

**City Council Special Meeting - SAWS 2020 Budget & Utility Briefing
October 31, 2019
RAC-Related Questions & Responses**

Mayor Nirenberg

- What work is the Rate Advisory Committee doing to ensure that we further incentivize conservation for businesses and customers to use less water if they don't need it and how are we going to deal with that from a rate structure standpoint?

Robert Puente

- Go to slide 31. At the next RAC meeting, the members of that committee will be asked to prioritize these objectives, conservation being one of them. That is something that this advisory committee will rank as far as what value they put for conservation. The previous RAC put a big emphasis on conservation and that's how we went from four to eight tiers. Although as Mary said, there's a lot of people who didn't like eight tiers, there's a whole lot more people who do like it because they never increased their usage into those tiers, so the cost of water is less to them.

Mayor Nirenberg

- The last thing I'll say about conservation is a family of five, who qualifies for Project Agua, is going to use more than a professional who is living well, who needs to only support one person in that household. I hope that the Rate Advisory Committee would consider a paradigm change in supporting a per capita type of lifeline rate that ensures if you have a large family that qualifies, you're not penalized because there's more people in your household, which is a reality of some San Antonio families.

Robert Puente

- Yes, that is a discussion that occurred at the last meeting. Obviously one of the problems is knowing how many people live there, when they are there, when they are not there, when a child is born, when somebody comes home from college. All these kinds of issues are things we're looking at.

Mayor Nirenberg

- And also we know where some of our most at-risk customers of our community reside without even asking. Are we doing any proactive outreach, people who are living in public housing? We know that if they are on the bubble with regard to their mortgage, they are going to be on the bubble with their water bill as well. Can we proactively help them sign up for our programs?

Robert Puente

- Yes, and I will call up Gavino Ramos if he wants to talk about these projects, but at the last RAC meeting we were complimented by the consultant that we have the highest participation of any entity he has ever seen, water or energy sector. I personally do things like block walking with different council members. Councilwoman Shirley Gonzales has had events that we sponsor almost like a fair where we have our handheld computers there, signing people up, English and Spanish. We have a tremendous amount of outreach.

Gavino Ramos

- Thank you Mayor. Part of what we're trying to do is put the onus more on the organization versus on the constituent. Far too often we were making constituents ask for services, so what we've done is grown our assistance program teams by 200%. When I first got here, Robert's biggest mandate was that we needed to grow and recruit these customers. So we started with two staff members, now we've grown our team to six. Two of them are staff that will be out in the community. We're going to be working with different council folks so that we can set up hours with their offices, setting up partnerships with the Food Bank, CPS Energy and other organizations that also have identified customers in need. We know that if someone is having a hard time paying their water bill odds are they're having a hard time paying other bills as well. So we are no longer asking the customer to come to us. The mandate Robert gave us and what we are doing is going out and finding the customer.

Councilwoman Rocha-Garcia

- How many people in my district (District 4) have been able to participate in the various SAWS affordability programs over the years? Looking for historic analysis of participation. Particularly interested in Project Agua, Plumbers to People, Affordability Discount, etc. (later, Dr. Rocha-Garcia asks for the same information on Uplift programs).

Robert Puente

- We will get that information for you. (ACTION ITEM)

Councilwoman Rocha-Garcia

- How are you encouraging people to participate? How proactive are you?

Robert Puente

- As Gavino mentioned, the two new recent hires will work directly with your staff to assist constituents fill out the application form and they are bilingual.

Councilwoman Rocha-Garcia

- Refer to slide 31. Speaking of pricing objectives for consideration by the RAC, how are you addressing the minimization of customer impact? How would you propose addressing that?

Robert Puente

- This list of objectives is for the RAC members. Based on their beliefs, their constituency or what they bring to the table, the members will decide which objectives should be the most important on how we price the water.

Councilwoman Rocha-Garcia

- Okay, so for instance on simple to understand and update, like for who? How is that defined?

Robert Puente

- For the customer and for SAWS. We have a particular computer billing system and if it's changed drastically then we would have to have a tremendous amount of infrastructure change in that IT system.

Councilwoman Rocha-Garcia

- One of you referenced the rate study of 2015, where can I find that?

Robert Puente

- 2015, we have that. We will provide that to you. It's on the website. (ACTION ITEM)

Councilwoman Rocha-Garcia

- How is the Rate Advisory Committee going to work? I know you mentioned the consultant, so they're going to have a consultant who's going to walk them through the pricing objectives basically? Are they going to be assigned some value and then does it work like that?

Robert Puente

- Essentially a conversation among everyone. Somebody may influence someone else as to what is the most important thing. This membership is made up of your council appointees but also different customers that we have identified so that all customer classes are represented. Apartment associations, manufacturing, so there will be a lively discussion, to strive for a consensus.

Councilwoman Rocha-Garcia

- The Rate Advisory Council members, I know that you say that they are representative of residential and business. Do you have demographics including educational levels of those advisory committee members?

Robert Puente

- I don't know if we asked them what their educational background was but if they provided a resume we would. (ACTION ITEM)

Councilwoman Rocha-Garcia

- The only reason that I'm asking that is the majority of the residents in District 4 do not have a bachelor's degree. They don't even have college education and I just want to make sure that as a whole that we are looking at representation of folks, that because they don't have some kind of degree they will earn less and those are the ones most impacted and I want to make sure those folks are represented at the table and that's why I was asking. I didn't know whether you kept track of that. Trying to see if there's diversity.

Councilman Courage

- I hope that the leadership of SAWS when you work with the RAC will take the advice of your Chairman and looking very closely at Austin's methodology that they're using, because they are actually lowering their water rates for their customers and I just ask that your staff look at that rate closely and inform our rate committee about it and see if there's a way to incorporate that thinking in the rates that they determine.

Robert Puente

- The last thing that I'm going to allow SAWS to do is to follow Austin's lead. That is the city that suffered a prolonged boil water notice, and could not drink water for five days. That's the city with the highest rates, almost double our rates, so yes they have a lot of room to lower those rates. It's also a city that does not have a consent decree. What our Chairman was talking about when

he said using Austin as a model was because the individual that was a consultant on the Austin rates on affordability happens to be the same consultant that we just hired a month ago to help us with this RAC and affordability issues.

Councilwoman Sandoval

- I was looking at your website for the Rate Advisory Committee and I wanted to commend you on how thorough it is. How the information is fairly easy to access. You have videos of the meetings, minutes of the meetings, agendas and they're really easy to find. One thing that was on there was the draft of the bylaws for the RAC, which I saw that you had already adopted, but before I saw they were adopted I went through and wrote a bunch of comments now which are kind of moot. But I do want to at least share with my councilmembers just so they know. So that committee is governed by your Board of Directors is my understanding? *(Please note that the approved bylaws are now posted on the RAC webpage.)*

Robert Puente

- Their recommendations will go to our Board, yes and then City Council.

Councilwoman Sandoval

- One thing that I did notice in there is that each councilmember can appoint a nominee but ultimately it's up to the discretion of your Board to decide who gets on there so Councilmembers don't have a guaranteed appointee.

Robert Puente

- You're right, but our Board would not veto a recommendation by the Council.

Councilwoman Sandoval

- Sure, so I wonder why they didn't just put it in the bylaws.

Robert Puente

- You're right, it could change very easily since your Mayor is our board member. **(ACTION ITEM FOR NEXT RAC BYLAW DOCUMENT)**

Councilwoman Sandoval

- I would have felt more comfortable with a guaranteed appointment, if you would consider that. The other thing I noticed is the same thing goes for a vacancy becomes open it doesn't say anything about consulting with the councilmember if the vacancy is from our district. It simply says your Board will appoint that vacancy. The last thing I would mention is there are categories of types of individuals that you would like to be there and environmental is in a category with a lot of other types of individuals. I would think it's a priority to always have someone versed in conservation issues to be a part of that Rate Advisory Committee. If you have to go back to the bylaws, that's what I would recommend. **(ACTION ITEM FOR NEXT RAC PROCESS)**

Robert Puente

- I appreciate that and will take your suggestion.

Councilwoman Sandoval

- I was looking at some of the presentations you gave the Rate Advisory Committee and one point of discussion that you had was a summary of objectives from the last time the RAC met and your

team categorized them into objectives that were achieved, largely achieved and objectives partially achieved. Conservation is there so I wanted to know if you could elaborate on what you feel you achieved or what your staff thinks they achieved.

Robert Puente

- From the 2015 Rate Study?

Doug Evanson

- I was the one that gave that briefing. I think that we achieved, what you saw, was some movement out of blocks seven and eight total usage and number of bills, and we've seen more usage in those lower blocks. Our first block has basically 3,000 gallons of usage and our second block goes up to around 4,500 gallons of usage, so what we saw was a migration; increased usage in those first two blocks with reduced usage in blocks basically three through eight and in particular blocks five through eight.

Councilwoman Sandoval

- Doug when you say you saw the migration, over what time, since you started having the blocks?

Doug Evanson

- Since the rate structure was put in place. So in 2015 we looked at it, the last year under the old rate structure was 2015, and the first year under the newer structure was 2016. We had data from 2016, 2017 and 2018 so we compared 2015 to 2018. We compared all years but those two years were also fairly similar from a climatic standpoint as well. Rainfall was roughly equivalent, 44 inches in 2015 and roughly 42 inches in 2018 so we were looking at apples to apples in terms of weather.

Councilwoman Sandoval

- One of the other objectives that was labeled requiring focus was affordability of course.

Doug Evanson

- One of the things we established was a lifeline supply rate and so that was a priority. However, based on our experience since 2015, what we found was unfortunately most of our affordability participants, at least from the data that we have usages that seem to indicate that they have larger family sizes. They may have other concerns that keep them from limiting consumption within the usage parameters of the lifeline supply rate. We saw more migration into the lifeline supply rate usage parameters out of our general customer population than we did within the affordability discount program eligible customer population. I know there has been some discussion about being able to base our charges on the size of each customer household's family. One of the things Robert talked about how difficult that is. We do not know if a new child is born or if someone passes away within otherwise eligible households. This will be one of the alternatives we will be examining. But one rate structure that we are looking at being used in other communities is to use a customer's average winter consumption and maybe that becomes your block one usage as opposed to some arbitrary 2,992. But if somebody has eight or ten people that live in their household, obviously their average winter consumption is going to be higher than somebody that has just one person living in the household. So maybe that's a way you can establish a more tailored rate structure.

Councilwoman Sandoval

- You may always be a high water utilizer if you're someone that takes thirty minute showers even in the winter.

Doug Evanson

- So obviously it's challenging but we're going to try to look at it. I think we've made some improvements. I know certainly Gavino and his group have enrolled a lot more people in those programs but we need to continue.

Councilwoman Sandoval

- Given that we're such a poor city, what is the strategy around affordability aside from we'll do outreach? I feel like we should have a sense of how many people or how many households actually need that help and then compare that to the funding that we have set aside and our targets for reaching those households,

Gavino Ramos

- We went out and engaged a state demographer out of UTSA. Working with him, he provided us quite a bit of information, heat maps and information. We combined that information with information from our finance group using census track data. The number that was derived was about 60,000 families that need our help. It may not sound like a lot but you need to understand that in order to get a discount you need to get a water bill. Unfortunately a lot of families that are on assistance through SAHA or other organizations are renters, so they don't get a water bill. When I first came on board, Robert's tasked me to grow our outreach efforts and my first thought was let's go to SAHA and sign everybody up. Well unfortunately they don't get water bills. Consequently, the challenge became a little different. They are paying a water bill but it's through the rent so we are working with Dr. Teodoro from A&M for alternative options through the rate study

Councilwoman Sandoval

- Oh, it's split some way by the property manager?

Gavino Ramos

- So if we were to give a discount to a developer, would he/she ultimately give it back in rent? We don't know. We're trying to find alternatives to best assist those families that aren't getting a water bill but are paying for water in some form or fashion. In going through that, we've identified approximately 60,000 families, which our ultimate goal. As Robert indicated, we are right at 32,000. To toot our own horn a little bit, those are numbers nobody has seen before. Dr. Teodoro, at our last RAC meeting, had indicated in his history he's seen the max to be about 15% and we're at 50%. I believe we're doing a great job but I do know we can do more. As I indicated earlier, there are two new affordability specialists coming on board that are going to be in the communities. We've already contacted quite a few different offices and are going to set up hours at the district offices. We're going to set up time at partner agencies because we know the needs out there. We just need to do a better job amongst ourselves to find when the need is the greatest and have our team members go out there. We can't expect them to come to us. We need to be doing a better job of being proactive, going out to where the need is the greatest and then engaging those families at that time.