

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



**FINAL
Meeting Minutes
City Council B Session**

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

Wednesday, October 2, 2013

2:00 PM

Municipal Plaza Building

The City Council of San Antonio convened in the “B” Room of the Municipal Plaza Building at 2:00 P.M. with the following Councilmembers present: Bernal, Taylor, Viagran, Saldaña, Gonzales, Lopez, Medina, Nirenberg, Chan, Soules, and Mayor Castro. ABSENT: None.

Mayor Castro called the meeting to order at 2:05 pm.

RECESSED

Mayor Castro recessed the meeting at 2:10 pm to convene in Executive Session for the purposes of:

- A. Deliberate competitive matters regarding CPS Energy and discuss related legal issues pursuant to Texas Government Code Section 551.086 (competitive matters) and Texas Government Code Section 551.071 (consultation with attorney).
- B. Deliberations regarding economic development negotiations and discuss related legal issues pursuant to Texas Government Code Sections 551.087 (economic development) and 551.071 (consultation with attorney).

- C. Deliberate the purchase, exchange, lease or value of real property and discuss related legal issues pursuant to Texas Government Code Sections 551.072 (real property) and 551.071 (consultation with attorney).

RECONVENED

Mayor Castro reconvened the meeting at 3:07 pm and announced that no action was taken in Executive Session.

1. A presentation by the San Antonio Water System on its Revenue Requirements relating to their proposed Rate Increase to be effective January 1, 2014 and an overview of an Efficiency Study. [Robert R. Puente, President and Chief Executive Officer, San Antonio Water System]

Robert Puente presented a Power Point and highlighted the successful management of the San Antonio Water System (SAWS). He provided an overview of ongoing initiatives to include the EPA Consent Decree, Drought Management, and Operational Efficiencies. He outlined the investment in the Sewer System and reported the reductions in Sewer Spills from 2012 through 2013. He spoke of managing a Historic Drought in which the Edwards Supply has been cut by 30% and the Trinity Aquifer Levels have declined.

Mr. Puente stated that the employees from the BexarMet Integration Process were completely integrated and there had not been a water rate increase due to same. He spoke of the Efficiency Study conducted by PA Consulting noting that they found SAWS to be well managed and operating as well as or better than its industry peers in most functional areas. They reported that SAWS was one of the most complex utilities in the nation and recommended eliminating positions and realigning duties for cost savings.

Mr. Puente highlighted the \$10 million budget reductions for FY 2014 which include reductions in fleet size and use, as well as continued cost sharing and benefit adjustments. He mentioned that a Department of Innovation and Efficiency had been created by redirecting existing positions. He indicated that the projected 2014 Rate Increase was 5.1% and a 2015 Rate Increase not to exceed 5.3%.

Doug Evanson presented Revenue Requirements totaling \$546.4 million in 2014 and \$575.1 million in 2015. He explained that 75% of the 2014 Capital Program totaling \$388 million was dedicated to the Water Supply, Environmental Protection Agency (EPA), and Governmental Programs. He highlighted the highest credit ratings in SAWS History but noted that Fitch (rating agency) cautioned that a decline in Debt Service Coverage could put downward pressure on the rating. He outlined the Proposed 2014 and 2015 Rates and Customer Bill Impacts. He mentioned that 86% of the request in 2014 supports the Water Supply and Sewer System and 85% of the request would support same in 2015.

Mr. Puente spoke of the Affordability Discount Program that would be increased by \$2.5 million in 2014 and reported that 3,800 new participants had utilized the Program in 2013. He provided an overview of all of the Affordability Programs available to ratepayers. He added that even with the rate increase, SAWS would remain among the lowest utilities in Texas.

Mayor Castro thanked staff for the presentation and stated that he had an opportunity to review the presentation at the SAWS Board Meeting. He commended the City Council for working with SAWS to help reduce the proposed rate increase. He asked of the big ticket items for the rate increase. Mr. Puente replied that for 2014, the big ticket item was the Integration Pipeline that would move water from the Desalination Plant to the high growth area in North and Northwest Bexar County. He noted that the EPA Consent Decree regarding the Sewer System was a large factor in both the 2014 and 2015 Rate Increases. He added that he believed that the two-year rate increase would help address the needs of the citizens and meet the requirements of the city.

Councilmember Saldaña asked of the Integration Pipeline. Mr. Puente responded that the pipeline was buried underground and would transport water from the Desalination Plant. He stated that water would be stranded without the pipeline and added that it would be the largest in the nation by 2016. Councilmember Saldaña asked of the EPA Consent Decree. Mr. Puente replied that it required a certain amount of investment in the SAWS Sewer System over 10 years. Kelley Neumann added that the EPA Consent Decree Amounts differed for 2014 and 2015 due to the timing of projects. Councilmember Saldaña asked of the funds allocated for Governmental Expenses. Mr. Puente explained that these were due to projects in conjunction with the City's Bond Program, Bexar County Infrastructure, or Texas Department of Transportation Projects. Councilmember Saldaña asked of the impact to previous BexarMet Customers. Mr. Puente replied that BexarMet Customers would only receive an increase to their Wastewater Fee.

Councilmember Soules thanked SAWS for their work in identifying efficiencies and requested a copy of the SAWS Budget. Mr. Evanson replied that they would be providing a Budget Book to the City Council today. Councilmember Soules stated that he believed that SAWS was moving in the right direction but was concerned with approving a two-year rate increase. He spoke of the Efficiency Study that was occurring and noted that a new SAWS Board was in the process of being appointed.

Councilmember Medina stated that he was pleased with the efficiencies that had been identified and with the improved customer service to BexarMet Customers. He asked of the impact of the cuts within Customer Service. Mr. Puente replied that part of it was related to the potential closure of the Southcross Service Center that was for BexarMet Customers. Mr. Evanson added that they offered online payment methods that would

lessen the calls coming into the Center and therefore; reduce the amount of staff needed. Councilmember Medina asked that SAWS be mindful of the customers that still use the Service Centers.

Councilmember Viagran asked of the Service Centers. Mr. Puente replied that there were currently four Service Centers and that the BexarMet Center would likely be closed. Councilmember Viagran asked of the overall SAWS Budget. Mr. Evanson replied that the SAWS 2014 Budget totaled \$546 million and \$575 million for 2015.

Councilmember Gonzales thanked SAWS for their work on Affordability Programs and asked of the Operational Cost related to the Integration Pipeline. Mr. Puente confirmed that it was not included in the current number and that there would be Operational Costs beginning in 2016. Mr. Evanson mentioned that additional cost increases related to the Integration Pipeline were projected for 2016.

Councilmember Nirenberg asked of the estimates for Water Demand and Water Supply. Mr. Puente replied that they used growth trends and models to anticipate what new residents will need. Councilmember Nirenberg asked of the Regional Water Source Project. Mr. Puente stated that the project was not being considered at this time and the projections related to same had been removed from the rate increase. Councilmember Nirenberg spoke of Proposition 6 and asked how it would impact San Antonio. Mr. Puente replied that they wanted Proposition 6 to pass since it would allow San Antonio and others in the State of Texas to acquire low interest loans using the State's Bonding Capacity.

Councilmember Lopez asked of the benefit to Proposition 6. Mr. Puente replied that it would allow for lower interest rates and provide a larger pool of money to borrow. Councilmember Lopez asked of the Water Supply Projects. Ms. Neumann explained the various projects and noted that the Twin Oaks ASR, Carrizo Aquifer and Desal Plant Projects were all at the same location.

RECESSED

Mayor Castro recessed the meeting at 4:25 pm and announced that the meeting would resume at 6:00 pm for Citizens to be Heard.

CITIZENS TO BE HEARD

Mayor Castro reconvened the meeting at 6:00 pm and called upon the individuals registered to speak.

Mark Perez expressed concern with businesses operating without the proper permits and mentioned the TETCO, Kimberly Clark, DPT Laboratories, and AGE Refinery Buildings.

He asked why city staff did not respond to his requests and noted that he was not pleased with the services being provided by the city.

Juan Macias expressed concern that there was not a sidewalk where he catches the bus near his home and with the lack of sidewalks in his neighborhood. He noted further concerns with drugs and violence in his neighborhood.

Nick Calzoncit requested that the City Council do more in terms of promoting peace and spoke of his show on Public Access Television.

Faris Hodge, Jr. submitted written testimony regarding the Terminal A Renovations underway at the San Antonio Airport and the Consolidated Rental Car Facility. He wrote that the FY 2014 Budget was balanced and that there would not be a Property Tax Rate Increase this year. He submitted numerous newspaper articles and highlighted the 2013 Valero Alamo Bowl. Lastly, he wrote of the new computer filters at the San Antonio Public Library.

ADJOURNMENT

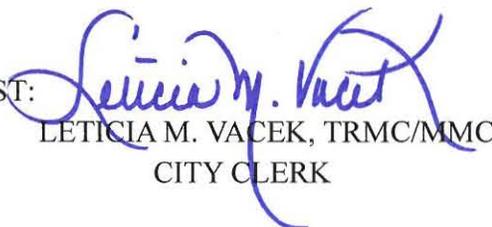
There being no further discussion, Mayor Castro adjourned the meeting at 6:15 pm.

APPROVED



JULIÁN CASTRO
MAYOR

ATTEST:



LETICIA M. VACEK, TRMC/MMC
CITY CLERK