

**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

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Wednesday, October 16, 2013

2:00 PM

Municipal Plaza Building

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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, Lopez, Medina, Nirenberg, Chan, Soules, and Mayor Castro. ABSENT: Gonzales.

1. City Staff will provide its professional recommendation on the Proposed CPS Energy FY2015 Rate Adjustments. [Ben Gorzell, Chief Financial Officer].

Ben Gorzell presented information regarding the CPS Energy Proposed Rate Increase. He outlined the Bond Ordinance Revenue Requirements in which funds must be pledged and appropriated in a specific priority. He reported that Public Utilities Staff had conducted a comprehensive review that focused on the Economic/Rate Model to include a Cash Flow Analysis and Key Financial Targets; Revenue Requirements; Capital Budget; Operations & Maintenance Budget; Financing Plan; Affordability Programs; Off-System Sales; and Credit Considerations. He noted that they had also conducted a Review of Sales Forecast in which the Proposed Rate Increase was applied against the consumption estimate to validate that revenue generated would match the CPS Energy Revenue Requirement.

Mr. Gorzell spoke of the CPS Energy Capital Budget and stated that the 5-Year Forecast included over 600 Projects at a cost of \$2.8 Billion. He noted that they had categorized the projects by priority for 2015 and 2016. He highlighted details of the O & M Budget noting that there would be a 50% reduction in the Employee Incentive Plan in both 2015 and 2016.

He provided the Debt Services Coverage Ratio and the Senior Lien Debt Service Coverage from FY 2014 through FY 2025. He stated that they would issue approximately \$410 Million of new money through 2015 to fund Capital Projects. He noted that the first installment of \$300 Million would be issued in Fall 2014 and the second installment of \$110 Million would be issued in Spring 2015. He added that a \$360 Million refunding was expected in Spring 2014.

Mr. Gorzell provided an update on the Affordability Program noting that they had increased discounts to help mitigate the impact of the Rate Increase. He stated that the goal was to increase participation by 10,000 in the Gas and Electric Customer Categories. He noted that other Affordability Programs continue to be available such as the Residential Energy Assistance Program (REAP) and Project WARM.

Mr. Gorzell reported that the Net Fiscal Impact to the City if the Rate Increase is effective February 1, 2014 is \$5.5 Million. He stated that the annual impact for 12 months would equate to an increase of net revenue to the city totaling \$7.83 Million. He indicated that staff recommended approval of the Proposed 4.25% System-Wide Increase in CPS Energy Electric and Gas Base Rates effective February 1, 2014. Additionally, City Staff recommends that CPS Energy commit to working with the city to study CPS Energy's Pension and Benefits Plans and their associated cost. He stated that CPS Energy should continue to enhance its Capital Project Prioritization Process and address Customer Services Issues within Billing and the Call Center.

Mayor Castro thanked staff for the presentation and for their work on the Comprehensive Study.

Councilmember Chan thanked City and CPS Energy Staff for their work on the Proposed Rate Increase. She asked of the Other Indirect Capitalization Costs. Mr. Gorzell replied that CPS Energy was capitalizing a part of their direct labor and it is a portion of the Direct Labor Capitalization. Paula Gold Williams of CPS Energy added that it included the support functions of a project such as Information Technology and other Shared Services. Councilmember Chan expressed concern that the costs were too high. She asked if the net increases to the city were included in the City's Budget. Mr. Gorzell confirmed that they had not yet been included in the City's Budget.

Councilmember Medina thanked CPS Energy for listening to the ratepayers and adjusting the Proposed Rate Increase. He asked of the changes to the Employee Incentive Plan. Mr. Gorzell replied that they were reducing it by 50% for 2015 and 2016. Mr. Beneby added that they would reduce Employee Incentives by 16% this year. Councilmember Medina asked that CPS Energy continue to address Customer Service Issues.

Councilmember Saldaña asked if city staff always concurred with the CPS Energy Proposed Rate Increases. Mr. Gorzell replied that they work together on the Rate Increases to ensure that the right amount is recommended and get to a point where both entities are aligned.

Councilmember Saldaña asked of the difference of the Priority 1 and 2 Capital Projects. Mr. Beneby replied that Priority 1 Projects were mandated from a regulatory standpoint such as the Environmental Protection Agency. Councilmember Saldaña asked if the reduction in Incentive Pay would be used for the Affordability Program. Mr. Gorzell stated that the savings helped reduce the percentage of the Proposed Rate Increase from 4.75% to 4.25%. Councilmember Saldaña asked of the increase to the Affordability Program. Mr. Beneby replied that they would increase the Affordability Programs in the amount of \$2 million to \$4 million as needed. Councilmember Saldaña spoke of the importance of ensuring that those that need assistance receive it.

Councilmember Nirenberg stated that he was pleased that the process for the Rate Increase had been improved and asked for details of the process. Mr. Gorzell replied that they had worked with CPS Energy on the Capital Improvement Program and noted that they reviewed each project in detail. He added that they were more rigorous about investments on the Generation Side and encouraged CPS Energy to apply the same rigor in other areas. Councilmember Nirenberg asked how the process could be improved. Mr. Gorzell stated that he would like for City Staff to be engaged earlier in the process. Councilmember Nirenberg stated that he was impressed with the level of communication provided by CPS Energy.

Councilmember Lopez spoke of the importance of collaboration between the City of San Antonio and CPS Energy. Mr. Beneby stated that the Bond Rating Agencies were more favorable when there was alignment between the two entities. Councilmember Lopez asked of Capital Projects and Air Quality. Mr. Beneby replied that there were several levels and that they speak with Environmental Stakeholders every quarter. He stated that they would continue to work diligently to keep San Antonio at a Non-Attainment Status. Councilmember Lopez stated that some projects should be funded in an effort to address quality of life issues.

Mayor Castro thanked staff for the presentation.

Mayor Castro recessed the meeting into Executive Session at 3:31 pm to discuss the following:

- A. Discuss legal issues related to Lisandro Ramirez v. Joe Casteneda and City of San Antonio, pursuant to Texas Government Code Section 551.071 (consultation with attorney).
- B. Deliberations regarding economic development negotiations and discuss related legal issues pursuant to Texas Government Code Sections 551.087 (economic development) and 551.071 (consultation with attorney).

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

### **CITIZENS TO BE HEARD**

Mayor Castro reconvened the meeting at 6:00 pm and announced that no action was taken in Executive Session. He called upon the citizens registered to speak.

David Power with the Texas Office of Public Citizens stated that an Energy Efficiency Analysis was performed by the City of San Antonio 10 years ago and that another analysis should be performed at this time. He noted that the Energy Efficiency Analysis indicated that the City of San Antonio could achieve 1,200 Megawatts of energy savings but the STEP Program reduced the Savings Goal to 771 Megawatts.

Al Lindsey stated that he resides in Southeast San Antonio and expressed concern with large holes in a recently paved alley between S. Mittman and S. Walters Streets. He noted that the alley had been re-paved but expressed concerns with the costs.

Rose Kanusky stated that she resides on Mission Street in San Antonio and supports the opening of an HEB Grocery Store in the King William Area that is affordable, full service, and sensitive to the area's Historic Nature. She indicated that she participated in the Lone Star Plan process which called for complete streets and increased use of the Commander's House Public Park. She requested that residents of the King William Area be included in negotiations with the City and HEB and that the process not be rushed.

Kelly Walls of Homeward Bound Dog Rescue expressed concern that a case of starvation of two dogs was reported to Animal Care Services (ACS) and they failed to respond in a timely manner. She stated that this resulted in the death of both dogs. She indicated that this was not the first time that ACS has not responded in a timely manner to reports of animal cruelty and neglect.

Meredith McGuire stated that she was speaking on behalf of a Coalition called Re-Energize San Antonio which is comprised of San Antonio Environmental and Social Justice Groups. She urged the City Council not to approve the CPS Energy Proposed Rate Increase. She encouraged the City to adopt the 2012 International Energy Conservation Code (IECC) Building Codes and require CPS Energy to demonstrate how expenditures justify the Proposed Rate Increase.

Mary Nethery representing a group called Main Access requested that the City of San Antonio Deed restrict the Commander's House Property in perpetuity so that it always remains a public park. She further asked that they separate the Main Street Closure from the Grocery Store and that Main Street remain permanently open to citizens.



Mark Kellmann stated that he was a Local Architect and spoke of the distance of the VIA Streetcar Routes.

Greg Jorden addressed the City Council in opposition to the CPS Energy Proposed Rate Increase. He stated that it would be impossible for him to afford the \$5.19 monthly increase.

Lance Aaron stated that Hemisfair Park was one of the few resources that everyone could enjoy and was a significant resource for the city.

Faris Hodge, Jr. submitted written testimony and highlighted the new Tiger Cubs born at the San Antonio Zoo in August. He wrote of the reuse of the former Albertson's Grocery Store which is now the Tri-Point YMCA and highlighted the grand opening of BiblioTech. He wrote of the potential routes for the City's Proposed Streetcar System and noted that Texas must invest more in Education. He requested that the City's Nutrition Program and the Meals on Wheels Programs be combined. He expressed concern that Texas lags in quality and access to Health Care. He highlighted the \$210,000 Donation from TETCO to the Juvenile Diabetes Research Foundation.

#### ADJOURNMENT

There being no further discussion, Mayor Castro adjourned the meeting at 6:35 pm.

APPROVED



JULIÁN CASTRO  
MAYOR

ATTEST:



LETICIA M. VACEK, TRMC/MMC  
CITY CLERK