not from any urging from this Council or from anyone else. This is our job to see that water is out there and this was in the public good. We did this and we shall continue to do this.

I think, Rev. Black, what I am saying is that if we follow a policy where the Water Board can systematically extend its services into the ETJ, if we are given time and money to have an orderly growth we will better serve the citizens of San Antonio because our mains will be out there and we will be able to handle growth in the City of San Antonio like no other city in the state of Texas. Houston has had water rationing. They have had shortages. They have had alot of problems, but because of a very active and excellerated program of building mains and water facilities in San Antonio we have avoided such problems in recent years and I can stand here and very clearly say it will not happen in the forseeeable future if we are allowed to carry out our plans as we have in the master plan.

DR. SAN MARTIN: Mr. Mayor I have one, actually I have two questions. You say that developers could develop their systems to full capacity, is that correct? Now who determines what full capacity is?

MR. VAN DYKE: We have consulted with their own people, with their engineers, for example, with Ray Ellison Industry. They have been in and have talked to us, they have told us what they had in the ground and we have worked up what the capacity of their system is. We work very closely with them.

DR. SAN MARTIN: All right. What is the disagreement as to what full capacity is? This has been the case. I'm sure you know that in some areas you and the developers have disagreed as to what full capacity is. Now who has the final say so?

MR. VAN DYKE: Doctor, I don't believe this is a matter of much argument. We have certain standards that must be followed. If they are in the ETJ there are certain standards that must be followed by the State Health Department and it is just cut and drill.

DR. SAN MARTIN: All right, suppose there is a disagreement, who has the final say so? The Water Board or if the developer feels that his capacity has not been reached and the Water Board feels that it has.

MR. VAN DYKE: The City Water Board has the final say. What is our role here? Our role is not to promote private water companies or developers, it is to protect the people of San Antonio that are going to go out and buy those homes, out there, but when they move into a house if they suddenly realize that there isn't sufficient water capacity or there isn't enough pressure then they have a problem and they have spent their money. You would be amazed at the number of people that call in to us that are on private systems, Dr., and say we just don't have enough water, we just don't have any pressure, can you come out and take over this system. What we are trying to do is, not do something for the Water Board, but to protect the citizens of San Antonio who are so weak in that area that they have no control over this. They have to take what is given to them, and then they buy a home they think it is going to have adequate service. I can point out one subdivision that has fire hydrants on two inch mains. Now if you owned a house out there and your house got on fire, and you tried to put it out and the fire engine hooked to a fire hydrant on a two inch main, I dare say your house would be burned to the ground before anything could be done.

MR. MORTON: How old is that subdivision?

MR. VAN DYKE: This particular one probably is ten years, maybe.

MR. MORTON: Would you not have the authority, whether it be a private system or whether it be your own system either within the City or within the ETJ to prescribe what the design criteria will be. There would be no difference.

MR. VAN DYKE: That is correct.

MR. MORTON: Well, thank you.

MR. VAN DYKE: I am merely pointing out that these systems do exist. At the time annexation takes place they are brought into the City and that is precisely why we have the criteria to protect the citizens and see to it that they get a fair shake for their dollars that they lay down when they buy a house.

DR. SAN MARTIN: Mr. Van Dyke, no one is disputing your responsibilities to the citizens. We know it is and this Council and any other Council would see to it that it is. We are not disputing that. I'm not and nobody here is. I don't want to belabor the point, but I have heard that this question of what is full capacity and who determines it, who has the final say so, is more than just an ordinary deadlock sometimes. The other question I was going to ask you is this. Now you said that if this Ordinance is rescinded it would inure to the benefit of just five or six developers. Is that correct? You made that statement.

MR. VAN DYKE: Yes, that is essentially correct.

DR. SAN MARTIN: Okay. Now I think that you have to look at it in a different way. It would be that five or six developers could have ninety percent of the action wherever action is. You're talking about apples and oranges now. Are we talking in the number of citizens to be served or the number of developers that would benefit, because, as you mentioned yourself, the ones who will benefit will be the citizens of San Antonio. Now, what percentage of the development is handled by these few, five or six people, that you are talking about compared to smaller developers that would handle say only ten percent of the development.

MR. VAN DYKE: You raised a very valid point, and this is one that we feel we don't have adequate information on at this time that we would like to develop to bring to you. Let me say that if five or six developers benefit one hundred and fifty four thousand customers of the City Water Board are going to pay that bill.

DR. SAN MARTIN: All right, let me ask you something. How many plats are you holding back right now? How many citizens are potentially represented in those plans that you have not approved or that you have rejected?

MR. VAN DYKE: Well, there are none being held back, they are either approved or disapproved.

DR. SAN MARTIN: All right, how many have been disapproved since the Ordinance was passed in March?

MR. VAN DYKE: I don't have those figures immediately available.

DR. SAN MARTIN: But, you say that a substantial number of the total picture is involved?

MR. VAN DYKE: I would say the small percentage of the total. Most of the developers are going ahead with their developments in accordance with the law and we are experiencing very few difficulties with these folks as far as these problems.

MR. MORTON: Is that true in the ETJ?

MR. VAN DYKE: I believe, Councilman Morton, that you have held up your own area. Mr. Ellison has held up his, as Frank Manupelli expressed to us. We are aware that perhaps Wayne Nance has held up some and Quincy Lee. The majority of them are going ahead and, as I said, we are spending money from our Community Water Development Funds to go out and take care of these people and we have already expended over a million and a half dollars to help these people.

MR. MORTON: Are we talking about 17 out of 25 plats?

MR. VAN DYKE: I don't have the numbers. We're not prepared to make a report to you today. I have outlined that to you.

MR. MORTON: Let me ask you, when you start talking about being the sole purveyor, generally speaking, in San Antonio and its extra territorial jurisdiction if we kind of quarter the City up, what portion of the City does not have water at this time....an adequate water supply?

MR. VAN DYKE: You mean natural water supply?

MR. MORTON: No, I'm talking about commercial water supply.'

MR. VAN DYKE: Commercial water supply.

MR. MORTON: In other words, where they would have to depend on you for mains.

MR. VAN DYKE: I'm not sure I understand.

MR. MORTON: Okay. What quadrant of the City doesn't have water?

MR. VAN DYKE: Well, there's no water south of the Edwards fault zone. This is a natural condition and there is no water available north of the outcrop, the northern perimeter of the City.....

MR. MORTON: That's slightly north of Interstate 10 if we went out in this direction beyond Loop 410 and we swung around to the south, where would we go before we got water?

MR. VAN DYKE: Probably very close to our Wurzbach pump station would be one point....at Wurzbach and Evers Road. That would be one point that you could put in your reference in your mind. Another would be....let's take Nocagdoches Road at the Bexar County line and that's pretty close to where the water is. If we draw a line through those two points generally north of that area there would not be a great deal of water available. For example, as I pointed out, we extended mains to the University of Texas five miles because there is water there but it certainly is not adequate to meet the needs of a university and the growth that is potential around the university. So private water companies would have to transport water into that area just as we would.

MR. MORTON: For a long distance, so.....

MR. VAN DYKE: Going south, Mr. Morton, when we get south of the fault zone there is no water there and all of the mains that we install carry water from at least north of the fault line south into that area. I'm sure that this Council is aware that we are under way with our study of the Applewhite Reservoir and we hope to have that completed by 1970 (sic) and in operation. Also we are cooperating with the SARA in the development of Cibolo Reservoir and it's our hope that we can bring this surface water into the south so that we can serve that area where there is no natural water. I'm not sure I've answered your question but if you'll.....

MR. MORTON: The point I'm really making is the southeast of the City.. if you had four quadrants, is the one most void of water. If you were going to develop in this quadrant, you would have to go a long distance, let's say outside Loop 410 if you were developing just outside of Loop and there is plenty of land on either side of the Loop. You would have to go along then to get water, so probably it would rule out a private water system. The economics wouldn't work unless you had a very large tract of land. Well, there just isn't any water there so in other words, if this area is to be served, you are the one that is going to have to serve it.

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MR. VAN DYKE: Yes, that is essentially correct. Now, if we get over in the southwest quadrant or the northeast quadrant, there is water, let's say outside of Loop 410.

MR. MORTON: How would you compare the amount of main extensions that you are making in the southeast quadrant where there is no water and development relies strictly on you and for that matter east of town. How would you compare your expenditures or activities in that area versus the other three quadrants where there is water.

MR. VAN DYKE: Very low, and I think I would just reflect what the Mayor was mentioning about Houston. I'm not familiar with the Houston trees that you describe, sir, but we see a great demand of our citizens that they want to build up on the rocky areas on the north and the northwest quadrant of the City. They want the trees and so this is the predominant area of development.

MR. MORTON: Well, if you don't have water and the cost to get it would be so great as far as main extensions are concerned maybe that is the reason that there isn't any development over there. It's possible now, I'm just raising the question.

MR. VAN DYKE: Yes, I would say, Mr. Morton, that the cost of land is pretty high up there....

MR. MORTON: Where?

MR. VAN DYKE: In that northwest quadrant. We condemned a piece of land for our University Pump Station and the courts awarded over \$65,000 for about four acres.

MR. MORTON: Well, I.....

MR. PADILLA: Mr. Van Dyke, I want to get back to this term that you used, I want you to understand why I'm going to press it and I want you to either elaborate on it and explain it or withdraw it. Now, a few months ago, this Council was faced with the hearings of the City Public Service Board. It was implied then that part of the explanation for the energy crisis in San Antonio could be, and I'm a great believe in either put up or shut up, if you pardon the expression. It's a phrase. Now, if this Council is engaged in anything that is inappropriate or in any substantial way different from the actions of any other Council in terms of political..., for instance, it may be connections, activity, if you mean any of this, and I'm not trying to put words in your mouth, I'm asking you a question. What did you say? What, if anything, are you implying? ... If we're going to discuss the thing, let's discuss everything...Let's just see if anything this Council is doing is the norm, is the way of doing things in terms of political activity since you used the word "political". Let us see if we are in some way unique or acting in any improper way. This is why I want you to elaborate because we can take a look at a lot of things and we can discuss many things in terms of who's who, etc. The ball is in your court as far as I'm concerned because you used the term and I'd like you to explain it or withdraw it or whatever.

MR. VAN DYKE: Well, Councilman Padilla, I think that in some way you have taken my statement in a way that you feel that politics is a bad thing. Now, politics in America is a good thing and each of you are here because of politics. You were elected by the people because of politics. You are the chosen representatives of the people and the way you got here was because some people voted for you. Now, I hate to say this in front of Cliff, but I'm going to quote Cliff Morton. He sat in my training room in my office, this was before you ran for Council, sir, and at a meeting of the developers at which Cliff and I

were sitting at the head table, he banged his hand down on the desk and he said, "Van, we developers have the money, and we have the power, and we're going to use it". Then he said "we are going to change the regulations so that we are going to be paid for onsite mains". Have I properly stated this, Mr. Morton?

MR. MORTON: Did you tape it? Now, I'm not sure you quote me directly. At that time, I was the President of the Homebuilder's Association. I'll be real frank with you in that role, I was their chief advocate. Now, if we want to get down and start pulling each other, Van....

MR. VAN DYKE: We don't, we don't want to, Mr. Padilla had said that...

MR. MORTON: Let me, let me, let me, I'd like to quote you on something.

MR. VAN DYKE: Yes sir.

MR. MORTON: I have as a witness....

MR. PADILLA: I'm with you, Mr. Morton, But I'd like to come back....

MR. MORTON: I'd just as soon not engage in this thing, but again you took the first shot so, I'll take this one on you. Last year, when we were discussing annexation here at this Council, the impression was obviously left that this Council had no problem as far as acquiring the water systems in the extra territorial jurisdiction that was about to be annexed. If we'd like to get the record out, I'll show it to you. You and your representatives being for annexation and, obviously, as far an agency there were many things that accrue to you as far as the process is concerned. You left the impressions there was no problem in annexation as far as acquiring these systems. You left the impression that you had the power to do it.

MR. VAN DYKE: That's incorrect.

MR. MORTON: I do not believe it's incorrect, and I think that I had to stand up out there and point out the court case, it was Fort Worth versus Lone Star Gas, and we acknowledged....

MR. VAN DYKE: No, you did not acknowledge it at that time.

MR. MORTON: Subsequently, I saw you at the Night Hawk, and I asked you this question. I said, "Van, you knew that the City did not have that authority, they did not have the legal authority to condemn and acquire by it's right of eminent domain". Your reply to me was, "I am not about to give the Council that kind of information". Did you say that or not?

MR. VAN DYKE: I don't believe so.

MR. MORTON: Okay, I've got a witness present that you did.

MR. VAN DYKE: My memory, of course, that far back I don't recall. I have no recollection of ever saying that.

MR. MORTON: Okay.

MR. PADILLA: You remembered what Mr. Morton said with clarity.

MR. VAN DYKE: I was so shocked, Mr. Padilla, that those words just stuck right with me and....

MR. PADILLA: Well, I'm just wondering if we're dealing very honestly with each other, you know.

MR. VAN DYKE: You asked me to continue my.....

MR. PADILLA: Yes sir, I think so far you've given me the very classical school boy interpretation of politics. I appreciate the lesson but I think you and I both know what I'm getting at. I think we both know what you implied.

MR. VAN DYKE: I implied exactly what I said Mr. Morton said. He said those words to me right in my own training room, and I presume that this effort that we are now here talking about is a result of that statement.

MAYOR BECKER: You know, Mr. Van Dyke, this is one of the things that I object to about this whole situation, is that we are constantly digging the hole just a little bit deeper. Until this difference of opinion is resolved, with respect to the City Water Board and the developers, homebuilders, whatever they care to be called, I'm afraid that it's doing this town damage and harm and that's the reason why I have an interest in this thing. I was going to let that subject of political demands, politically demanding, pass but it didn't pass. Now, subsequent to that you made some mention with respect to the money and either influence or affluence, I don't know which word you used in the latter, but I can assure you this, as far as I'm personally concerned in what I've been able to judge of this Council, and we've been working now together for approximately four months, whatever it's been, if there was a Council that I've been able to witness that's bullet proof, as far as being influenced by either money or people or position, this Council, I think, will go down in the history of the City of San Antonio as the government as being one that comes closer to hewing the line of honesty and fairness and equity of any Council that I have ever seen prior to this one. I know a little bit about some of the rest of them. Now, I would only say this to us, all here, we are not really accomplishing what we came here to do today. I don't think we ever will as long as one group is sitting in one corner of the room and the other group is sitting on the other corner of the room and we are diametrically opposed on these issues.

I heard some of these developers say the last time we met here, which I think you reminded me it was last Wednesday, I couldn't tell you one day from another any more, and they were in agreement that certain things had to be done and should be done with respect to the apportionate payment for the development of surface water. I don't think I'm in error when I make that statement. They recognize the necessity for surface water. I think they also recognize the equity involved in each member or each developer or each whatever paying his pro-rata cost toward a fund for the development of surface water. We are going to have to finally come off of these high chairs that we're on and get down at the common meeting ground if we're going to do anything beneficial for this City and I say the Water Board, the Council, developers and everybody that's involved in this thing because the City is taking a whipping as a result of all this.

Now, let's assume that we're saving 2 1/2 million dollars of the water user's money by not providing on-site main extension refund policies. Let's assume, though, that in the savings of 2 1/2 million,

we're actually costing the City at this time, 5 million, 6 million, I don't care what figures you care to use, but as long as it's more than 2 1/2 million, it's on the plus side. Let's assume that we're costing the City that much in tax revenues by the continual driving out into, further and further and further away from both City limits and now the ETJ by these policies. I think it's well known that I'm not a home-builder, I wish I were but I'm not. I don't have anything to gain by being an advocate, either for the homebuilders, the Water Board or this City Council, other than I hope to bring about some conclusion to a running gun battle that's been going on for the last fourteen or fifteen years over some of these policies. The most recent one is the one that was put into effect on what was it, March 29th of this year. That's the only interest I have in this thing, and I think that's really the interest the Council has, I hope that's the interest that the homebuilders have, and that the Water Board has.

MR. VAN DYKE: I can assure you that that is the interest of the Water Board. In answer to each and every one of the Councilmen and Council Lady on this Council, our remarks did not in any way say that anyone on this Council was being pushed to make a decision erroneously. I said that you are being subjected to political pressure from the developers.

MAYOR BECKER: Not that I know of. I'm as hardheaded as you are. There isn't anybody on the face of this earth that can intimidate me, browbeat me or anything else. I defy them to try it. I've been challenged by experts and, by God, up to this point in time I have managed to come out alive and unscathed and I continue to do so as far as the future of my existence on this earth is concerned. If it means to reducing myself to picking with a pick and shovel, I was going to say something else but in deference to a lady, I won't say it. Now, that we understand each other, let's see if we can't proceed with this thing in an orderly fashion, in a, you know, proper fashion and I don't really think that any type of remarks about political pressures, re-criminations, or anything else, really have any part in this situation here today. If you'll forgive me for being that bold as to suggest that.

MR. VAN DYKE: Very good sir. May I say to you that your thoughts on the potential savings to the City of San Antonio by having developers here certainly has fact if it could come to pass. I think that we don't have the facts, and I pointed this out, that this is something that we could get to you because in answer to Mrs. Cockrell's question. At the last Wednesday meeting, I believe that she received no assurance from Mr. Quincy Lee, I think was the one that answered this, that the developers, in fact, would come inside the City limits. They still want to go out and find those trees we had discussed. So I think, Mr. Mayor, and members of the Council that it as I started out at the beginning, we don't have the facts to give to you. We have had no time to prepare them. If it is your wish, we would be glad to accumulate them and bring them to you so that you can make a decision.

MAYOR BECKER: We would appreciate it.

MR. VAN DYKE: Whatever decision you make that's yours and we can only as servants of the people and we will bring you the information on which you can base your judgment. You'll have to consider that information that is presented by the developers and then in your own judgment, you make the decision.

MAYOR BECKER: Excuse me, let me just explore something with you for a second please, Al. Would it be appropriate for the developers and the Water Board to try to sit down and develop these facts jointly? Would that be a beginning? Do you think that has.....

MR. VAN DYKE: No, I think it would be much better, Mr. Mayor, to develop facts independently and then let's compare. I think this would serve the citizens best. We feel that we have the best opportunity to obtain the information. We've been aware that the homebuilders were accumulating the information. I've had calls from every city I guess in the state. As soon as they sent you the information, we were advised about it. We knew that you were collecting the data and I think this is right that you should do this, that you should independently collect the information because then you can present the facts, issues or talk to developers and we would like to present ours in that same fashion.

MAYOR BECKER: Well, I agree with that. However, I do say this. As long as you all develop your facts independent of the homebuilders as long as they develop their facts independent of the Water Board, we're going to be point and counterpoint back and forth, back and forth like a tennis match and really that isn't the point. That isn't what I'm trying to get at. What I'm trying to do is get you people together, if it's humanly possible and I think it should be, because everybody that's assembled in this room from what I've been able to witness and observe in the past however months or whatever, are people that I would regard of exceptional intelligence. When you start with that, then you've got one of the most necessary ingredients of ever affecting a meeting of the minds, is intelligence. Now, let's work toward a common goal instead of all off on these tangent each at 180 degree direction from the other.

MR. VAN DYKE: Mr. Mayor, we have no intention of being picky with the developers. This morning, I merely pointed out the things that I felt needed expanding in the way of information to you because we have not had the opportunity to do the job that should be done for this Council. When we present a report as you if it is still your desire that you want us to prepare, we would still present our report to you and I would presume then that you would take the report that has been prepared by the developers, you would take our report...you have a Public Utility Supervisor here on the payroll of the city..that he take the two reports and he sit down and he look at the facts. It's obvious that certain things that will be contained in any report reflect the thoughts of the writer, and let him look at them and then advise you and you make your decision. We are not here to argue back and forth in that sense at all.

MR. PADILLA: You remarked earlier, I believe, that it will take you some thirty days to, so to speak, to prepare your case...

MR. VAN DYKE: Of uninterrupted work.

MR. PADILLA: All right, I don't know what the term "uninterrupted work" means, but you did cite an example such as the work stoppage and so forth, but I assume that you speak of this type of unforeseen situation. Now, I want to ask you a couple of direct questions. I may possibly, because we are all very much concerned with the possible work stoppage and so forth, I am seriously thinking, and I have asked the clerk to prepare a resolution, instructing the City Water Board to suspend enforcement of this ordinance until such time as this Council

either decides to leave the ordinance on the books as is to reinforce it, to rescind it as the case may be. In the event that this Council passes a resolution, instructing the Water Board to not enforce, will you carry this thing out?

MR. VAN DYKE: I have nothing to say about that sir. I work for the Water Works Board of Trustees. You will have to ask Mr. Kaufmann.

MR. KAUFMANN: Mr. Padilla, I believe we would have to consult with our attorney on that, I don't believe we could.

MR. PADILLA: All right, I would like when Mr. Sawtelle, I believe he is your attorney is that not correct, as soon as possible when he is ready to give us that opinion, I would like to hear from him. Would that be today or would he like to give us a memo in the next few days? Just a moment let me...I'll come back to that in a moment.

DR. SAN MARTIN: Mr. Mayor, I would like to elaborate a little bit more on Mr. Padilla's question about the thirty day report. Now, essentially, Mr. Van Dyke, you are talking about some of the questions that have been brought up lately as to economic statistics that you want to study and present to this Council, is that correct? Now most of the information that is really pertinent as to whether this ordinance stays or does not stay on the books has been accumulated, studied, reviewed before March of 1973. Wasn't that basically on the basis of that information that led to the passing of that ordinance? Whatever studies you did previous to March 1973 were accumulated over a period of time, is that correct? Before you came to the Council with an ordinance?

MR. VAN DYKE: The information that we had at that time was based upon the facts that were available at that time. Since the ordinance has been passed and this apparently is the question that the builders are raising with the Council, we have not had any opportunity to prepare a report answering either the point as set forth by the builders or to make a broad study of the situation. We just don't have the information.

DR. SAN MARTIN: That is true. Now, essentially from the point of view of the Water Board has there been a substantial change in your viewpoint from March 1973 to August 1973. In other words, essentially the same information that you had in March, isn't it the same information that you're basing yourself on to sustain the validity of the ordinance?

MR. VAN DYKE: I don't believe that is correct, sir. I think we have a great many changes that have taken place and as a responsible administrator, I have to be able to interpret the facts as they are. Each day they are changing.

DR. SAN MARTIN: All right, so on the basis of new information since March 1973, is there a possibility that you might say what we did in March is not necessarily true in August 1973?

MR. VAN DYKE: It could possibly reveal that some things would change.

DR. SAN MARTIN: So, therefore, what you are saying is that you are amenable to a compromise, to change, to some flexibility?

MR. VAN DYKE: I don't think it is a question of any compromise at all, sir. It is a presentation of the facts as they are today. We are not talking about compromise. We are talking about facts.

DR. SAN MARTIN: I am not talking about compromise in the way that you compromise with Water Board workers on their walk-out. I have some personal comments to make on that later. But you did compromise in a way with union people. They compromised with you and you settled. Is that correct?

MR. VAN DYKE: I believe that we worked out our differences.

DR. SAN MARTIN: Okay, you worked out your differences. That is another word for compromise. Anyway, now, essentially, Mr. Van Dyke, the new information is not that great that it would take more than thirty days to compile. Now that is all that I am getting at. Can you really do a good job in thirty days?

MR. VAN DYKE: We will make a diligent effort to have a report for you in thirty days. I can't promise it exactly in thirty days, but we will try.

DR. SAN MARTIN: Essentially, whatever information you compile will pertain mostly to the San Antonio area because what happens in Houston sometimes may have absolutely no bearing on what is happening in San Antonio. Are you going to study what is happening in Lubbock, what is happening in Nacogdoches, or Laredo, Texas, or anything like that?

MR. VAN DYKE: I think it would be unfair for you to have a report in front of you from the builders that looks into all these other areas without giving us an opportunity to do the same. To give you the information as we understand it in the very areas that they are quoting and using as their authority.

DR. SAN MARTIN: You feel thirty days is the minimum time you need?

MR. VAN DYKE: I believe we can do the job if we are not subjected to unexpected interruptions that are taking a great deal of time. When we come over, for example, before the Council we spend a day here. We would not have an opportunity then to be working on the report, but without any unforeseen problems, I believe we can do it.

MR. PADILLA: Mr. Van Dyke, to follow up on the question that I asked earlier. I would like for you to proceed on the premise that this Council tomorrow will pass a resolution instructing you to suspend. Now, we haven't heard from Mr. Sawtelle yet, but let's proceed on that premise just for a moment. Can you tell me what the consequences as far as the Water Board would be? What your position would be? I, for one, would appreciate knowing these things prior to considering such a thing. I may completely change my mind about the thing. I am very much concerned with possible work stoppage and so forth, this is my only hurry as far as any of this is concerned. I would like to hear from you at whatever date you would like to elaborate on this particular point. What would happen if we do this as far as you are concerned, as you see it, as the Water Board, as it were, sees it, what are the consequences as you see them?

MR. VAN DYKE: I would carry out whatever instructions the Board issued as their manager.

MR. PADILLA: Yes sir, I asked about consequences and so forth. I believe Mr. Sawtelle would like...

MR. BOB SAWTELLE: Bob Sawtelle, attorney for the Water Board. There are two problems. Everyone seems to be assuming that the suspension of the subdivision regulations will solve the whole problem. It won't. The reason it won't is that there is a separate law for regulation within the city limits and outside. It is the prerogative of the Council to determine what the regulations will be in the ETJ. If you rescind that ordinance then, of course, the Board follows the action of the Council.

MR. PADILLA: Excuse me just a moment, perhaps it is a minor distinction, I don't know, I was referring to a resolution instructing the Board to suspend enforcement.

MR. SAWTELLE: Well, I'll shoot from the hip and say, in my opinion, if the Council passes a resolution suspending enforcement, the legal effect of that would be the same as a rescission. That for the period of time the Ordinance is suspended that all of those things that take place during that period of time will have to stay as they are. For example, suppose during that period of time someone installs on-site mains, then if the ordinance were ever passed again or if the decision were lifted then those on-site mains would belong to the person who installed them. I'll make the point again, I think that legally a suspension of the ordinance will be the same thing as the revocation but that would be a clear cut thing. I think if the Council revoked the ordinance, suspended it, or passed a resolution for rescission, there is no question that it would no longer be operative in the ETJ, and the Board will follow whatever regulations the Council seeks to adopt in the ETJ. A great deal of the problem is in the City limits and, under the law, the Board has the obligation to establish regulations within the City limits and that leaves a great deal of the problem unsolved. Does that answer your question?

MR. PADILLA: Yes, I think what I'm trying to do is perhaps phrase it in a little different way--something the Mayor said earlier. I, as a Councilman, and I firmly believe that this Council as a whole is looking for some workable type of situation whereby we can all work together. The most disturbing thing about this whole thing, personally, is that I see it as more or less a confrontation of sorts. A fight, so to speak, between one of our utilities and one of our major industries in this City. I would prefer, much prefer, that we have a better relationship between the City, its utilities and certainly, one of its major industries. For this reason, I would echo what the Mayor said earlier that it would be most satisfying to me, personally, if everyone concerned would sit around a table and hammer something that's workable out of this process for the benefit of the City of San Antonio. It's a very tiring thing and one of much concern to me to see this constant battle going on. In conjunction with this, and even the consideration of a resolution tomorrow and so forth, I would appreciate very much if the parties concerned could sit around the table and perhaps hammer out a workable arrangement to serve on a temporary basis because I am very much concerned as I said last week that if there is any validity at all to the point made by the developers are going to suffer personally. The people who will suffer most directly and very quickly are the people that carry a lunch box to these projects, the carpenters, plumbers, electricians etc. These are people that I think all of us are concerned with. This is why I would like very much, if at all possible, for the people from the Water Board, the people from the developers, people from City staff all sit around a table and work something out. Perhaps we can put together something that will serve while we discuss this issue and while we reach a decision as to just which way we're going to go.

MRS. COCKRELL: Mr. Mayor, may I just ask this one question? Isn't this what was tried about a year ago? I mean in all this process that led up to the adoption of the present policy, wasn't there a good bit of committee structure, meetings and so forth, the opportunity for the homebuilders, the developers, sitting down with the committee trying to work these things out?

MR. SAWTELLE: Well, Mrs. Cockrell, I did not attend any of those meetings, and I have read of them and know about them generally, but the Manager of the System attended them, and I think he can respond to that better.

MAYOR BECKER: If I may make a comment on that please, Lila. Let's just assume that they have one or a hundred and one or a thousand and one, it's time to assume that you are not accomplishing any more beyond what has been accomplished unless we ask them over. And I know that you're not saying that.

MRS. COCKRELL: Yes, that's right.

MAYOR BECKER: I think it's worth the effort, I don't care, you know, if we had a hundred more if we could find something that would evolve out of our meeting that would be acceptable and in engender good to both sides.

MR. VAN DYKE: Mr. Mayor, may I respond to both Mr. Padilla's comments and yours and Mrs. Cockrell's also. We did have many, many meetings and there was not always accord. There were compromises, there were changes that were worked out to deal with a very complex problem that was brought about by the City's annexation of such a very large piece of territory on the 26th of December. As Mr. Zachry reported to you last Wednesday, he chaired the committee, he is presently in this room I believe and I'm sure that he would comment further. I served as kind of an adviser on that committee along with Mr. Morton and Sam Granata. When the Water Board prepared its first document, formal document, that was accepted by the Board or adopted by the Board on the 17th day of January, it set forth a plan of how this situation might be resolved and so that we could go ahead and take care of the complex problem that was facing us because of the annexation. We realize that because of the annexation we then had private water utilities that were operating inside the City limits that could not be franchised under the law, that they were using the streets and they still are today without any formal agreement with the City of San Antonio. The City receives no pay from any private water companies such as we collect from the telephone company or Western Union or any other utility, so these people have a unique position in our City that we give them this treatment because we can't franchise them under the terms of the bond indenture that supports the water revenue bonds. Our lawyers have been unable to tell us how to resolve this problem. If you will recall, when the developers and the Water Board finally reached the point that they had given all their input, the Zachry Committee went into counsel with the committee itself and it out with its final recommendation -- that the policy we now have on the books was reasonable, it was in the City's best interest, it had all of the input of the developers that they could think up at that time and had all the input that we could think up at that time and that the matter was solved. The Ordinance was passed and the Water Board has religiously carried out that Ordinance. I think it is seemingly unfair to our City Water Board organization that we are placed in a position that we are continually causing a confrontation. We are carrying out a law that was passes by a previous Council. I don't think that this is a situation that we are going out and confronting anyone. We are being confronted. We are being attacked from every angle because we are carrying out an Ordinance that was passed. I don't think this is quite right. If the

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Ordinance is incorrect, then it's up to this Council to rescind it, but as long as it is on the books and as long as the Water Board has its responsibility, it must carry out the law that has been passed by this Council.

MAYOR BECKER: No one's faulting you for that, Bob, and I don't think really that anybody is trying to say that the City Water Board alone shares the sole responsibility for the confrontation that does exist. Let's assume that it's part of the Water Board's responsibility. It's part of the homebuilders, it's part of the previous City Council and it's probably part of this City Council. So, you know, sharing the blame, if that will make the thing any easier for anybody or help wipe away any of the stigma, put it all on me, I don't care, but the only thing that I do say is this: that when can we start moving forward in a harmonious fashion? The City Water Board, the City Council, the home building industry, the developers and all of us start making some progress in a unilateral fashion and stop this devisiveness that continues to plague this situation, not this Council, but the City of San Antonio, I'm not blaming that on the City Water Board, it's a fact that the policy was voted into being by the last City Council. Now I was part of that City Council, as well as Mr. Padilla and Mr. Mendoza, so we were part and parcel of the thing. We're not denying that. We didn't vote for it, but we were nonetheless part and parcel of it.

Now, whether the committee met before and whether it will, you know, doesn't really interest me now at this time. What I'm looking forward to are some more meetings that might get us past this impass that we've reached at this time because that's really what we're driving for -- not trying to fix the blame or pin the tail on the donkey for past actions or anything like that. How are we going to bring about a meeting of the minds? That's the only thing that I care about.

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MR. VAN DYKE: Mr. Mayor, you are asking a question that perhaps it's going to take a long time to get an answer. The water system in the City of San Antonio was purchased by the citizens of San Antonio in 1925. It apparently was the belief of the Council that was in power at that time that municipal ownership of its utilities was in the best interest of the citizens. Now, I for one, am not an advocate of either privately owned utilities or municipally owned. Our American Water Works Association has 20 percent of its members as privately owned utilities, and they are very well run and they operate to provide the water service. It is a legitimate business, and it can be a profitable one and in the best interest of the people that are being served.

In San Antonio it was the will of the people in 1925 that we have a municipal water utility. Now, if, in fact, we do have one, then it would seem to me that the government of this City should do everything in its power to support its own utility and that if we are going to be a utility here, if we are the property of the citizens of San Antonio, then every citizen here is a stockholder and this government then should certainly look with caution when it talks about even allowing any other private enterprise to be a competitor to us. Now, if we don't want to be in the municipal water business, that's up to you, too, because you can make that decision. You can say, San Antonio could better be served by a privately owned system or a number of them. But I think that this is a policy matter that must be decided by this Council, not by your Water Board and not by this manager. I merely carry out the regulations that are adopted by our City Water Board. You, as a Council or as a City government and not this Council, Mr. Mayor, but previous ones in 1957, bestowed certain powers upon that Board to run this system. I don't quarrel with you one way or another, whether we have a municipal system or whether we have a private system but if we are going to have a municipal system, then it goes without saying and I speak to you here as a utility executive who has spent my entire lifetime in this business, we need to have a utility that is going to either operate the system or it needs to be put out of business. It is totally unhealthy for a metropolitan City to have the fragmentation of little water entities about it and this is a problem that is facing every major city in the United States, but in San Antonio it is magnified because of our Edwards Aquifer and anybody can get in the water business.

In Fort Worth, for example, there can't be any other private water company inside the City of Fort Worth because they will not annex the area unless they take water from the City. Any place that has surface water, has absolute control over the water supply for that area. Our job not only is to see to it that there is an adequate water supply available to our citizens, but it's to see that the quality of that water is safe, that we have proper treatment, that our long range needs are met, and if you feel, in your wisdom, that this can be accomplished better with a private water utility, so be it. But, it will not happen if we have a great many little ones that are not responsible to the municipal government.

DR. SAN MARTIN: Mr. Van Dyke, let me give you a little background. I was a member of the City Council in 1956 when the election was held to refinance the water system. I don't know if you were here then or not, but the reason the water system was refinanced was that even ten years after World War II, the Water Board of Trustees was still thinking in terms of 1936. So we found ourselves in 1956, with 50 year old mains that we laid out from the Market Street station to Zarzamora and from then on, the best you could get was the one-inch pipe in many cases. So, evidently, the Board of Trustees is not beyond criticism in many times and that was the reason that the

whole structure was changed by the Council. We had an election, and we named a new Board of Trustees and they were given ample powers to do that. The Water Board was refinanced. I forget the amount of dollars in bonds, but with the intention that the citizens of San Antonio would get the possible system at the lowest possible rates. I think the only thing I would comment on your last few remarks here is you said if you have utility, let us run it. Which is true, but I don't think that any utility which belongs to the citizens and even if it's a private water system, it still belongs to the citizens; it just has a franchise, is exempt from criticism or it's exempt from a review of its policies and therefore it behooves the elected representatives of the citizens of San Antonio to review those policies from time to time. I don't think that you can take it as a personal affront that this Council is investigating or reviewing some of your policies. If you did imply that, I'd like to correct the impression. Times change and the policies of everybody should change. I was instrumental in refinancing and buying the Transit System for example, from the old private company in 1959 at that time, but I do think that 14 years later that there should be at least a review of its operation. So, I think that, as independent as the utilities are, under the trust indentures, I don't think they're exempt from periodic review by the City Council or the citizens of San Antonio. So, it is not a question in my opinion of trying to keep you from doing your job. I think it's a question of needing from time to time to review your operations and in this case, if the developers feel that the Ordinance of March, 1973 has worked an injustice on them, I think it behooves you, the Water Board and this Council and everybody that's interested to sit down and try to review what is really best for the whole community.

MR. VAN DYKE: Dr. San Martin, I think that perhaps you misinterpreted my attempt there when I said that the ownership of a municipal utility is in your hands. I don't advocate one or the other, but I am saying if we have a municipal utility, then we should have it. If we want to have a private utility or a group of them, then we should decide that. I cannot quite understand the apparent confusion in the minds of the Council as to the advisability of having both a municipal utility and a private, a group of private utilities, that of necessity are competitors and that don't have the same objective. There's no way they can have the same objective. We're in the business and they are.

MAYOR BECKER: How do we know they don't have the same objective? Let's just, you know, that's the first premise I think we have to explore. I'm in a business that's confronted constantly by federally owned and federally subsidized type of an industry. I happen to be in exactly the same business. We both operate in San Antonio, not side by side, but certainly within the same areas, so to speak, at times. We've learned to live with them, apparently, they've learned to live with us. Yet, we have in addition to just that group, additional competitors that are too numerous to mention, and we've all been able to survive this thing. Now, I know we're not selling one commodity such as water, which is considered the property of the people of the nation. I understand that. It's beginning to look like, though, that some of the things we do sell are going to be viewed in that light if they continue to be as scarce as they've been here of late. But, I, for one, have never really been able to understand why the fact that we have a municipally owned utility system would preclude or would absolutely obviate the right of somebody else to be in that same business, particularly for a specified number of years. Now, at the end of that given period of time, someone brought up the WCID thing here the other day, it seems to me, it's 15 years, is that a 15 year deal?

MR. VAN DYKE: Not with a WCID, it's forever until it's annexed.

MAYOR BECKER: All right, forever until it's annexed.

MR. MORTON: Well, that's not true, is it?

MAYOR BECKER: I don't know.....

MR. MORTON: As far as your bonds are concerned, I think it's forty years.

MR. VAN DYKE: But, is this your main thing that a political entity is, Mr. Morton, until it's annexed.

MR. MORTON: Annexed entirely, but isn't it forty years on the bonds?

MR. VAN DYKE: They can have bonds of any length, I presume.

MAYOR BECKER: Some are set by law. Some modification of that system, you know, and the thing that would put in adherence to the complete specifications of the City Water Board, let's say, not extending beyond those specifications that you prescribe for yourselves and in a certain amount of time, once the developer gets his money back, out of the deal or whatever then it would revert to the City Water Board.

MR. VAN DYKE: A developer doesn't own a WCID, Mayor, that is a political entity and so it is slightly different.

MAYOR BECKER: I'm trying to hatch out something here that would possibly be acceptable to both sides.

MR. VAN DYKE: I would like to present information on this subject to you in my report.

MAYOR BECKER: All right, sir.

MRS. COCKRELL: There's one aspect to the whole water picture that I think is extremely crucial and that has been touched on in our discussion but perhaps has not been addressed in its entirety. That is the long range problem of the procurement of water. As we all know, we're utilizing water out of the Edwards underground water district. In the long run, we don't know whether it's ten years, 20 years, we don't know just exactly how long it is. But, we do know that we have to get other sources of water. Now, the City Water Board is moving ahead, as you have indicated, on securing surface water supplies. What concerns me as a citizen and as an official in the City of San Antonio is that the City Water Board not be placed in the position where it is the only agency that is having to pay for surface water supplies, while the many privately owned systems are continuing to use the Edwards until the well runs dry and that the City Water Board and its customers would have to assume the entire cost of the search for surface water. Now, I have had, to be fair, I have had at least one major developer tell me that he felt that the developers would, in all fairness, be willing to assume some portion of this search for surface water, but I have not seen any specific plans presented. I am very concerned that this high cost of surface water as compared with the cost of withdrawing the Edwards water not be placed as a burden which will be borne exclusively by the water users in the San Antonio water system and that the other users would escape its burden entirely and just continue to use the Edwards. It seems to me that this is the real basis of the City Water Board sole purveyor policy.

In the red book that was presented to us by the developers there was just one mention of the source of water that I could find and that was a mention that stated that in cities such as San Antonio which had unlimited sources of water that there were not the same as restrictions on the development of other water companies. That statement may be true right this minute, but we all understand that it can't be true over the long haul because we do have to address ourselves to the problem of the fact that the well someday will run dry. The Edwards is a very complex system. The water is refurbished; as we all know, it is a system that does tend to refurbish itself in times of heavy rains we restock to some extent but the system does have limits and we are going to have to develop surface supplies, and I just don't want the citizens on our City Water Board system to have to pick up the whole tab while we're surrounded by many, many companies that are escaping the burden in its entirety, and I think this issue is one that concerns me greatly.

MR. VAN DYKE: Mrs. Cockrell, the problem that you are describing is quite bad in scope. The City of San Antonio, the City Water Board, Edwards Underground Water District, San Antonio River Authority, Guadalupe-Blanco River Authority, and the Nueces River Authority are presently engaged in a very comprehensive study to look into the water resources of our whole general area. I'm sure that you realize that today there are no underground water controls in the State of Texas, however, the Water Rights Commission does exert control over surface water and all surface waters in the State of Texas belong to the State of Texas and must be allocated by the Water Rights Commission. It is the long range intent of the study that is presently under way and which we anticipate will be concluded by the Bureau of Reclamation in 1975, that we will evolve a plan that will, in essence, allocate water resources to the many users that are in our area. It goes without saying that the City of San Antonio cannot develop surface water and pay for it and at the same time allow all of our neighbors in the rural areas to pump water from the Edwards in unlimited quantities at almost little or not cost. So, this plan that we are hoping to evolve then will not only work out an allocation of the available ground and surface water to the various cities and the rural areas in this general area I described, but it will allocate a cost and at that time it won't make any difference whether a man pumps the water out of a well or whether he takes it from the surface water he's going to have to pay, but this will have to be done down the line by some super agency that is bigger than any of us. I think that our customers today in San Antonio don't really care where their water comes from. They want to turn on the spigot and they want to know that there's water there, that it's of pure quality, that there's adequate pressure, and will take care of their needs. If you can conceive in your own mind of an agency, we'll use that reference, like the City Water Board that would have complete control over all of these resources and so when our City Water Board wants water to come in our treatment plant, we'll just turn on the spigot and we want it to be there. When Mr. Farmer or Rancher wants to have water out to water his cattle or irrigate he'll turn on his spigot and water will come out. It goes without saying that a major City has a distribution network in place and we can receive surface water, treat it and distribute it to the greatest number of people with the greatest of ease as compared to the rural areas. Now, if we had to import surface water to a ranch, it would be impossible economically to do this. So, in essence, what we are saying is that down the line all of us are going to have to share the cost of both ground and surface water. The people in the rural areas, in essence, are going to have to pay a state agency or whatever this super agency turns out to be to pump ground water which in turn will be coming to help us develop the surface water sources so that they may have an available ground water supply and we would not pump all this ground water out of the ground.

MRS. COCKRELL: The statement, by the way, I found it in this book, and it was the one I referred to. It was on the page headed, "Comparison of the Main Extension Policies With Other Texas Cities," and it's number one, and it says, "No other major Texas City has a main extension policy which prohibits the creation of private water companies in its ETJ if it has an adequate, economically available supply of underground water." The word I was questioning, of course, is "adequate" in that certainly it's adequate today but I don't think any of us tell with certainly for how long.

MR. VAN DYKE: We're the only City in the State of Texas that falls under that description of having an adequate ground water supply. Houston does not; Dallas does not; Fort Worth does not; El Paso does not; Corpus Christi does not.

MRS. COCKRELL: Has there been up to now any formalized plan presented to the Water Board from any of the other water utility distributors in the county of a plan to share the cost in search for surface water?

MR. VAN DYKE: We have never had a formalized plan, although Ray Ellison, personally, has offered at numerous occasions to participate and that he felt that this was part of his responsibility in being a private water purveyor of some magnitude.

MRS. COCKRELL: Well, I'm glad to have that information entered into the record because it was a representative of Ray Ellison that did make the statement to me that they would be willing to consider this.

MR. VAN DYKE: Mrs. Cockrell, I don't believe that we have any great problem on this, but it's just a matter of the mechanics and perhaps of working out eventually some type of an agreement and in most of these private water utilities their size is so small at the present time with the exception of Ray Ellison and perhaps the Zachry system. That it just perhaps does not seem practical to do that, and Mr. Zachry also has expressed to me from time to time that he understands that this is a necessity, too. So, I don't think that there's any argument on this point, but it just never has come to pass.

MR. LACY: Mr. Van Dyke, as you've already pointed out, it seems as though we're very, very fortunate in that our building and single unit, double units, apartments, and everywhere we seem to be far ahead of other cities. With tight money coming along and so on, don't you foresee that we may soon lose that? There may be a decline and coupled with is ordinance as it seems to be so far reaching that don't you believe that if, in fact, we're trying to control something by this law, if it develops because of tight money because the developers refuse perhaps not to go ahead or not being able to because of the (inaudible) going beyond this jurisdictional thing, then we're trying to legislate by this ordinance to make people do our will make them do what we want them to. There is always a move or counter-move for every government, a higher administration, just like our price control to curtail somebody and tell them they can't do something because of a rule or a law and so they counter -- they do something else to get a round. In this case, if they decide to go beyond the extra territorial jurisdiction in order not to be curtailed and have to submit to these plats being held up and so on, wouldn't it be better not to try to control by this piece of legislation or this ordinance and open it up so that there could be development, so that we can keep going. It may inure not specifically to the Water Board in revenue coming back, but in taxation to the City, so for the greatest number of people they'll be served otherwise even though it may not be specifically the Water Board itself.

MR. VAN DYKE: Mr. Lacy, I've tried to point out in my initial remarks that it would seem to me that other factors far greater influenced the decision than a \$300 investment in the water main which the FHA says is included in the price of the lot. I'm not going to argue this point one way or the other. I believe that the quotation from the newspaper (inaudible) by the people who are in this business... Let me point out that our homebuilding industry has a great many problems at the present time because of the money and lending and federal control and so forth. I'm not even in the homebuilding business. Mr. Morton could probably tell you at great lengths of the problems he has and the other developers. My only point here is that we don't have all those answers now and we have told you we would try to get you that information to present to you. A cursory examination does not indicate to me, as an individual, that the water policy is the factor that's pushing these people out. I'm not building the houses, and I'm not a homebuilder, so we need to go to people and get this information. Mr. Zachry made a statement to this council that this really was not such a big factor in his building. But I'll let him speak for himself on that...and so I think that each individual developer may have his own reasons for why he goes out. If we try to attribute just to the cost of that water main, the amortized amount per month is just in excess of \$2.00 on a \$20,000 home per month. It just doesn't seem to me that is a compelling force. I have heard some very strong statements by some of the developers that say that this is the whole answer. They may believe it, but what I would like to do is present you the facts and let you be the judge.

MR. LACY: Mr. Van Dyke, if all of the plats are being held up and...

MR. VAN DYKE: None are being held up, sir.

MR. LACY: Well, not being approved. If in fact this is determined to be the key, the large key, the largest key, would you be willing to concede that the general welfare of most people would be to prevent these to go on. That certainly has been the past estimate because it hadn't been for these little water entities that we don't like many many areas in San Antonio wouldn't have been developed and had they not been developed, our area have not been able to expand because it it predicated on area when we take on additional area. We wouldn't have been here as large today as we are today if it hadn't been for

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them because the Water Board said they couldn't do it.

MR. VAN DYKE: They couldn't, and they wouldn't, and the reason that we are in this position today is because those very old Boards were hampered. As Dr. San Martin pointed out, prior to 1957 the old City Water Board was hampered by the indenture that would not allow them to get additional funding until it paid off the bonds. They were just locked in. The old system operated under the concept that if we don't spend any money to improve it, we're operating a good system. But I think that Dr. San Martin's council back in 1956 recognized that this was on a disaster course and that something had to be done. With the establishment in 1957 of this new concept of our Board, your Water Board has never had any thought but to get out and provide the service where it could. The reason we had very much problem on this is because our board refused at that time to do what was necessary. What I'm saying to you today, you have a board that is interested in the growth of San Antonio and if any board ever could have been and today we are faced with a problem of the quantity of water that is going to be available now and in the future whereas a number of years of ago that problem didn't enter into the picture. I think that we must look at facts as they are today. We must try to come up with the answers that we, as responsible citizens, feel our threat and best course of action for the city. I stand before you as one of your chief administrators, registered engineer, and one who is purported to have some expertise in the water field to give you benefit of my advice and my opinion and it is up to you, as a councilman, then to weigh these facts along with all others and then come up with a decision that you feel would be in the best interest of San Antonio, Now we have no other purpose than that.

MR. PADILLA: Mr. Van Dyke, back to the resolution to rescind or not to rescind though Mr. Sawtelle did say that it had the same effect. I'm going to ask the council Thursday to consider a resolution to suspend these things. Now my great concern is possible work stoppage and so forth and in conjunction with this, I've asked the clerk to draw up a resolution instructing the Water Board to suspend, not the entire ordinance, but perhaps just those points that are points of contention, points of disagreement, points that the developers in their opinion feel are having an inhibiting and detrimental effect on the industry. Now, in conjunction with this, of course, the council as a group does not have the first hand information and the knowledge that the Water Board and the developers have because this affects them most directly. I have asked the clerk to consult, not only with the Water Board, the City Attorney and representatives from the development industry or rather I've asked him to consult with these groups in attempting to commit to paper a resolution that, in effect, can be a very workable temporary solution to the situation facing us. I would like to urge you very strongly to participate with the City Clerk in drawing up this resolution. He will be contacting you, and I, for one, hope that all of the interested parties do participate in the framing of this resolution and he should be in touch with you today or tomorrow.

MR. VAN DYKE: Mr. Padilla, I must ask that you give us the opportunity to at least complete our presentation. Mr. Sawtelle has a presentation to make and Mr. Kaufmann indicated that he has remarks to make and please allow us to make our presentation before you come to a conclusion of what you would like to do.

MR. PADILLA: I think I stated Mr. Van Dyke, and I don't see that of course as far as I'm concerned, you will be given an opportunity to complete your presentation. I did not mean to suggest otherwise. My remarks were to the effect that I'm going to ask the council to consider a resolution and I mean just exactly that. Whether the council will adopt it or not, or course, the remainder of your presentation

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as well as that part of it that you have presented so far will be taken into consideration. I was simply inviting you to participate in the council.

MR. VAN DYKE : Along that line, I feel that it would be well before the City Water Board officials leave this room if you would advise us whether you wish to have us make our report or not. If the decision is already made, perhaps we should not spend the time but advise us on that before we leave.

MAYOR BECKER: As far as I know, Mr. Van Dyke, a decision has not been made and the purpose of this meeting this morning was to hear all interested parties and as far, as I'm personally concerned with the pleasure of the Council, of course, being recognized, I don't know whether Mr. Sawtelle had completed his report or not, I left the room.

MR. VAN DYKE: No, he had not, sir.

MAYOR BECKER: He had not? Alright, would Council care to have Mr. Sawtelle continue at this time? Are there any other further questions for Mr. Van Dyke? Mr. Sawtelle.

MR. SAWTELLE: Mayor and the Council, Bob Sawtelle, counselor of the Water Board. I'd like to apologize to the Council for not having been here at the last session. I wasn't aware that I was supposed to have been here at that session. I know you're busy and that you're in almost daily sessions and that you need to have as much attention as you can get.

MAYOR BECKER: Would someone kill those lights, please? Excuse me.

MR. SAWTELLE: It's my purpose to discuss with you a little bit of the legal aspects and the role, the legal role, that Counsel and the Board have in the operation of the system. I'm a little bit concerned that what I have to say will be duplicated knowledge, knowledge that you already have, so if I start giving you information that you already know about or if you have questions while I'm talking why I invite you to interrupt me.

MRS. COCKRELL: May I ask this one question, Mr. Sawtelle? You made reference to the fact that, and I believe you apologized for not being here at the last session, did anyone invite you specifically to come or contact you or say that your presence was needed here that day?

MR. SAWTELLE: No, no one invited me.

MRS. COCKRELL: It seems to me the apology is not on your side that is needed.

MR. SAWTELLE: Well, thank you.

MAYOR BECKER: The invitation was extended to whom? It was extended to the City Water Board, was it not?

MRS. COCKRELL: No sir, not at last Thursday's session, I don't believe. At the meeting we had on Wednesday, we extended the invitation to the City Water Board and they were here. The reference that I had and Mr. Sawtelle had, was the meeting on Thursday in which the attorneys for the plaintiffs in the lawsuit appeared here and asked the Council to move ahead with action. I pointed out at the time that the attorneys for the Water Board were not present and I think it was to that Mr. Sawtelle had reference.

MR. SAWTELLE: Yes, only that you made that comment I wanted to make.

If I had been expected, why, I didn't know that I was supposed to be here. One of the problems that I was speaking to before is the problem concerning the authority to pass regulations in the two distinct areas, that is, the City limits and the extra-territorial jurisdiction. The previous City Council and the bond ordinance has delegated to the Board along with a state law the authority to adopt the regulations and inside the City limits this is the responsibility of the Board. It's responsibility is to relate to this obligation under the bond indenture. It's related to its obligation to the equity holders, who are the citizens, who hold about 65 million dollars in equity. The bonds outstanding are about \$45 million. So, the regulations within the City are related to an affect those trust obligations under bonds. As I say, both the State law and municipal ordinance has delegated that regulation making authority to the Board.

To comment on what Dr. San Martin said, certainly the Council always has the right to refuse, has the right to information and it has the right to ask questions and to discuss it's own attitude and it's own opinion as far as these things are concerned. As far as the extra-territorial jurisdiction is concerned, the Board has no authority. It's just a matter that's strictly up to the Council. It's up to the Council to determine whether or succeeding Councils, previous Councils, this Council or succeeding Councils, to determine the kind of regulations they wish to set for the ETJ. It just so happens that your ETJ regulations with the respect that exists now and has existed with respect to sewer extension policy that was adopted in March. There is general uniformity now between water, sewer, streets, drainage as far as cities extra-territorial regulations are concerned. Prior to the March, prior to the March change, there was not this kind of uniformity. So if you change, if you make a change in your regulations as far as the ETJ is concerned, it won't necessarily solve the problems of which you are speaking because the existing Board regulations will stay as they are and they'll continue to be problems.

Generally, the Council's authority, as far as the Board is concerned, is the approval of rates, the authorization of bond issues and the adoption of the regulations in the ETJ. The Board powers are generally to operate the system, to recommend rates and pass the regulations within the City limits. Part of the problem that the Board has, a major part of the problem the Board has, is the maintenance of its policy in accordance with the requirements of the indentures. The maintenance of its income so that it meets the bond requirements of the indenture. It has some obligation with respect to maintaining its credit position with the banking community of the nation where money comes from by bonds. All of these are factors that bear upon and are involved in the whole question of the new regulation policy. They're not easy. They're difficult things to sell. There are a lot of -- obviously, a lot of cross purposes.

Dr. San Martin raised the question that I would like to speak to directly. I think he has a legal question and that is whether or not the Board has the last say as far as whether the capacity, production capacity of private systems has been reached. Essentially, the Board does have the last say, legally, as to that, because it is the Board that sets the criteria, the Board that says how big the pumps have to be to maintain certain pressure. It's the Board that says how big the mains have to be to be adequate for fire fighting purposes. It's the Board that sets the criteria for making a good system, for example, and numerous other criteria that have to do with the quality and character of the system. So, the Board would have the last say in that regard, except that there's always a remedy, there's always an opportunity to go to court which is usually the least best way to arrive at a solution to the problem. I think that about lays out the legal area, and I say this subject to comment by the City Attorney since he is your counsel, but I feel that, as far as your Board is concerned, that the attorneys that represent your Board are your counsel also. I'd be glad to answer.

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REV. BLACK: I'd like to raise questions on this. While you have defined primarily the responsibilities of the Council and its responsibility to the Board, you've also defined what I would call an accountability formula to public interests, what I would call the public good and to me this is a very serious matter, because I think anytime you begin to deal with natural resources, a point which I cannot reject, I have to accept it is not something that I have any options on, now if I had some options in terms of what I was going to do with water, then I may not care too much, but you are talking about something that is essential to my life, of children that come after us. We're talking about a utility, and this to me makes a great deal of difference in the quality of discussion that we having. It is not just simply a matter that is one of those options in our economy that might be good, might not be good. We are dealing with something that is essential to the life of the community. Now, what I am concerned about, is there any state agency, or is there any agency anywhere that requires a private utility company or a private water distributors the same kind of public accountability, in terms of rates, in terms of the kinds of regulations, that you've indicated here as part of your responsibility for carrying out. This to me can make a great deal of difference in whether or not you are talking about a city facility becoming the sole purveyor of this resource or whether you are willing to enter that resource in the competitive experiences of a now if there is a regulative body that does something about this then, of course, it says something to me about what I am deciding on as I seek to deal with this issue.

MR. SAWTELLE: There is no state body that regulates rates, did I hear you asking me about rates?

REV. BLACK: Yes, rates, I think there is the issue of pressure, for example someone brought up the fact that, you know, do we in any way, you are accountable for that. In other words, I can call the City Water Board if the pressure is not good on my line and I can hold them politically accountable. Not only individually, administratively accountable. I can come to this Council and I can say something about the way they are operating the water company. Is there any remedy of this nature in terms of privately operated natural resources?

MR. SAWTELLE: Not as you speak of it now. Not with your last sentence. The control and the interest is somewhat fractured and I will have to say a little more, in order to give you a candid answer. There is no state body which regulates rates. There is no state body that has the same kind of authority that the city Council does with respect to the character of the installation of the water system. The State Health Department does have some criteria, and it sets some standards with respect to water quality, some standards with respect to pressure. Its enforcement of those standards is probably less adequate in the terms of people available to do it than the enforcement of the City of San Antonio's standards. In addition to that, the state standards with respect to pressure and size of main and fire fighting capacity are not as high as the city standards. Do I answer your question?

REV. BLACK: This is an effort to think in terms of the total good, because I have not been exposed to too many privately controlled water systems in my area. The only private water system that I saw out there was a truck with some barrels of water that they were carrying to the community. I never saw one that was so I don't have any great issue on this in terms of that kind of situation. I do think, though, there have to be some kind of sensitivity to the accountability of any agency that handles a natural resource regardless to what it is, if it is something that is vital to the life of the community, there must be a method of monitoring that operation. This is not to take anything away from the honesty or desire on the part of those persons nor to say that simply because it is a city affair that is going to be simply

say all men, if they are going operate natural resources have to come under some system of monitoring, and this to me is a great concern about what we are talking about when we deal with the ordinances and any changes in those ordinances.

MR. SAWTELLE: Reverend, I am not sure you asked the question about responsibility with respect to what they call the control or the management of the Edward reservoir, control of withdrawls and the management of the reservoir in what the engineers call a ecological system. There is no agency that does this either. The most effective agency presently available to do that with respect to enforcement it is, the city of San Antonio.

MR. BECKMANN: Mr. Sawtelle, just to clarify something in my mind, what you are saying is that there is really no responsible party that these independent water people would report to as far as their control, their activities, their responsibilities to the people they are serving. There's really no responsible party out there, is this true?

MR. SAWTELLE: Well, in one area, there is, in at least one area. The problem is a fractured one. There is no responsible agency that they can report to for control of the whole operation. The city of San Antonio, through the City Water Board is the responsible agency as far as the criteria for the installation of their main system sir. They have to install the kind of mains and the kind of pumps that the Water Board says. With the respect to the withdrawls from the Edwards there isn't any control. With respect as far as treatment of the water is concerned, they are responsible both to the city and to the State Health Department, chlorination and certain other practices.

MR. BECKMANN: When they install these systems they do have to comply with the regulations as prescribed by the City Water Board.

SAWTELLE: At the present they do.

MR. JACK KAUFMAN: Mayor, and ladies and gentlemen of the Council, my name is Jack Kaufmann. I am chairman of your City Water Board. I've made some notes here, that briefly state that I percieve to be the position of the board is. Mr. Van Dyke has appeared before you and given you the reasons why the Board is unable to advise you that report given you by the home building industry justifies swift action. This is not to say that careful examination of the actual experience under the regulations should not be undertaken. In other words, expand on that just a second the board has spent a great deal of time and effort into creating those regulations, a whole lot of input. I had the Board make at my request a cronology of the events leading up to it. I had copies of it sent to each member of the council-some thirty-eight pages of events that took place. We had undertaken a comprehensive study of the main extension policy. I have one here in my hand and they are available to all of you. This study was made and dated the 20th of March 1973, and it represented the best input, the best factual information, the best professional help that we were able to accumulate at that time. Now regardless of the brilliance that we may have, and fantastic experience, I'm speaking, of course, not seriously. But, what I am saying is that no matter how well we think of ourselves, and we do, Van Dyke was the water man of the year in this section. We have some expertise there, but in spite of that we recognize that no matter how well intended these regulations might have been, we mean to say that five months later the actual experience with them might prove to be absolutely disastrous. We are saying the report that was given you has so many things about it that causes us to question it that we need to make a comprehensive study of our own before we are able to arrive at an

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intelligent position to give you advise. Mr. Sawtelle has advised you as the board attorney and, therefore, an attorney for you of the role of the Council and the role of the Water Board. I believe them to be an interrelated role. Not vertically structured, each with its own area of responsibility. Our role at the Water Board, speaking on behalf of the trustees, has caused us to meet the needs that were presented to us as part of this cronology. Last year annexation was undertaken. I am going to just briefly touch on these things. I am not going into detail, because I am talking about things that you are all aware of, but I think in context, they ought to be shown to you. At the time annexation was proposed a great concern was voiced that the Water Board's regulations would restrict those areas who came into the City of San Antonio as a result of annexation. The Water Board recognized this. The Water Board did something about it. It took time and effort in coming up with a plan that it was able to live with in the role of its own field of responsibility. It wasn't simply our plan, it was a plan that we worked on, came up with, and I told you about this cronology-alot of people had alot input in it.

The citizens committee just like was alluded to here, heard the plan, heard the objections raised by the individuals who would be effected by it. A really high level, top flight group of citizens.... Mr. Zachary, Mr. Frost, Mr. Calvert, Mr. Biggs, Red McCombs, Dr. Lewis, Alfredo Flores were on that committee. If I left out somebody, I'm sorry. They had as advisors to that committee representatives of the City of the Water Board of the developers. We came up as a result of that with these set ordinances, these set regulations to recommend actions in the ETJ. The problems was, we didn't want to cut off the private water companies inside the city limits, we recognized, if governmental actions causes them to be included inside the city of San Antonio against their will, government should supply some interim relief for the hardships they might unnecessarily have to suffer. As the result, the regulations provided for an expansion of those systems to their full capacity. Then that created a problem, they said well either in being or contracted for, but as a result of doing that, the Water Board was able to make those dollar concessions, and this is what we are talking about is shifting money. By reason of not having to go out into the ETJ and buy new private water companies ad infinitum. By reason of now cutting off the creation and the development of new private water companies which were not now in being that money that was available to the Water Board in the way of rates, the way of taking care of the future, could now be used in a different way. This was a compromise, this was, we thought, a good and workable solution.

Now then, we have before us a study. These regulations went into effect the end of March. This Council went into office the first of May so it has been five months since the regulations were in effect, four months since this council has been in office. Last Wednesday, we were told there was a report and we were given a copy of it. I don't for a minute, take the position that that isn't absolutely in the best tradition of a report being made and the citizens petitioning for a redress of their grievances, if they have any. My point simply is, now it becomes apparent that the Water Board should supply you with intelligent, reasonable data based on which you can evaluate the system that has been presented you. We offer to do that. Now, if the time frame that it requires to do it is such that the Council says that we are not going to wait for that period of time, we are going to make our decision without that information, that's your decision to make. What I am saying and am trying to say it in the nicest way that I know how; we can only do what we are able to do. We can only provide you what we are able to provide you, and we say we are willing to break our back to do it. We do not impose on your role of making the decision.

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Now, earlier I addressed at the Wednesday meeting, I made three points, that I said were the crux of the issue. One had to do with the first right to serve in the ETJ, the City Water Board and the reasons for it. The second had to do with the payment of on-site mains. The third had to do was imperfect control of the Edwards as opposed to less control of the Edwards. Now, at that time you were talking to generally about the problem of the water system, and water development, and long range plans.

Today, as I understand it, you are talking about a specific problem. The specific problem has to do with the first right of the Water Board to serve in the ETJ. That's the immediate problem that you are addressing yourself to. You have been told that it is a problem that has some immediacy to it. I don't want to talk about areas that I don't know anything about. After we have time to make a report I will then comment on those areas, but I do point out that it has taken five months for that report to reach the Council. I say to you that those developers who have had their plats disapproved could have had their plat approved by dedicating, in most instances, their on-site mains. That's the difference between approval or nonapproval, for whatever interim period you are talking about taking the matter into discussion. To me, it would seem that the matter is not one of some temporary cessation of the enforcement of ordinances when this is only a few days since the question was immediately raised. It is important enough it has the effect on the community that has been told to you, it is important enough to be studied. If you don't choose to study it, if you don't choose to hear the information we have promised to provide to you, we can only advise and we say that respectfully. We do not undertake to get into your role and your area of responsibility. We honestly do not. But, since you are now talking about the ETJ, and you are talking about the Water Board's right of refusal and your talking about your immediate concern to whether this would grind industry down to a halt. I say the figures that are given are the number of platted lots that are available in those subdivisions, the number of platted lots that are available in the city. I don't know whether they are saleable or not. I am not undertaking to get into their business; but, I am saying that in addition to that the problem could be solved on their part simply by dedicating the on-site mains in those units that they want approval of now. That is all it takes. I am saying the problem is such that it lends itself to a fair adequate deep seated study to determine what the facts are. Now, Mr. Mayor, you said, I recognize this, we are intelligent people. We like to believe we are, We like to believe we are fair minded people. We have no quarrel with our biggest customers, who are the developers. We have no real quarrel with them. But, we have different responsibilities. I think it would be futile to sit down and negotiate at this point when the basic facts on which we would negotiate are not know. The developers have issued a booklet which points out certain data and they then say, based on the data they have, that the regulations which have been put into effect March 29, have been bad for the city. That they are against the interests of the city. Yet, the data they relied on ended at the end of 1972. They didn't say well, we are going to apply 72 criteria to 73 and therefore this must be what the problem is. Most of us have heard that San Antonio is growing in 73. What I say is that we are here to serve the citizens of San Antonio as you are and we are here to break and give you the benefit of information as we are able to do so.... and I would be glad to answer any questions that you may have.... let me say one other thing....

I would really say this, I would say that you think very carefully about revoking those regulations, but having made the decisions as to whether the regulations are good or bad, as councilman Padilla said, in another context, that you bite the bullet and make

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the decision, that if it is not your wish to take the advise of your Water Board, because you believe that you have data that offsets that advise, that you can rely on, that you feel comfortable to rely on, then I suggest to you that you rescind the regulations. The Water Board then will be faced with its problem of managing from there, but to have an interim never, never land - we have an ordinance and we not going to enforce all of it, but just some of it we are going to enforce. There is one complaint that you have never heard about the Water Board. Maybe we ought to put it up in a sign. Everybody admits that everybody who complies with the regulations is allowed to proceed, Everybody that does not comply with the regulations is not allowed to proceed. That is one of the reasons that Van Dyke is such a so and so. He is mean and he is hard and he is tough, but he complies with the regulations, but we really ask you this ... don't throw us in the situation where we are going to now comply with some regulations and not comply with others, because you open up Pandora's Box. You solve the immediate problem that you have before you and all the other problems that are solved because of fair and impartial treatment, then come out of the wood work on us. Having said that, I'll submit to whatever questions you have to ask.

MR. PADILLA: Mr. Kaufmann, I'd like to clear something up, and if you do not agree, or that I misunderstand perhaps anyone can clarify it for me. In terms of the concern, that we have work stoppages and so forth, as I understand the problem, as presented by the developers, the situation is simply that, I don't think they suggested that they are completely out of lots that can be developed. I understand this as a production flow type of problem, one in which the plats that are being rejected for reasons of that type cannot be proceeded with, we have a production flow at a given moment, houses are being sold, houses are being completed, houses are three-fourths completed, etc. all the way down to your plats are being developed in the very early stages. In other words, streets are being cut, curbs, sidewalks and whatever goes into doing the very initial work at a site, and these are the things that I understand the concern to be about. In other words, these people are saying if we cannot now be moving so much development in the initial stages, then down the road somewhere, be it three months, or whatever the time will be, the work that is not started now will have a telling effect on the economy of San Antonio at that time. Perhaps now it involves a lack of jobs in the area of people who grade streets and do very preliminary site work. Later on there will be no foundation people needed, if these sites are not ready for foundations. Beyond that, since the foundations were not laid, frame-work cannot go up and so forth. I think this is the concern. I don't think we are talking about today, this week. We don't have any lot that can be developed in San Antonio. If I do not understand the situation, then perhaps someone can clarify it. This is, as I understand the situation, in reference to possible work stoppage and so forth.

MR. KAUFMANN: I have heard what has been told this council. I can appreciate your concern for statements such as a number of people will be put out of work and this sort of thing. This is a matter of concern to you and I don't blame you. The only point that I make is this ordinance has been in effect for five months. This situation wasn't created a week ago when we heard the report that said what the ordinances were doing. I state that not as a refutation of what they say, I'm not saying that what they say isn't true, I'm saying I don't know, but I am saying if what they say is true, why did they wait five months, four of which were in a new council? The Water Board was not tied to policies of the past, why did they wait five months and then want you to make a decision in week's time?

MR. PADILLA: Yes, sir, it would occur to me that any new set of regulations needs sometime before even the industry affected truly knows what the impact is. I would have looked at this concern of the

developers had they voiced it a week or a month after the regulations went into affect. I think that whatever the time frame is any set of regulations or any new law or what have you does require a certain time. I don't know whether that is three months, six months, a year or what have you. I think it requires some time frame whatever it may be before people affected by it are in a position to come forward and say, "look, this is why we are concerned." This is the effect it is having upon us and what have you. This would be the way I would explain that particular question, that you raised. I don't know if it is reasonable, I think it is.

MR. KAUFMANN: I could go along with the fact that it may have taken them five months to recognize that they had a problem, but I don't think it could take them five months that they have a problem of the magnitude that they need action within a week to solve. Maybe that within the five months the problem has become known to them, but it couldn't have become to that critical state that it takes a week to have action. I'm saying that to study it requires more time to give you the information that you should have in order to make an intelligent decision.

MRS. COCKRELL: Mr. Mayor, the only other point that I wanted to make is that in the report that has been given us I think it has been pointed out that none of the information that is presented to us actually is information which relates to what has happened after May the first, as I understand it. All the data that is presented relates to what happened before January 1st of this year. Now, if it was necessary to wait several months, which I can understand, to evaluate a policy I could understand that if the evaluation and the material that was presented was based on what had happened since the policy went into effect, but my reading of this book does not give information of what has happened to us since May the first. I would like to interject here that I have asked the Building Department for a report on what has happened in the residential construction business in this city and I do have figures. Since May 1st, there were 891 residential building permits. The value of residential construction has been nearly \$39 million. Since January 1st of this year, we have had 84 million five hundred thousand dollars worth of residential construction which, I think, equals all of last year and this is just for the first six months of the year. Now, I don't gain from those figures. Anything that substantiates the industry has been hurt. Again, I certainly want to give full time to discuss it and evaluate it, but I think that if the figures that are given us do not relate to what has happened after May 1st, then I don't see how we can attribute it to the policy that was adopted.

MR. MORTON: I would like to answer that question if I may. It is very easy. The building permits that you are talking about for this year are being generated off of plats that, in the main, were approved last year. It is that simple, because it takes that long to do it. There is right now from the time that you start a plat and get it approved and physically get the work done, let's say, two months at the earliest prior to a completion of a subdivision you can start a house which will generate the building permit. You are talking about a process that is a minimum of six months, but I would say that during the last year the actual time from time of approval until you've got a finished house which takes sixty days would be about a year. That's what you need to look at. I would think would be...say take eight months, that is a good average. I would think from here forward would give you a real good indication of what the problem is, but you also have to remember that you do not have building permits in the extra territorial jurisdiction. You have sixty per cent of your activity out there that you are not going to get numbers on unless you have got the City Public Service Board.

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MAYOR BECKER: You know, there is something that has been mentioned here several times about this report not dealing with what has happened recently and so forth, that it was compiled prior to and all that sort of thing. I don't think I have any superhuman intelligence. Fact of the matter, I know I don't or I wouldn't be where I am today right now. But, I will say this, that what has happened here to me was entirely predictable and that is why I objected to the policy back when it was voted on back in the previous City Council. It was entirely predictable, at least in my opinion it was. I was against it then and I am still against it. Not just for the sake of being "an aginner" but, because of the practicality, the desirability. Now, I have asked Mr. Morton to come up with some type of thoughts regarding a modified, hybrid type of an animal that, for the lack of better terminology, I will call WCID, something that would be acceptable to both parties. I am not as concerned about this very day, as I am about the future of this situation. How long can we continue to have a hang up on a deal that is as important as this is. Can this go on - this disagreement, this controversy over these two items: (1). On site refund policy; (2). This water main thing I call that an ambivalence that I really don't quite fathom. Now, if it's alright to say I am going to do such and such and I think that everybody else should and then suddenly find an escape hatch and slip out through the side door and pop up somewhere else, I have to wonder about these things. In order to be realistic about it and honest about myself, I would be anything but honest if I didn't mention it here today. I have to question that. Cliff, did you come up with some type of suggestion, an animal, a new creature, something that would satisfy both parties.

MR. MORTON: I think I would rather do this if I may, Mr. Mayor. If we are to hear, I don't know what the procedure is, are we to hear a rebuttal by the developers today? If we are, I would like to pose this question as they go along other than, because I'm just, I'm just one individual there. I think that looking at the WCID there are certain advantages to it. One problem that you have in the WCID is, as Mr. Van Dyke has pointed out, is the City has to assume the indebtedness at the time that they annex. I think, in looking at last year's annexation, perhaps Mr. Van Dyke and Chairman Kaufmann will disagree with me, I think the main problem around annexation, was the question of the water systems. You really have to get back to what is your annexation policy. If you want to defer annexation long enough to where these facilities will be profitable to the City Water Board, you are willing to forego it that long, and I think you are talking about somewhere around ten years if you only had water in the WCID. That is one thing. In candor I would say this, you lose the tax revenue during that period of time. We have explored last year the franchise question to recover costs. It was the opinion of the bond attorney, I believe that this was not possible, that it would violate the trusting indenture in some of the outstanding bonds. Someone said get a new bond attorney. I don't know. If you are asking me as a developer what is fair, first of all, I really don't think it is fair to sell something that, let's say, is a business that the City is in where you are making a profit off of it. It's one thing to contract with the city, let's say to sell pencils. They are not in the pencil making business, but they are in the water business and it is the policy of the city that they are going to be the sole purveyor. I think that a fair thing would be cost recovery by some manner. It would seem to me that out of that connection and that customer that you are giving the City Water Board that there should be some recovery from that cost. Now, the two times argument is one of those things like how long is a piece of string. I'm sure that if we have a rebuttal this afternoon, we will hear a lot more about it, but really what you have is this -- the City of San Antonio is the largest city in the United States as far as a number of homes that are purchased either FHA or VA. We rely much more on government insurance and guarantees than any other city of our size or larger in the United States. Because of the large military influence, most of the homes are sold VA as opposed to FHA, the largest VA market in the United States. When you start talking about appraisals and your appraisal includes the cost of the

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main, start thinking about a third party making this evaluation in saying this house is worth \$20,000. You do have a third party that is appraising this house, but by VA regulations, he is prohibited from pricing the house higher on his appraisal than the requested sales price that the builder submits. It may be lower, but it cannot be higher. The house might be worth \$5,000 more and believe me, I've seen cases where builders left the roof off of a house where he might have \$5,000 left on the table. But when we start talking about appraisals, I think that we start thinking about somebody else setting the price. As far as the maximum price on a house, if it's VA, it is set by the builder. The appraiser may lower the cost of that house.

Now, if this is true that the builder sets the maximum price on the house, then he must consider all of his costs plu a projected profit in arriving at that sale price. I think this is pretty basic. If any of you people here do it any other way in their business, I'd like to hear from them. On those items that he recovers his cost on, let's take for instance, discounts. If you pay your bills on a regular basis, there may be a two, three, or five per cent discount. The business, in my opinion, is competitive enough to where your costs are going to be put on your estimate sheet based on what those costs really are as far as materials, the discounted price.

In the case of the City Public Service Board, the City Public Service Board is the sole purveyor of gas and electricity for this area. They ask that you pay a deposit on the front end for costs of gas and electricity. You get the money back when you get a connection. If you would look down a cost sheet, and I would be willing to say this, I've not seen those fellows cost sheets, but I'd be willing to have each one of these people out here today phone their office and say send me down an estimate on every house that we build and I would be willing to give you odds that there is not one estimate that you would receive that would have a cost for City Public Service gas and electricity with the one exception. If you ask for underground, versus overhead service, there is an additional cost. But I am telling you that there is no reason why you would include that in your costs because you get it back. Now, if you do get it back, and we're saying that you get paid for the utilities twice, my question is 'why do we allow the City Public Service to allow this to happen?' It's inconsistent. We've got one utility that says we're going to be the sole purveyor, we're going to extend service to you, and they do. We have another one that has the attitude we want to do it but not completely. We want you to pay for part of it and the real argument gets down to the question of 'does the homeowner pay for it twice?' I would simply submit to this Council that I do not believe that you could ignore any costs that you have when you arrive at a sale price. I think you have to include all of it.

On the other hand, if you're setting up another company over here as a result of being in the Water business, I do not know why you wouldn't show that cost over here as a cost to the water company and not a cost over here in the house. I'd be willing to make that offer, I don't know whether they would accept it as far as build up sheets and submit them to the Council. I'm not going to solve that problem because, really, when you get right down to it, I think that's what we're all asking is 'do the developers get paid twice?' 'Are they getting paid twice?' We want to make sure that he gets paid for one time. I think that's what we're saying. I'm not trying to advocate it, I'm trying to explain it strictly as a builder, and if you've got any questions on it, I'll be happy to answer them.

DR. SAN MARTIN: Mr. Mayor, I'd like to make a few comments. I'm not really answering, I think it was very enlightening on your part. First of all, I'd like to comment that I would prefer to have the developers rebuttal after the Water Board has come back with a report. On the basis of what the Water Board has presented here today, I think there are very few things that really merit a complete rebuttal. I'd just as soon listen to a complete rebuttal and for that reason, Mr. Mayor, I'm going to request two things: First of all, that Mr. Granata give this Council his own independent views to the situation. We have not asked him anything, but I feel that, independent of anybody else's views, that he supply this Council with his own thinking as to a possible solution. That in the meantime, the developers and the City Water Board, informally or formally, whichever way they choose, to have some meetings where some of these things may perhaps be ironed out. Also, I'd like to move at this time that the City Water Board be granted 30 days to prepare their report which they feel will present their case more adequately and at that time, that anybody who is interested, the developers, individual citizens, be asked to come back and comment, rebut, or do whatever they want with the City Water Board report. So, I move at this time that we give the City Water Board thirty days to prepare this report.

MRS. COCKRELL: A point of order just for clarification. I may have been in error. I was thinking that we were going to take a vote tomorrow. I would ordinarily second the motion, but I had understood that we would take the vote tomorrow and so I just want to raise that for clarification.

DR. SAN MARTIN: Thursday?

MRS. COCKRELL: What's today? Tuesday? Thursday, excuse me. I had understood that we had agreed that we would just hold any voting till Thursday, and if that is the case, then I would withhold a second to motion on this ground.

DR. SAN MARTIN: May I ask Mr. Reeder -- we are in an official called meeting, and therefore we can take action on this resolution?

MR. CRAWFORD REEDER: We are in an official called meeting, and I think the notice that Mr. Inselmann posted on the board was broad enough to pretty much cover the water front, wasn't it Jake? Isn't that the one you showed me? Excuse me, let me, here's a copy of the notice, let's see. It says a meeting today will be held to consider suspending, amending and/or rescinding certain provisions to rules applicable to the installation of water supply distribution within the City of San Antonio's extra-territorial jurisdiction. I think you could probably act on Dr. San Martin's motion today, Mrs. Cockrell.

MRS. COCKRELL: Well, let me just say this. If we could act on Dr. San Martin's motion, we could also act on other motions and it was my feeling in coming into this that we had more or less agreed to wait until Thursday for the action and since, I just felt that was our understanding, and for that reason, I would prefer to hold any action until Thursday.

DR. SAN MARTIN: I agree with you, but at the time it was my understanding that we would vote Thursday on the rescinding, not on just giving the Water Board thirty days to prepare their report.

MRS. COCKRELL: I think the effect of the motion though would be to preclude the vote on rescinding if I understand the motion. For that reason, I think, in fairness, that we should wait until Thursday if that was the understanding of other members of the Council. I did state it was just one member, it was understanding that we were not going to vote until Thursday.

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MR. PADILLA: Mr. Mayor, I would like to discuss this just to clarify it in my own mind. If I understand Dr. San Martin's motion correctly, I believe he's moving that we grant to the City Water Board, the 30 days that they request to submit their report. I further understand that this does not in any way prejudice, so to speak, or preclude the Council's right to act or not to act on a resolution to suspend the enforcement of either all or a segment of these regulations. Is that your intent, Dr. San Martin?

DR. SAN MARTIN: That is correct.

MR. PADILLA: If the Council supports this as a Council, and it indeed does not preclude the Council's right to act on any resolution they may choose to act on Thursday, I have no question and I could support Dr. San Martin's motion.

MR. CRAWFORD REEDER: Well now, just a minute. I want to understand this. Dr. San Martin, is the thrust of your motion to hold in abeyance any further proceedings for thirty days until the Water Board can prepare its report.

DR. SAN MARTIN: I believe, Mr. Padilla, that that is the....

MR. REEDER: That's it. So there is potential motion to suspend the controversial rule would be precluded if your motion carries. Is that correct?

DR. SAN MARTIN: That is correct.

MR. PADILLA: I misunderstood you Doctor. I stated that if it is not the intent of your motion, or rather, if the intent of your motion is to give the Water Board thirty days that they requested in which to submit a report, that is point one.

DR. SAN MARTIN: Okay.

MR. PADILLA: Is that correct?

DR. SAN MARTIN: Yes, that

MR. PADILLA: Your motion will do that?

DR. SAN MARTIN: Yes.

MR. PADILLA: All right. Two, if it does not preclude the Council's right to take any action that they might deem appropriate Thursday, such as the consideration of a resolution to suspend enforcement of all of a segment, any segment of the regulations, if your motion does not preclude the Council's right to consider this action or to take this action, then I can support your motion and I understood it as such.

DR. SAN MARTIN: I feel, Mr. Padilla, that if we pass this resolution to give the Water Board 30 days, I don't think there is anything that can keep this Council Thursday, from rescinding my resolution and acting upon suspension of anything you want. Is that correct?

MR. REEDER: That's correct, but they'd have to rescind your resolution.

DR. SAN MARTIN: That is correct.

MR. REEDER: And they'd have to do something besides to give them 30 days even suspending a rule well then that's in conflict with your resolution.

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DR. SAN MARTIN: Well, then I still will keep, Mr. Mayor, my resolution to give the Water Board 30 days.

MRS. COCKRELL: Well, if the motion is presented Thursday, I will second it then. I feel in the context of the understandings here that since it does appear to be contradictory to the other motion, that I think we should consider them all on Thursday.

MAYOR BECKER: I'd like to request, if I may, that if we do suspend this for 30 days, in order to give the Water Board time to answer and prepare their data and what not, that at the end of that 30 day period of time and at the end of their presentation, that this Council be prepared to act, one way or the other, rightly or wrongly, however the case may be. The reason I add that last request, is simply this: That I'm hopeful that with an impending deadline, you might say, a showdown, that it will encourage the builders, the developers, and the Water Board people to actually get together and to try and attempt to jointly work out something that will bring about a harmonious situation because, I'll repeat, I don't see how it's possible for this type of back and forth crossfire, and whipsawing to go on for a year, five years or ten years in the future and not have the City of San Antonio suffer as a result of it. I just, I think it's idealistic to be expecting it to be anything other than that, purely idealistic. We might have the finest resolution, we might have the most wonderful system, we might have the most glorious plans ever devised by mankind and the whole thing collapse in failure. That's the way I view it. I could be wrong. I'm not saying I'm right and everybody else is wrong. I think I could be wrong. That's what I think.

MR. PADILLA: Mr. Mayor, since I have not heard a second to Dr. San Martin's motion, is that correct, sir? It has not been seconded? I would like to...

MRS. COCKRELL: I said that I would second it, but I just thought that in fairness that we had agreed to withhold action until Thursday -- that was my only concern.

MR. PADILLA: It's a fact, Mr. Mayor, that we do not have a second? In light of the fact that we do not have a second, I would like to make a motion that this Council grant the Water Board thirty days they request and that the granting of the thirty day period to the Water Board in no way preclude this Council from taking whatever action it deems appropriate in the interim.

MR. REEDER: You don't need a motion for that. You're granting them thirty days just a matter of grace. You can always turn around and slap them right in the face day after tomorrow. You're the governing body of the City.

MR. PADILLA: I misunderstood you. If we do not need a motion, if the Council has agreed to give the Water Board thirty days and in the absence of any official action, we still have all our prerequisites intact, then I withdraw it.

MAYOR BECKER: I think the concensus of the Council, at least on one thing, is that we will certainly grant the Water Board thirty days to study the report, assimilate it, for any information and so forth.

DR. SAN MARTIN: May I clarify for Mrs. Cockrell, especially for Mrs. Cockrell, I see that I'm going to do the same thing Thursday, Mrs. Cockrell, which is two more days. I was merely anticipating this so they could get to work right away instead of waiting two more days to start working. Next Thursday, I may give them only 28 days.

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So, perhaps if we get on the ball right now and start working on it today, I don't see much sense in deferring until Thursday something which we may do today so they can get started at one o'clock today.

MRS. COCKRELL: Of course, I'm in favor. There's no doubt about it. I'm just trying to differ to other members of the Council who may have different views.

REVEREND BLACK: Mr. Mayor, I would like to...at least react to what I've heard as far as the Council on this issue. It seems to me that the implication of the information coming from the Water Board is that it would provide for this Council information that is needed for it to make the proper kind of decision. Now, it is not simply saying that it is providing information for us. It is saying it will provide information that will make it possible for us to make the kind of decision which would involve both the suspension of the Ordinance as well as the elimination of the Ordinance. Now it seems to me that if we simply say that we want a thirty day opportunity and then at the same time we entertain the idea that there is a possibility of action that would make a great deal of that information, in a sense, of no importance to our decision, then we are playing a game with ourselves. Now, if we are taking seriously the fact that the Water Board has some information to give us that could be helpful, if there is sufficient number of questions that have been raised by what we've heard, then it seems to me that we have the responsibility to withhold our decision until we have had an opportunity to hear the Water Board. Now, I recognize that there is a critical issue on both sides. I recognize that the home builders have indicated a critical issue in terms of employment. I'm also aware that the Water Board has entered has issued some statements of a critical issue in terms of any relief because you see relief, in substance, in my opinion, would simply allow those conditions to prevail that the Ordinance has been established to curtail. If I understand what has been said. If it endangers the well being of the City for those conditions to be released, then we ought to know that. If it does not, then we ought to know that and I would favor an action on that motion of thirty days if it is the substantive motion, meaning, of course, that it would allow this Council the opportunity to get that information before it introduces any decisions regarding this particular crisis involving both our Water Board Ordinance or the Ordinance controlling this issue of water and the builders. Now, I say this without any preference. I simply would like to make this kind of decision, because it deals with utilities, because it deals with water supply with the best possible information. I do not see the Water Board as my favorite. I'm apt to believe that, if they had four faucets running east, north, south, west, if they had to save the water, that they'd probably cut off the east faucets first. I simply feel in terms of my own responsibility for a decision, that I ought to have the best possible information in terms of how to deal with this particular issue. Thank you.

MR. PADILLA: Reverend Black, only thing I'll try to do is with a motion, if it's necessary, is just kept the Council's perogatives intact, in terms of what we may find and it's a possibility that we have to do. Now, last week, I asked the developers for what I termed a crunch date. In other words, at what point in time is this situation going to become a very serious situation, as far as jobs and that kind of thing is concerned. Now, I am willing to hear the City Water Board's report before taking any final action, but I would like to see the Council's hands left untied, in terms of taking whatever action may, in the interim, be necessary. That is all that I'm saying. I do want and I await anxiously, the report of the Water Board.

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DR. SAN MARTIN: Mr. Mayor, I believe that this resolution of mine could be rescinded five minutes later. We're not tying the Council's action. We can pass it right now and rescind it Thursday, and tell the Water Board why we changed our minds, we don't want to give you thirty days and then we'll do whatever we want at that point. I'm not tying down the Council's hands in any way, shape, or form. Now this Council can repeal this resolution of mine anytime it feels like it. Is that correct, Mr. Reeder?

MR. REEDER: Yes, sir.

MR. PADILLA: I think that's the very point, Dr. San Martin, if we have to repeal your resolution, then we're in effect, untying the Council's hands. I'm simply trying to keep from tying them in the first place. If your motion or resolution, as the case may be would be to grant the Water Board the thirty days they request, to come back to us with a report, period, then I can support this.

MAYOR BECKER: I'm not as concerned about us having our hands tied as I am our minds. That's what's concerning me and in that respect, I'd like to see that in this thirty day period of time, and I can't stress this strongly enough, that the Water Board come back with something besides just a defense of the present Ordinance because that won't get it done. We've heard that. We've been through this and seen this fire over and over again -- the defense of the present Ordinance, the defense of existing policies that are apparently not working. Now, let's do or attempt to do at least some creative, imaginative thinking on the part of both not only the Water Board but builders as well, get together, sit down and as grown men, and I should say intelligent, grown men, reach some point of compromise where bot parties can live and both parties can endure what we're trying to do for the citizen's of the City of San Antonio, the Edwards Aquifer and all the rest of this jazz that we carry the flag for. It's not going to do any good to protect the citizens, the City, the Edwards Aquifer, and all the rest of it if we're in an attempt to be so rigeous, that we're actually tearing up the nest. I think we're stomping in it pretty good and if there are any eggs that haven't been touched, I'd like to see them. Now, when are we going to come off this postures, these stances, these attitudes, prohibitions, you know we could particaly take out the middle seats in this auditorium here because they're not being used. I find to my own amazement and amusement as well that whenever we have one of these situations, all of one group gets on one side of the room and all of the other group gets on the other side of the room and nobody will occupy the center section at all. We can give those seats away.

This is the kind of thing that I think the Council is trying to bring about -- remedial action, some type of hope for some compromise and some cooperation. We're never going to get anywhere on the present basis. I can see that almost without needing a crystall ball. It just stands out like a sore thumb. When are we going to come off of it? If the Council's got some hang up about this thing or if I personally have it, I'd like to be instructed also. I think it's time for someone to be instructed. I'm not trying to be a judge or anything, Crawford, but....

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CITY ATTORNEY REEDER: I tried and failed.

MAYOR BECKER: Well, all right, you tried and failed. Well, I don't think you've given up. I know I haven't. Sam, did you have something you wanted to say this morning?

MR. SAM PARNES: Mrs. Cockrell, Mayor Becker, and gentlemen of the Council, you've practically said what I was up here to say.....

MAYOR BECKER: Well, I'm sorry, I didn't know.....

MR. PARNES: Oh, that's fine. You said it much better than I would. When I left my seat it appeared that we were possibly headed for a thirty day period in which the City Water Board could submit a report to you. It had been mentioned previously to that if you wanted Council prepared for action when they received that report. My recollection goes back to each time that either party has submitted a report that there has been comments to the report. We've had comments to the comments to the comments. I walked up here merely to protect the developers and the members of the Builders Association in wanting to say that we would like to see this report if at all possible prior to that 30 day period, or if we see it at the end of that 30 day period we would like to have our opportunity, if necessary, to comment to that report. Of course, what you've been saying since I've been standing here is that you want us to get together, I believe, and come up with a report that is acceptable to both of us. Is this what I understand?

MAYOR BECKER: Yes, sir. I would recommend that, Sam, and I might comment even further. With all due respect to the previous committee that handled this situation, it's my understanding that two members of the committee did not agree with the report. Now, if they disagree with it and if that is, in fact, only a rumor or whether it's even true, I don't care which of the positions we take on it, the report didn't have all the solidarity then that we'd like to think it had.....

MR. PARNES: Are you speaking of the Zachry report?

MAYOR BECKER: The Zachry report. I've already made my remarks with respect to the ambivalence that's involved in the situation but advocating one thing and then going over to another county and becoming active in that county, I just find this counter productive. It doesn't seem to serve any honest purpose to me. Someone says we're playing games with ourselves, that's really what we're doing, and in the meantime everything is going downstream, just drifting.

MR. PARNES: You know this, as I said here this morning, I think I might go with this morning, for the past few weeks, months, and even years, back to oddly enough 1956, probably, and the reason I say oddly enough the year 1956 reminds me of something that happened to me during the year 1956. I was riding in a trail ride from Alter, Texas to the stock show here in San Antonio. I'd ridden a horse for 20, 25 miles that day without the horse taking advantage of water each time I attempted to give the horse water. That night the horse was tied to where he could not obtain water. The next morning I tried to water him again. I rode him 35 miles that next day. Tried to water him that night, he wouldn't water. I decided I was going to make that horse water. I learned first hand that you can lead a horse to water but you can't make him drink, and this is the very same thing.

You have developers the size of the developers that have told the Council, have told the Water Board that I move out away from your policies. I don't care what the Water Board comes up with in the way of statistics or what the builder comes up with in the way of statistics, how thick the book is, what color the cover is, when these gentlemen as individuals stand up in front of groups and tell us they have moved out of the City Water Board's jurisdiction, to me, this is synonymous. We're trying to lead a horse to water, and we're trying to make him drink. We come up with the best water policy that any City in Texas would have. You can add Texas Gold Stamps to it if necessary, but if that developer.....

MAYOR BECKER: That's the wrong kind, Sam.

MR. PARNES: I thought I'd throw that in to see if you were listening. Same thing goes in the grocery business. You can build the best looking store. You can give the best product, the best service, but there's going to be some people shopping away from that store.

MAYOR BECKER: Every time.

MR. PARNES: We do want to work this out. We are tired. We are convinced it's costing the City money. It's costing many valuable man hours as it is here today. It's costing the pay checks. I believe we have some people here today that can testify to that. We're very willing to get together with whoever is necessary and work this out. Thank you.

MAYOR BECKER: Sam, thank you very much. Frank, did you want to say something?

MR. FRANK MANUPELLI: Mr. Mayor, only in and, of course, not in rebuttal, because I know this Council has taken a long time here today and just to assure you that there's much rebuttal that could be made to some of the statements made here today. I won't bore you with the many meetings and attempts we've had to get something done with the City Water Board. I ask you not to delay it another 30 days. We have out here in the audience, if they're still here, many of our subs that are right now laying people off, have laid people out, are laying people off and are going to lay more people off. The crunch date, so to speak, Councilman Padilla, has passed. Now we can go on and get worse and worse as we go if you like. We have roughly in our normal production if we were allowed to keep up our normal production we have roughly 45 days more, and we're flat out. We don't have any more progression, Councilman Padilla, we're flat out of work. Now, of course, in the meantime in that 45 days we're going out beyond the ETJ and we're going to look and try to get started again, but I'm saying that if you delay it another 30 days then, of course, as Sam points out, we need some time to rebut the statements that the Water Board is making. This thing we've got to cure, Council. We don't care if it kills the patient but we've got a cure, and we're going to stick by it. Well, I say that's wrong, I say if these developers probably can get together today and go see that Water Board tomorrow with a suggested solution, I'm not saying that they would buy it, but I think it would keep these people working. Thank you very much.

MAYOR BECKER: Well, let me ask you this, Frank, what about the 5,000 lots that they claim are not platted, zoned, and whatever else.....

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MR. MANUPELLI: I'd like to know where they are, Mr. Mayor, and let me say this. Very cleverly, very cleverly, say that they are available. They are available if we will succumb to this socialistic form of government that they're trying to cramp down our throats. There are not 5,000. There are not anywhere near that many, but we have a total in the whole City including the ETJ right now of 243 left. That's how many we have left.

MAYOR BECKER: You're speaking of your company?

MR. MANUPELLI: My company.

MR. PADILLA: Mr. Mayor, speaking to a point of order, I don't know what the procedure is to make it perfectly clear to the Water Board that we will grant them 30 days to come back with the report and if the Chair can do this under the rules then I would so suggest, if the Chair cannot do this, then I would like to move once again that we grant to the City Water Board 30 days in which to come back to us and that this Council will await the report before taking any final action. That is the motion. I would like to elaborate a bit now, not as part of the motion but the effect of it would be to grant them 30 days to submit the report, that this Council await the report before taking any final action while at the same time keeping its' hands free and its mind I hope to do anything by way of action that we might deem necessary in view of this factor so that we have the unemployment factor that might be upon us. I would like to so move, Mr. Mayor.

DR. SAN MARTIN: Mr. Mayor, I'm going to second my own motion. That's precisely the motion that I made, but, really, doesn't make any difference who makes it or who seconds it, I'll second it or make it either way it was.....

MAYOR BECKER: What happened to Mr. Padilla's motion?

DR. SAN MARTIN: Well, it's his motion now. It is essentially the same; it makes no difference.

MR. PADILLA: I would like to ask the Clerk to credit that motion to Dr. San Martin, and I'll second it.

MAYOR BECKER: All right.

MR. MENDOZA: Mr. Mayor, can I very briefly make a comment. You know, usually, if I wait a little while I don't have to say anything because either you or Mr. Padilla usually say what I want to say, but it seems to me.....

MAYOR BECKER: It works both ways.

MR. MENDOZA: It seems to me that when we met here last Thursday, am I correct is this the last time we met on the same topic of discussion? We suggested that we have the other side of the story, in this case, the Water Board, come up and give us which we had actually scheduled a week from last Friday, but it seems like for some reason or another we decided to speed it up and have it today, Monday, or is it Tuesday rather. Okay, I've lost my days, but here is what I remember. It seems to me that we said we were going to hear the other side of the story and that possibly, possibly on Thursday at our regular Council meeting that we would consider taking action or reconsider, whatever the proper word is, taking any action whatsoever and this is, I believe, what Mrs. Cockrell was pointing out. Now we've changed directions again.

I don't know, I'd like to at least give two days to consider this. I think this is basically the time schedule that we had set up and I cannot support any motion at this time one way or the other unless we wait until Thursday so we can be at least a little better prepared to make a final decision on that.

MAYOR BECKER: I think that's what he's asking.

MR. PADILLA: Mr. Mayor, I'm simply asking in my motion that if it's possible for the Chair to just direct the Water Board or to advise the Water Board I should say that this Council does accept the 30 day suggested period to submit their report, then the Chair so do. I suggest that if the Chair feels that that is not an appropriate thing for the Chair to do, then I so move that this Council advise the Water Board that the 30 days they ask for are granted and that pending that report, submitted to this Council, that this Council not take any final action. That's all I'm saying. I'm not advocating any action beyond that.

MRS. COCKRELL: Mr. Mayor, to clarify this thing. I wonder if we could, since again it was my understanding that we wouldn't vote until Thursday, I wonder if we could perhaps hold the vote until Thursday. In the meantime, I think the Water Board is here. They are listening. If I were they, I would certainly start the minute they leave this room working on the report. The motion that's passed Thursday could, as Dr. San Martin has suggested be a 28 day motion at that point, assuming the Water Board has made their start and we would comply with what we have said we would do.

DR. SAN MARTIN: It will be 28 days.

MR. BECKMANN: Mr. Mayor, I have a question.....

MRS. COCKRELL: If a majority passes it at that time, of course.

MR. BECKMANN: I'd like to ask either Mr. Kaufman or Mr. Van Dyke. How do we end up with 30 days? Is this the shortest time. After all, it seems to me, with your equipment, ability and employees, records, and what not, that you could bet this thing together faster than 30 days. What's the matter with fifteen?

MR. VAN DYKE: Mr. Beckmann, we did not set the 30 days. I said approximately a month, it will take us about a month to put this together.

MR. BECKMANN: How about approximately two weeks?

MR. VAN DYKE: We will not have it ready in approximately two weeks. We have a great number of things that have to be put together if we are to adequately provide the information for you. This matter is so crucial that if we have to do it in a few hours, we cannot do that. We explained this, we explained to you what the things are and we will do our best to have the report for you as early as we can considering those factors that are necessary to consider in this very complex matter, and we will get it to you as quickly as we can.

MAYOR BECKER: Van, I'd like to say, though, again for the fourth or fifth time today. If it's going to take 30 days to do anything other than come here and present facts in defense of an ordinance that we presently have, I think it's almost a total waste of time. I would like to

think, and I hate to be repetitive and bore everybody with being repetitious to this extent, but then I'd like to think that if in that 30 day period of time, in addition to just the compilation of a bunch of statistics and stuff like that, that really isn't going to change or alter this situation, this dilemma that we're facing, in that 30 day period of time if you should come up with, as I hate to say again, creative thinking, imaginative thinking, some meetings with these various builders, whatever people want to meet with you, to sit down to affect a viable, valid type of a policy that will be endurable for a year, five years or ten years to day, then I think that 30 days is well taken, well spent, but to just horse around for 30 days to come up with something in defense of something that obviously is not viable, obviously not compatible, obviously not workable, then I think we're just all wasting more time than we really need to. Now, let me let Pat Gardner speak here for a second if I may, and I know I didn't give you a chance to answer, Van, but maybe Pat has something to shed on the.....

REV. BLACK: I would like to say this though. Here's one of the things that I would like to establish in that report. I would like to establish whether or not the changes would bring such increased cost to the persons serviced in the community, that what we would be asking is that every person that is served by the City Water Board would then subsidize the building industry. Now, that to me is the issue. I'm not asking you to come and favor either one, but if that's the issue, if that's what the report that I'd like to know that I'm voting on that, and that I'm saying that the economics of this community are so vitally affected by the home-builders in their interest then we ought to subsidize them, and I want to be able to say to the builders, "we're subsidizing you," just like we say to the welfare folk, "we're subsidizing you," you see. I'd like for them to know that they're on welfare and that we put them on welfare, you see. I'd like for them to know that from me as a Councilman, you see.

MR. VAN DYKE: Mr. Mayor, I have a dilemma. You told me to sit down and yet I have questions all around me, what is your wish, sir?

MAYOR BECKER: Let's let Mr. Gardner speak at the moment and you can be reflecting on your thoughts, Van, in the interim period of time if you'd like.

MR. PAT GARDNER: Mr. Mayor, Council members, I'm Pat Gardner. I'm an attorney representing the Greater San Antonio Builders Association. I learned yesterday for the first time that I was expected to substitute for Ralph Langley who is on vacation and give the rebuttal of the Association today. I took home the Builders Association report last night and read it in full for the first time and took home the City Water Board main extension policy and related matters study published in March of 1973. And some other material. Needless to say, I am very disappointed that I'm not going to be heard today. I also appeared, incidentally, in rebuttal on the PUD ordinance and wasn't heard then either.

I would like to comment on this question of 30 days. Now, this report is no mystery. Ninety percent of the statistics contained in this report came out of this report. I found that out last night. They're all in here. The City Water Board has all of the facts. They are rearranged differently and, obviously, different conclusions have been drawn. I don't think they need more than the five days they've had, frankly, but 30 days is far too long. If they're going to have 30 days, I would like to, or any period of time, I would like to ask that they give us a copy of their rebuttal that they're going to give to the Council, give it to us three days before the meeting. This issue

is not that complex. The facts are the same. The conclusions are different. And this is the reason the homebuilders couldn't give this information to the Council before. They got it from the City Water Board, report and it didn't come out until March of 1973.

MR. MORTON: Let me ask you something about that. Do you have, Mr. Van Dyke, do you have a copy of this March 20 study? City Water Board. It's on Main extension policies and related matters. Do you have one here with you this morning? Do you have one here with you? Would you mind letting me just look at it for just a moment? Those are regulations.

MAYOR BECKER: Aren't there covers usually green, aren't they?

MR. MORTON: Let me see if I can go back to something that Mr. Black has asked, Rev. Black has asked for. I think that right here in this book which is, I'll say, a hundred and fifty pages long. I think you have got the answers to the questions that you are talking about. The question that I would have for, Mr. Van Dyke, would be this... What kind of data is he talking about providing that is not right here in this book? He has the financial impact of the policy both ways, it is projected to 1980. Isn't that right Mr. Van Dyke? What kind of data are you talking about providing that is not included in this book right here? You have got your legal authority for the policy, you've got the economic characteristics of public utilities which says the bigger they are, the cheaper the price, you've got a historical review of past extension policies, then you've got the projected data showing what it would cost if they went to a refund, then you've got water rate comparisons, local water companies, the inner city, Central Texas, and then you've got extension policies of major cities. Any you've got the documentation on that. What are you talking about in the way of a report that is not included in this that is already prepared and ready to go? Is there anything, I am just talking about subject areas, that we are looking for that you feel you do not already have. What subject areas would you be working on?

MAYOR BECKER: Yes, sir, absolutely.

MR. MORTON: That's all right. I'm directing the question to you, Mr. Van Dyke.

MR. VAN DYKE: Well, it was the mayor's request that I sit down.

MAYOR BECKER: O.K., that was only just temporary.

MR. VAN DYKE: First of all, as I have stated before, the facts that this Council has been asked to consider are the experienced factor, or the experience factors, that have taken place since this ordinance was passed. It is quite obvious that a report prepared on the 20th day of March does not contain the information that you need to evaluate the situation anymore than then developer's report which was based on 1972 and previous figures has any bearing on what took place after the 29th of March. Now some of the things that, of course, we need to look at are a rate study. Now let me point out to you, and this goes back to Rev. Black's concern that the money that the Water Board has are monies that are committed for the specific purposes under the current policies that we have. Now if, in fact, and I'm just going to go way out in the middle of left field, if in fact, this Council and our Board say let's have a policy of paying for on site mains, then we need to have some financial relief because we don't have one penny that is available to us today to provide this money to the developers. I'm sure that my Board would not object if you would just impose an additional fee on water rate that we could turn over to the developers. In essence, it would be a rate increase. What you would say is that a certain portion of every bill would be used for that purpose. Now, I don't think that the folks in this room are experts on rate setting and we aren't either. We rely on people outside that are experts in this when we do set a rate. When you build a rate, you have certain factors that are involved in it and some cities, in fact, do have an extension factor in their rates. They charge every customer every month a certain amount of money and then that money is used for extension. We do not have one in our rate and so, again, I'm saying if this is the general conclusion that this Council and our Board feel that this is a wise thing, this could be done. So what we need to tell you, then, is if we are going to have a policy change such as is being presented here, what is it going to cost you? That is why I referred to my initial presentation is that the developers are asking you as a Council to endorse a blank check because they didn't tell you what it's going to cost. I don't have that information either. This is something that we have to develop so that you can consider that, but you cannot do what is proposed in the developers report unless you have some more money. I'm not a magician and neither is my board and neither are you. We have to get that money from some place. It has to come from the rate payers if we're going to give it to someone else because the monies that we have today are committed.

The second thing that I think is important, and again this is an area that we don't have any expertise and we're going to have to go out and get this, is a market analysis in the building business and we might cooperate with the home builders to try to get this information because I'm sure they have it available just as they came to us and asked us for figures and we presented to them what we had. We would certainly want to have the best figures that are available to us in that area. We certainly don't have economists around our board staff, but this is an area that we need to look at. What is the relative affect then, of having this policy versus the loss in taxes that they point out and the Mayor has pointed very strongly. Well, what is this relative affect and I must be very candid, and say that our objective as being a water purveyor naturally looks toward the water side of the business. But you, as a Council, must look at both sides and therefore, you're entitled to have those facts that we can uncover and same thing that the developers can present to you so that you can look at the whole picture and come up with an answer that is reasonable in your mind. We need to explore the legal impact on contracts made under the provisions of the present ordinance if it is rescinded. Yesterday, we made a contract with a gentleman under the provisions of this ordinance. If it's rescinded, that's off, or is that man free of the contractual obligations that he made yesterday or where are we? These are things

we need to know and you need to know too. We need to get the statistical information from the other cities and this is a matter of writing letters and we can get that information coming in to us while we're doing some other things. Like I pointed out before we knew that you were writing all over the State of Texas getting the information. We need that information updated. Some of it is contained in that report and some has changed since the 20th of March. If we're going to give you the proper information, we need to tell you that. Certainly, an area that we need to investigate, working with the tax office, is the land use and there has been great discussion about how all the things are going to change once this ordinance is rescinded about land use within the City limits of San Antonio, I personally am not quite as optimistic as some of the people that commented today that there is going to be a reversal in this trend because I think there are very obvious reasons why people do go outside, but, nevertheless we can't say that there is a certain amount of land available to be developed inside the City limits if we don't have the facts. This is the information the Mayor asked at the first board meeting that he attended, and we told him at that that this is information we will try to obtain, but we need to work with the City tax people. John Shields and his computer group are trying to develop ways to get this information so that it will be readily available to all of us, so we can have this to come up with and we don't have that answer to it, but we certainly attempt to do that. So, again, the information that we will try to obtain is not necessarily to support our position, Mr. Mayor, or to refute, necessarily, the developers position, but as one of your agencies, we have the obligation to present you with facts on which you can make decisions which will affect the lives of people in San Antonio for many years to come. We feel that we cannot do that job haphazardly and if you want it tomorrow, then I must say I cannot do it, but if you give me adequate time which you have indicated you will, I feel that we can present you with a report that is worthy of the time we will spend on it. Now, it take a great deal of our time, of my staff and pulling consultants in here to put together a report. We're willing to do this, but if you don't want that report, then don't ask us to spend the time in our resources to make it if you're not really and truly interested in the information that we will develop, because we have many other things that we need to do and that we feel that we can do you a real service and we hope that you do want the information.

MAYOR BECKER: Van, let me ask you a question. If you're standing on the dock and watching the boat sail over the horizon, is it a comfortable feeling if you were supposed to be on that boat. Now, it looks like to me that the boat is leaving the dock and the Water Board is standing there watching the thing sail off into the sunset. Your customers are leaving you. They are going outside of even the ETJ now. That's what I told. That's what I hear, and of the nine thousand homes that were built last year, six thousand were built outside the ETJ and not in the city limits. Then if that continues to develop in like manner with this ETJ sole pervoyor policy that the Water Board fell heir to here on March 29 you are losing your customers. Now, what good is it going to do you if you reach a static situation where you have very little growth factor to count upon because if they are all outside the ETJ and in various other counties, wherever that might be, and even some of it in Bexar County, I know, what good is that possibly going to do the Water Board or the City of San Antonio? Now, all the studies that have been made and all the reports that have been made and all the rebuttals that have been made I think really what happened here that over a period of time someone should have taken a large room such as this and padlocked the Water Board and the developers representatives into the room and kept the doors locked until you all came up with some kind of a solution to this situation. Any further delay and any further hope for something to be resolved in the sweet by and by doesn't look to me like it is working at all. Now, I am not trying

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to lecture you or sermonize or pontificate or anything else. I'm merely trying to be realistic about this thing. We can all defend our own positions all day and all night, but is it really of any value? Is it producing anything? Is it being productive? That is the question that I ask myself. Now, I'm not saying that you shouldn't have 30 days, perhaps, to come up with a report, but I'll repeat that if it's going to be another report to substantiate the posture, the position that the Water Board has

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with respect to the present set of circumstances, I regard it as a waste of time. Now that is just me talking, you see.

MR. VAN DYKE: Perhaps you would like to poll your Council and, if you do not want us to make the report we will not, sir.

MAYOR BECKER: No, I certainly intend to let the Councilmen speak for themselves. I am merely speaking for myself right now. I don't ever speak for this Council. I let the Council speak for itself. How are we going to once again get the Water Board on this side and the Home Builders and developers on this side and bring those two forces together so that they can possibly arrive at a workable, liveable conclusion that will endure and not something that is being forced on this one or forced on that one and which is palatable to neither side. Maybe I am just a fool for expecting that such a thing as this is even possible in this day and age. I don't think I am.

MR. VAN DYKE: Mr. Mayor, that solution is possible, and it lies in your hands.....

MAYOR BECKER: Well, I wish somebody would tell me what it is.

MR. VAN DYKE: And I spoke to Councilman Cliff Morton here about a month ago, about a possibility of what alternative ways we could attack this.

MAYOR BECKER: What are they?

MR. VAN DYKE: I suggested to Councilman Morton, I said, will you go back to your Council Group, will you sit down and discuss this matter with them, and will you ask them how much money they are willing to provide to the Water Board to finance any policy that you would like to have us adopt because our funds are committed and it isn't that we are people that have our heads stuck in the sand. We have financial responsibilities just as you do in running your City....

MAYOR BECKER: Absolutely.

MR. VAN DYKE: And I ask Mr. Morton, will you come back to me and after you have private opinion among your Council and tell us what direction that perhaps we can go in that will have some meeting of the mind, and I think it was two weeks ago when I talked to Cliff, he said that he had not had an opportunity to do this as yet, but I think, again, Mr. Mayor, the solution lies in your hands. We are only talking about money, and we're talking about funds that are needed for the growth of this City system. We're talking about the funds that are needed for the growth of a system in the ETJ. The last Council, in its wisdom, authorized the issuance of \$6 million worth of bonds over and above what we had requested that we needed for our capital improvement as a relief to the financial burden of the developers in this City because we felt that their business was important, and we presented this to the Councilmen. We said, we don't have the money to do this, but you do; and if you will give us this additional amount of money we'll grant that relief and it has been used well with the developers. And so I say to you, as a Council, we will follow any policy that you set if you are willing to finance the requirements of that policy and tell our board what financial resources you are willing to do, and if you feel it is important that we do subsidize the building industry, let's do that. We subsidize the average rate payer

today, you know that. Our charge for water is considerably less than our cost to serve the minimum payer, and this is a fact of life that we do in San Antonio, but don't ask the City Water Board to do something that it cannot do. It cannot set its own rates. It has to be done here at this Council. Don't ask us to come up with a policy that requires money when we don't have the financial resources. I would point out that the Public Service Board has a rate that allows them to contribute 14% of their gross revenues to the operation of this City. The Water Board rates are so low that we cannot do that. We do provide the free water service too you. **But, this is not the fault of this Council.** It is not the fault of any Council. It has been historically the thing in San Antonio to be able to say we give our water away free, but as a utility man, I say to you that that position is totally unrealistic. If we have a product to sell, we have to charge a price for it that is realistic, and no home builder can sell a house for less than he paid, or it cost for him to build it, and we can't do it with the water services.

MAYOR BECKER: There have been comments made that the water in San Antonio is so cheap that it is seen running down the streets every day using it to hose down various types of business, people carelessly wasting it in the streets when they are watering their lawns, it must really be cheap.

DR. SAN MARTIN: Mr. Mayor, may I interrupt at this time, I don't think we're really getting anywhere. Will you be kind enough to sit down, Mr. Van Dyke, he has been standing long enough anyway, I feel this is for Council discussion anyway. I'm getting kind of weak, I've got to eat. I need nourishment really soon or I'll pass out on you. Mr. Mayor, I would like for the Council to consider on Thursday, which is in line with what Mrs. Cockrell has mentioned, the following for a vote on Thursday, that the matter of on-site mains be deferred until the report comes in, whether it is in 28 or 30 days, **with specific instructions** on how it would affect the rates of the water and then that on Thursday we vote on withholding or suspending the item **where the Water Board is sole purveyor of water in the ETJ. In the meantime,** to allow the existing system to extend to their full capacity providing they are doing so in **contiguous** lots of existing water system at that time and that on Thursday, we vote on this, and I would like one more thing before. I would like for Mr. Granata to make some comments that I have asked him to see what this would do to the system right now, Mr. Granata.

CITY MANAGER GRANATA: I think that would be a very good thing to vote on. I think, if you would have asked me, I would have raised the same points about the rates. We need more than thirty days, maybe or thirty days to address ourselves about the on-site mains. **There are three issues,** On-site, there's a sole purveyor, and there is private systems. The on-sites we will take a study whether or not the Water Board is going to finance it, then they have to give you a rate structure of how they are going to finance it, or the developer continue. The immediate problem, it seems to me, is the fact that the **private water** systems have to lay off people because their plats have been withheld or disapproved, not withheld, because of the fact that they are not complying with the present policy. So I would suggest, and I believe you mentioned, except you said allow them to expand up to the capacity of their present system, that is now allowed. I think you meant allow them to expand beyond and increase the capacity of their system as long as the platted areas are **contiguous** to their areas, but

do not allow them to start any new water systems anywhere. If the Water Board would buy that, I think that would solve your immediate problems of the lay-offs and maybe the Water Board and the developers could get together on that one point, that would get you off high center on the fact about the immediate lay-off. It doesn't solve the on-site main problem, but I think you could take time on the on-site, and with the understanding that these people that were allowed to expand their private water systems beyond the capacity as long as it is contiguous platted areas with the understanding that until the policy is changed that if and when the City Water Board ever acquires and you know they don't have to sell, in the future, but if and when they decide to sell, that the on-site mains in order for it to be equal to the present policy, unless you change it later, will not be part of that acquisition of that system at that time.

DR. SAN MARTIN: That is correct. That is, in essence, what I was trying to say Mr. Mayor. I would like to get the Council's feelings on the voting on these items next Thursday.

MAYOR BECKER: Would anyone care to comment on that right now?

MRS. COCKRELL: Well, I think we have agreed that it is appropriate to vote on any motion relating to the item on Thursday. I would like to get a copy of this in writing if I may. There was quite a lot of meat there and if I may get that in writing as quickly as possible.

MR. PADILLA: For the sake of order, Mr. Mayor, there has been a motion before the house, properly seconded. At this time, I would urge the chair to instruct the Water Board that they do have this thirty-day period so that there be no doubt in their mind. For the sake of order, I am going to withdraw the motion that I made.

MAYOR BECKER: They are now instructed. Now let's get on with the next thing.

DR. SAN MARTIN: This is for Thursday's consideration by this Council. It's in line with what we said last week, that today we would listen to the Water Board and withhold any vote until Thursday. If necessary, I'll see, did you get the motion? The question of the on-site main be left at this time to await a further report with specific instructions to the Water Board to see what it takes. It would have on the rate structure, and also that we withhold or suspend the item in the present ordinance that the Water Board is the sole purveyor in the ETJ and to allow the existing systems to expand to full capacity without allowing new water systems. Now that is, in essence, all I am saying.

MRS. COCKRELL: May we just ask the City Attorney--did you understand the motion and that it's going to be made on Thursday and, is this within our legal prerogative?

CITY ATTORNEY REEDER: I think I understand it, Mrs. Cockrell, and it's probably a pretty good solution, but we've got a little problem. What you're doing if you do that is you're amending your subdivision regulations, and the City Charter says that the Planning Commission is supposed to submit recommendations as to the subdivision regulations to you, and you can either approve or reject them. Now, you're usurping the functions of the Planning Commission if you amend the subdivision regulations without a prior recommendation from the Planning Commission. However, as Mr. Langley, Judge Casseb and Mr. Gardner said to me last week when they were trying to get me to agree to recommend some things, who is going to question it? Well, I don't know that anybody would. I'm just pointing out what the Charter says. This is supposed to originate with the Planning Commission. Now, if you're just going to repeal this outright your subdivision regulations that are in controversy here, I think you could probably do that but what you're going to be doing is amending with Dr. San Martin's motion. That's all I've got. I don't know whether it's going to cause a legal problem or not. It's not what the Charter says to do.

CITY MANAGER GRANATA: Crawford, can we take this to the Planning Commission tomorrow. They meet tomorrow.

MAYOR BECKER: It's no wonder we're where we are. No wonder. Well, let me ask you this, Crawford, how can then a motion be phrased that will be voted on today, that will apply to permitting these people to continue with these various plats as the intent of Dr. San Martin was, he attempted to do that. Now, without getting into the Planning Commission and the subdivision deals and all that stuff what kind of a motion can we come up with if nothing is spelled C-A-T, CAT.

CITY ATTORNEY REEDER: Okay, I see what, very well, what you're getting at. I don't like all of this rig-a-maroll either, Mr. Mayor, just what the Charter says, and I thought you all ought to know that. I think the way to get around to spell CAT is to pass an amending ordinance and tell the Planning Commission to live with it, and if they don't live with it when their term expires get another Planning Commission. That's the way to do it. Now, I think we can draw this thing up, but I don't think you ought to pass it today. I think the time to pass it is Thursday.....

DR. SAN MARTIN: I said Thursday.

CITY ATTORNEY REEDER: That's what I thought.....

MAYOR BECKER: Okay.

MR. VAN DYKE: Mr. Mayor.

MAYOR BECKER: Yes, sir.

MR. VAN DYKE: Would you clarify one point.

MAYOR BECKER: I doubt if I'm able to, Mr. Van Dyke. I'm as confused as the rest of these folks are.

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MR. VAN DYKE: Did I understand Dr. San Martin to state that a private water company that is presently operating in the ETJ may install any kind of production facilities it wants to, to expand its service? In other words, if they don't have enough well capacity there, if they want to serve land adjacent to their place they could drill five wells and put them in there and put all the pumps that they want.

DR. SAN MARTIN: Right. Because you did not answer my question exactly as to who determines, how do you determine full capacity. The developers says I've got, I haven't reached full capacity, and you say you have not but I have the final word you have not explained to me how you can arbitrate that.

MR. VAN DYKE: Now, if I was a developer and I had that license, I would put in 10 million gallon wells tomorrow, and I could just go on and provide water in the ETJ forever.

DR. SAN MARTIN: I don't think his customers would be happy with the low pressure it would be getting and he'll hear from his customers.

MR. VAN DYKE: He would have real high pressure if he does this. You're really opening Pandora's box when you do this, but I wanted you to understand that you're just saying you're free to go any way that you want to out in the ETJ.

MAYOR BECKER: That's not what he intended to say.....

MR. VAN DYKE: Well, that's what he's saying, Mr. Mayor.

MAYOR BECKER: Well, but that isn't what he intended to say, and we have a penchant for always coming up with a meaning that really wasn't intended. Now, what we're trying to do here is to permit these people to go home and start these work plans. Build these homes and I'd like to think that there's somebody on this earth that isn't looking for every angle and every possible route that he can take to circumvent what's reasonable and decent. Maybe I've over estimating these people. I don't know. I don't think I am, but there ought to be a way to contain whatever excesses anyone might care to indulge in. I don't know how that could be phrased either, but there's got to be a way to do that, if that's the kind of people we're dealing with. I don't think they're all together that way.

MR. VAN DYKE: This is the point that both the developer needs to know and we need to know. What are the rules in the game?

DR. SAN MARTIN: Mr. Van Dyke, do you really think that they're going to do anything over and beyond what they actually need?

MR. VAN DYKE: Absolutely.

MR. FRANK MANUPELLI: Mr. Mayor, may I just object to that now because that's not true. May I just suggest that perhaps the City Manager can be an arbitrator to the situation like that. We are not out to go out and drill a well every five feet in the ground, besides we don't have the money to do it, but we do want to be able to drill enough wells to serve those people out there, and I think that's what the City Councilmen.....

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DR. SAN MARTIN: That is correct.

MAYOR BECKER: As a rule of thumb, let's take a 100 homes or 200 or whatever incremental numbers you want. There is a prescribed amount of water, generally speaking, that's used to supply that number of homes, whether it be 100, 200, 300, or 400, or something, isn't it.

MR. VAN DYKE: It depends on the size of the well and its capacity, Mr. Mayor.

MAYOR BECKER: All right. Now, along with the amount of fire hydrants and all that kind of stuff, that's all a matter of calculation, isn't it? Isn't that a matter of formula, really, to a large extent?

MR. VAN DYKE: I'm not trying to dictate to you, whatsoever, I was just asking a clarification of what your intents are.

MAYOR BECKER: I appreciate that, and that's what I'm trying to find out from you. Isn't there a formula that pretty well applies to that sort of thing. Now, if there is, then I would think that they could be instructed not to exceed that formula. Now, if you need one well for a hundred homes or one well of a certain size for 200 homes or something, I think you could prevent them from going out and doing what you're talking about and that's just indiscriminately drilling wells all over God's creation just because they have a 30 day reprieve with such things.....

MR. VAN DYKE: I didn't understand that this would only apply for 30 days.

MAYOR BECKER: We're trying to finally rationalize something out of this. Well, I won't say what I think of it, this Ordinance that was passed and that's a euphemistic expression, if there ever was, March 29 of this year, it was passed though.

DR. SAN MARTIN: Mr. Van Dyke, all I'm saying is that we're trying to suspend for the time being, I'm not saying that this is the way of life from now on. We have a lot of other things to consider, as Rev. Black has mentioned, in the light of who's going to subsidize who. You say that you cannot possibly bring us a report in less than 30 days. Now, even at that you thought it was cutting it pretty thin. You said I have to drop everything else and don't do anything else except that. If the people out there don't walk out on you again. So, really, you're asking a little more than 30 days and then the developers want to rebut, and this is just going to continue indefinitely so all I'm saying is for the time being let's do this. This is subject to further action later down the road. Maybe 30 days, maybe six weeks, I don't know. I'm just trying to find something that we can do next Thursday and allow this thing to pass or deadlocked too.....

MAYOR BECKER: I'm going to suggest this to this if I may, Doctor, that if between now and Thursday, this being 1:30 in the afternoon on Tuesday, almost, that the City staff, the City Attorney, come up with some type of an ordinance, I don't know whether Crawford is still here; there he is.....

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CITY ATTORNEY REEDER: Yea, I'm here.

MAYOR BECKER: I can't see you in back of Sam over there.

CITY ATTORNEY REEDER: I'm trying to disappear.

MAYOR BECKER: I know, that's what we're trying to do. We're trying to get off gracefully, you see. It's as important leaving as it is arriving on time,, and we can't seem to leave today. To develop some type of an ordinance that will permit what we're talking about here today so that we don't have to spend till midnight tonight trying to frame this thing, that between now and Thursday morning or between now and tomorrow afternoon or as quickly as possible that you can have it available and this Council will have a chance to look at it.

MRS. COCKRELL: May I ask for one additional legal opinion. I would like the legal opinion as to how this particular action, if it receives the majority votes, will affect the pending litigation against the City?

CITY ATTORNEY REEDER: Well, that was one of the things that I was kind of worried about too, Mrs. Cockrell, and.....

MRS. COCKRELL: Well, may I have that in writing between now and Thursday, if we all evaluate our votes.

CITY ATTORNEY REEDER: All right, I am a little bit like Mr. Van Dyke there. There is a limit in how much I can write in a given period of time, but I'll do what I can with it.

MRS. COCKRELL: Maybe you can talk into your box and your secretary can write it.

CITY ATTORNEY REEDER: I'll get that lawyer that said we don't need any extra help if we take over Traffic.

MAYOR BECKER: Okay. All right, are there any further comments to be made today on anything that's transpired here today. I hope not.

DR. SAN MARTIN: Why don't we adjourn?

MAYOR BECKER: All right.

* * * *

There being no further business to come before the Council, the meeting adjourned at 1:45 P. M.

A P P R O V E D



Charles L. Becker

ATTEST: *J. A. Sulman*
City Clerk

