

AN ORDINANCE 100588

**AMENDING CHAPTER 34 OF THE CITY CODE
ADJUSTING THE RATES FOR CHILLED WATER AND
STEAM SERVICE PROVIDED BY THE SAN ANTONIO
WATER SYSTEM TO CUSTOMERS OF KELLYUSA
EFFECTIVE BEGINNING IN MAY 2005.**

* * * * *

WHEREAS, the San Antonio Water System Board of Trustees (the "Board") believes that revising the schedule of rates for Chilled Water and Steam service at KellyUSA is necessary; and

WHEREAS, the City Council of the City of San Antonio is empowered to approve and adopt such schedule of rates; and

WHEREAS, it is in the best interest of the City to adopt such schedule of rates for chilled water and steam service at KellyUSA in order to continue to maintain its covenants and obligations established pursuant to City Ordinance No. 75686 adopted April 30, 1992; and

WHEREAS, pursuant to Board Resolution No. 05-084, the Board has recommended to the City Council to approve and adopt such schedule of rates for KellyUSA; **NOW THEREFORE:**

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

SECTION 1. The City Council hereby adopts the schedule of rates for chilled water and steam service for KellyUSA. Such schedule of rates, attached hereto and incorporated herein as Attachment I, are on file with the Office of the City Clerk and the President/Chief Executive Officer of the San Antonio Water System. Such revisions shall further be incorporated into Chapter 34 of the City Code.

SECTION 2. The schedule of rates in chilled water and steam service for KellyUSA adopted pursuant to this Ordinance shall become effective at 12:01 a.m. on the 1st day of May 2005 and shall be applied to all applicable San Antonio Water System billings upon completion of one complete monthly billing period, which will be on or about May 31, 2005.

SECTION 3. Should any Article, Part, Paragraph, Sentence, Phrase, Clause, Word of the Ordinance, for any reason, be held illegal, inoperative, or invalid, or if any exception to our limitation upon any general provision herein contained be held to be unconstitutional or invalid or ineffective, the remainder shall, nevertheless, stand effective and valid as if it had been enacted and ordained without the portion held to be unconstitutional or invalid or ineffective.

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Item No. 30

SECTION 4. This ordinance shall be effective on the tenth (10th) day after passage.

PASSED AND APPROVED this 24th day of March, 2005.



MAYOR

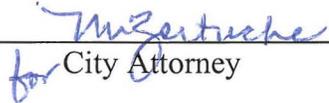
EDWARD D. GARZA

ATTEST:



City Clerk

APPROVED AS TO FORM:



City Attorney

Agenda Voting Results

Name: 30.

Date: 03/24/05

Time: 06:13:00 PM

Vote Type: Multiple selection

Description: An Ordinance amending Chapter 34 of the City Code adjusting the rates for chilled water and steam service provided by the San Antonio Water System to customers at KellyUSA effective beginning with billings in May 2005. [Presented by Ben Gorzell, Jr., Director, Public Utilities; Melissa Byrne Vossmer, Assistant City Manager]

| Voter | Group | Status | Yes | No | Abstain |
|--------------------|-------------|-------------|-----|----|---------|
| ROGER O. FLORES | DISTRICT 1 | Not present | | | |
| JOEL WILLIAMS | DISTRICT 2 | Not present | | | |
| RON H. SEGOVIA | DISTRICT 3 | Not present | | | |
| RICHARD PEREZ | DISTRICT 4 | | x | | |
| PATTI RADLE | DISTRICT 5 | | x | | |
| ENRIQUE M. BARRERA | DISTRICT 6 | | x | | |
| JULIAN CASTRO | DISTRICT 7 | | x | | |
| ART A. HALL | DISTRICT 8 | | x | | |
| CARROLL SCHUBERT | DISTRICT 9 | | x | | |
| CHIP HAASS | DISTRICT_10 | | x | | |
| MAYOR ED GARZA | MAYOR | | x | | |

MEETING OF THE CITY COUNCIL

| |
|---|
| ALAMODOME |
| ASSET MANAGEMENT |
| AVIATION |
| CITY ATTORNEY |
| MUNICIPAL COURT |
| REAL ESTATE (FASSNIDGE) |
| REAL ESTATE (WOOD) |
| RISK MANAGEMENT |
| CITY MANAGER |
| SPECIAL PROJECTS |
| CITY PUBLIC SERVICE – GENERAL MANAGER |
| CITY PUBLIC SERVICE – MAPS AND RECORDS |
| CODE COMPLIANCE |
| COMMERCIAL RECORDER |
| COMMUNITY INITIATIVES |
| CONVENTION AND VISITORS BUREAU |
| CONVENTION CENTER EXPANSION OFFICE |
| CONVENTION FACILITIES |
| COUNCIL OFFICES |
| CULTURAL AFFAIRS |
| CUSTOMER SERVICE/311 SYSTEM |
| DEVELOPMENT SERVICES |
| HOUSE NUMBERING |
| LAND DEVELOPMENT SERVICES |
| TRAFFIC & DRAINAGE PLAN REVIEW |
| ECONOMIC DEVELOPMENT |
| ENVIRONMENTAL SERVICES |
| SOLID WASTE |
| EXTERNAL RELATIONS |
| PUBLIC INFORMATION OFFICE |
| FINANCE - DIRECTOR |
| FINANCE – ASSESSOR |
| FINANCE – CONTROLLER |
| FINANCE – GRANTS |
| FINANCE – PUBLIC UTILITIES SUPERVISOR |
| FINANCE- TREASURY |
| FIRE DEPARTMENT |
| HOUSING AND COMMUNITY DEVELOPMENT |
| HUMAN RESOURCES (PERSONNEL) |
| INFORMATION SERVICES |
| INTERNAL REVIEW |
| INTERNATIONAL AFFAIRS |
| LIBRARY |
| MANAGEMENT & BUDGET (OFFICE OF) OMB |
| MAYOR'S OFFICE |
| METROPOLITAN HEALTH DISTRICT |
| MUNICIPAL CODE CORPORATION |
| MUNICIPAL COURT |
| NEIGHBORHOOD ACTION |
| PARKS AND RECREATION |
| MARKET SQUARE |
| YOUTH INITIATIVES |
| PLANNING DEPARTMENT –NEIGHBORHOOD PLNG; URBAN DESIGN/HISTORIC PRESERVATION |
| DISABILITY ACCESS OFFICE |
| POLICE DEPARTMENT |
| GROUND TRANSPORTATION |
| PUBLIC WORKS DIRECTOR |
| CAPITAL PROJECTS |
| CENTRAL MAPPING |
| ENGINEERING |
| PARKING DIVISION |
| REAL ESTATE DIVISION |
| TRAFFIC ENGINEERING |
| PURCHASING AND GENERAL SERVICES |
| SAN ANTONIO WATER SYSTEMS (SAWS) |
| VIA |

AGENDA ITEM NUMBER: 30

DATE: MAR 24 2005

MOTION: Perez / Hall Radle

ORDINANCE NUMBER: 100588

RESOLUTION NUMBER: _____

ZONING CASE NUMBER: _____

TRAVEL AUTHORIZATION: _____

| NAME | ROLL | AYE | NAY |
|--|------|-----|-----|
| ROGER O. FLORES JR. District 1 | | | |
| JOEL WILLIAMS District 2 | | | |
| RON SEGOVIA District 3 | | | |
| RICHARD PEREZ District 4 | | | |
| PATTI RADLE District 5 | | | |
| ENRIQUE M. BARRERA District 6 | | | |
| JULIAN CASTRO District 7 | | | |
| ART A. HALL District 8 | | | |
| CARROLL SCHUBERT District 9 | | | |
| CHRISTOPHER "CHIP" HAASS District 10 | | | |
| EDWARD D. GARZA Mayor | | | |

Amerda Chapter 34

ATTACHMENT I

SCHEDULE A

RECEIVED
CITY OF SAN ANTONIO
CITY CLERK
05 MAR 24 AM 11:26

ATTACHMENT I
SCHEDULE "A"
CHILLED WATER SERVICE RATE SCHEDULE FOR KELLYUSA
SAN ANTONIO WATER SYSTEM
San Antonio, Texas
Effective May 1, 2005

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

CAPACITY CHARGE

The capacity charge shall be \$15.85 \$20.52 per ton hour of demand. The demand shall be the largest number of tons of cooling demanded in any of the twelve months ending with the month next preceding the month in which the bill is dated or the demand amount specified in the contract or agreement with the customer, whichever is the greater of the two.

COMMODITY CHARGE

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

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

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

ADJUSTMENT FOR PAYMENT TO THE CITY GENERAL FUND AND TO GKDA

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

The San Antonio Water System has contracted with GKDA to pay 5% on all Chilled Water and Steam service revenues at KellyUSA unless the revenue is derived from services to the USAF on both the realigned portion of Kelly AFB and for the long-term leased-back facilities on the non-

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realigned portion of Kelly AFB, except for sales to the USAF that are billed to GKDA in connection with multi-tenant buildings in which USAF is one of the tenants.

DEFINITIONS

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

An hour is defined as 60 consecutive minutes.

Gross Revenues is defined in City Ordinance No. 75686.

ATTACHMENT I

SCHEDULE B

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**SCHEDULE "B"
STEAM SERVICE RATE SCHEDULE FOR KELLYUSA
SAN ANTONIO WATER SYSTEM
San Antonio, Texas
Effective May 1, 2005**

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

CAPACITY CHARGE

The capacity charge shall be \$79.39 \$95.06 per 100 pounds per hour of demand. The demand shall be the largest number of pounds of steam demanded in any hour of the twelve months ending with the month next preceding the month in which the bill is dated or the demand amount specified in the contract or agreement with the customer, whichever is the greater of the two.

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ADJUSTMENT FOR PAYMENT TO THE CITY GENERAL FUND AND TO GKDA

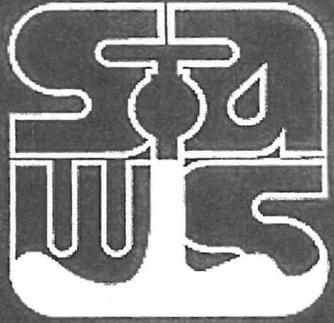
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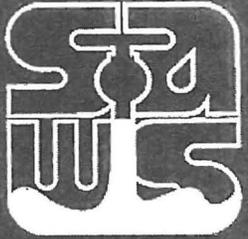
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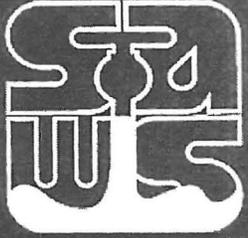
**Proposed Rate
Adjustments to KellyUSA
Chilled Water & Steam
Services**

City Council
Agenda Item No. 30
March 24, 2005



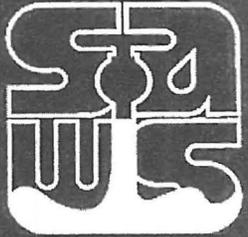
Background

- SAWS operates three Heating & Cooling plants:
 - The Downtown and KellyUSA systems are owned by SAWS.
 - The Brooks City Base system is operated under a time & materials contract.
- This proposed rate adjustment is specific to KellyUSA and has no impact to the other systems.
- SAWS staff has worked for the past year with the Greater Kelly Development Authority (GKDA) and the KellyUSA tenants to develop this rate; all parties are in agreement with the proposed adjustment.



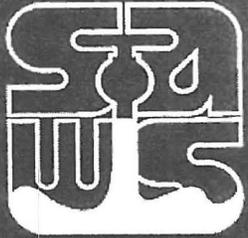
Background

- Rate Objective:
 - To recover the cost of providing steam and chilled water to all users – *Breakeven*.
 - A fair and equitable allocation of the costs to the users of the steam and chilled water.
- Rates last reviewed/adjusted in late 2002.
 - Greater Kelly Development Authority (GKDA) agreed to temporarily subsidize the rate to minimize the impact on its tenants.
- GKDA has requested that the subsidy be removed and the rates recalculated.



Expenses

- Experience with the KellyUSA systems has led to O&M efficiencies, a more accurate budget, and refined G&A allocations.
- Utilities forecasts have been revised based on history and input from SAWS' Office of Energy Management.
- Current rate model does not reflect the expected cost of operations.



Renewal & Replacement Fund

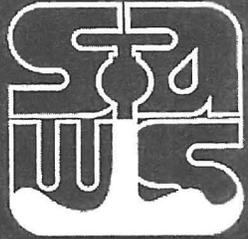
- Capital improvement projects performed on the system have left a negative balance in the Chilled Water Renewal & Replacement (R&R) fund for KellyUSA.
- The current rates are insufficient to replenish the fund in a timely manner and ensure adequate funds availability for future capital repairs.
- The proposed rates eliminate the negative balance in the Chilled Water R&R fund in six years and provide capital improvement funding for both systems through the next repair/replacement of all major components*.

* Will require ongoing adjustments for inflation.



Demand Subsidy

- Original subsidy was in the form of artificially high demand (volume) estimates for GKDA's facilities.
 - The fixed service cost divided by the higher demand figure produced a reduced rate for the tenants with GKDA paying for more than their true share.
 - The subsidy is a reallocation of the bill amongst the system users; SAWS' revenue is not impacted.
- After reviewing the impact to the tenants of removing the entire subsidy in one year, GKDA inquired about phasing out the subsidy.
- A rolling average demand was developed.
 - Allows subsidy to be phased out over three years.
- GKDA and the KellyUSA tenants have reviewed and approved the proposed plan.



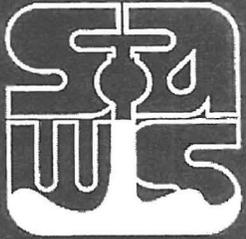
Chilled Water Service Rate

Current Rate:

| | |
|---------------------------|-------------------|
| Total Fixed Costs Monthly | \$106,100 |
| Monthly Customer Demand | <u>6,694 tons</u> |
| Current Capacity Charge: | \$15.85/ton |

Proposed Rate:

| | |
|---------------------------|------------------|
| Total Fixed Costs Monthly | \$132,261 |
| Monthly Customer Demand | <u>6493 tons</u> |
| Proposed Capacity Charge | \$20.52/ton |



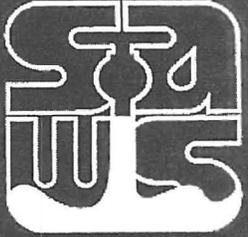
Steam Service Rate

Current Rate:

| | |
|---------------------------|---------------------|
| Total Fixed Costs Monthly | \$68,923 |
| Monthly Customer Demand | <u>86,820lbs/hr</u> |
| Current Capacity Charge: | \$ 79.39 |

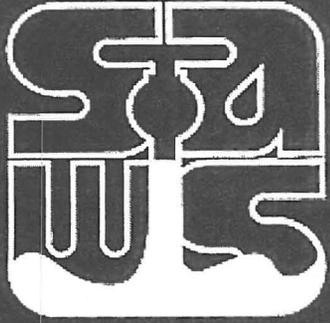
Proposed Rate:

| | |
|---------------------------|---------------------|
| Total Fixed Costs Monthly | \$68,525 |
| Monthly Customer Demand | <u>72,085lbs/hr</u> |
| Proposed Capacity Charge | \$ 95.06 |



Summary

- The proposed rates:
 - Meet the objectives of SAWS and GKDA.
 - Provide revenues that cover the cost of service.
 - Provide for timely elimination of the negative R&R balance and provide funding for future capital projects.
 - Have been reviewed by the GKDA Performance & Oversight Committee, briefed to the GKDA Board, and accepted by the KellyUSA tenants.



**Proposed Rate
Adjustments to KellyUSA
Chilled Water & Steam
Services**

City Council
Agenda Item No. 30
March 24, 2005

Affidavit of Publisher

STATE OF TEXAS,

COUNTY OF BEXAR

CITY OF SAN ANTONIO

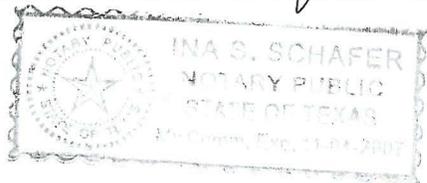
Before me, the undersigned authority, on this day personally appeared Helen I. Lutz, who being by me duly sworn, says on oath that she is Publisher of the Commercial Recorder, a newspaper of general circulation in the City of San Antonio, in the State and County aforesaid, and that the City of San Antonio-City Clerk-Ordinance 100588 hereto attached has been published in every issue of said newspaper on the following day , to-wit: April 6, 2005.

Helen I. Lutz

Sworn to and subscribed before me this 6th day of April, 2005.

Ina S. Schafer

Notary Public in and for Bexar County, Texas



PUBLIC NOTICE
AN ORDINANCE 100588
AMENDING CHAPTER 34 OF THE CITY CODE ADJUSTING THE RATES FOR CHILLED WATER AND STEAM SERVICE PROVIDED BY THE SAN ANTONIO WATER SYSTEM TO CUSTOMERS OF KELLYUSA EFFECTIVE BEGINNING IN MAY 2005.
PASSED AND APPROVED this 24th day of March, 2005.
/s/EDWARD D. GARZA
Mayor
ATTEST:
/s/ LETICIA M. VACEK
City Clerk
4/6