

Good evening – my name is Amy Hardberger and I am speaking as a concerned citizen and San Antonio native. I also work as a water attorney on water policy. In the last few years, my work has focused on water markets and sustainable utility business models. I mention this because my comments this evening will focus on the financials of this project. In addition to concerns about specific contract provisions regarding the city’s financial risks, there are several big picture questions about a project of this type that need to be answered BEFORE you sign on the dotted line.

I urge city council to take the time necessary to ensure that this is a fiscally responsible project. You spent months discussing and debating the city budget because you wanted to make sure that this city was fiscally sound. The same level of discourse is required here. To my knowledge this is one of – if not the most expensive contract – council has ever voted on. I think that warrants more than one month of review.

Discussion of the larger city budget is germane here for several reasons. First, if the city commits to this contract they will be responsible for paying for it. SAWS has proposed a rate increase to cover the contract costs; however, based on SAWS own presentations, we don’t need this water unless we are in extreme drought and even then we won’t need this water for many years. This water – by SAWS own statements – is so that the city can avoid stage 3 and 4 drought restrictions sometime in the future. Regardless of your philosophical stance on drought restrictions – the numbers have to add up for this to be a good idea.

Drought is temporary, but this project will mean the delivery of far more water than we need under normal conditions and a bill we will always need to pay. Using a power analogy, the city is building a base load power plant – one that will work 365 days a year - in order to meet limited peak needs in summer. This makes no financial sense. If you are going to build something to manage

high demands over limited periods of time, it should be something that can be turned on and off and only provides resources to cover the peak needs, not provide excess water for years.

This is not just my opinion, SAWS's own CFO has argued over the years that drought restrictions are the most fiscally responsible way to manage drought because it is so unpredictable. You don't know how long it is going to last or how much water you will actually sell; therefore you cannot effectively plan. SAWS has also stated that IF water is purchased simply to avoid drought restrictions the break even price is \$1400 an acre-foot. Vista Ridge water is currently \$2200 acre-foot. I say currently because it is worth noting that the final cost of this project isn't really known and I haven't seen any cost estimates for integration or O&M. SAWS and others have stated that excess water can be sold to other municipalities, but there are no such contracts at the moment. This city must be sure it can afford this water if these agreements never materialize. We must be sure our newly passed city budget can cover any revenue shortfall caused by lack of sales.

So much of this conversation has centered on the people who will move to San Antonio, but we need to consider the existing ratepayer. The people who have lived in this city for generations who will foot 100% of the bill for this projected growth. The median income in San Antonio is \$42,000. Based on my understanding, people in this income bracket will not qualify for SAWS's new safety valve program and yet they will bear the brunt of the rate increase. We don't even know what the cumulative rate increases will be over the next 5-7 years. A 16% increase is significant in and of itself, but this project cannot be viewed in a vacuum. SAWS has projected many other rate increases for water supply projects and infrastructure fixes and yet they haven't released a final number. You need to know what an average bill will look like 5-7 years ago as compared to today so you know if your constituents can afford it. In May, this council voted to

protect existing rate-payers from paying for growth. Unfortunately, this water will not qualify for impact fees, which makes it imperative that the financial costs to ratepayers be fully explained and understood.

Let me be clear. I do not want this city to run out of water. It is my home and I care about its survival as much as anyone else in this room and I agree with SAWS that we need to plan for growth and we need to be prepared for drought, but all water projects are not created equal and there are many ways to prepare for growth. From what I have seen about Vista Ridge, a contract that requires us to pay for a large amount of water whether we need it or not is not a good fit for drought protection and could have severe financial consequences on the city's and SAWS's budget.

Finally, I would just like to say a quick word about how the Vista Ridge process has unfolded. I appreciate the addition of this public hearing, but I hope it is not the only opportunity for members of the public, who will be paying for this water, to learn about the project and ask questions.

I realize there has been a lot of debate regarding how public the process actually was, but I would just point council to SAWS's own precedent set in their 2012 Water Management Plan rollout where, in addition to small group presentations, they hosted 5 public meetings over several months. There has been no similar rollout for this project even though it was promised. As a closing thought, I would just add, if you have to fight this hard to convince this many people that process was public – maybe it wasn't.

Thank you for your time.