

**MINUTES
MEETING OF THE SAN ANTONIO WATER SYSTEM
CAPITAL IMPROVEMENTS ADVISORY COMMITTEE**

Wednesday, September 5, 2018

9:00 A.M.

**SAN ANTONIO WATER SYSTEM
CUSTOMER CENTER
CONFERENCE ROOM C-145**

1. Meeting called to order

The regular meeting of the Capital Improvements Advisory Committee (CIAC) was called to order at 9:07 A.M. on Wednesday, September 5, 2018 by Dan Kossel, Chairman, Capital Improvements Advisory Committee.

Committee Members Present:

Arlene B. Fisher, District 1
Michael Hogan, District 6
Brian Hughes, District 7
Michael Moore, District 9
Dan Kossel, District 10
Stephen Colley, Mayor/ETJ

Committee Members Not Present:

Susan Wright, District 2
Debra Guerrero, District 3
Michael Cude, District 4
Vacant, District 5
Amy Hardberger, District 8

SAWS Staff Members Present:

Andrea Beymer, Vice-President, Engineering and Construction
Keith Martin, Corporate Counsel
Sam Mills, Director, Special Projects
Tracey Lehmann, Director, Development
Lou Lendman, Manager, Budget
Mark Schnur, Senior Resource Analyst
Jackie Kneupper, Planner III
Patrick Middleton, Planner II
Benjamin Benzaquen, Senior Financial Analyst
Antonio Ramsey, Internal Auditor
Bobby Johnson, Manager, Engineering

Eric Cloudt, Director, Continuous Improvement and Innovation
Cecilia Picazo, Intergovernmental & External Relations Coordinator
Byron Gipson, Intergovernmental & External Relations Coordinator
Therese Kenner-Chavez, Intergovernmental & External Relations Coordinator

Other Representatives Present:

Allison Cohen, San Antonio Apartment Association
Morris Harris, City of San Antonio
Jeff Pullin, City of San Antonio
Jim Koenig, North San Antonio Chamber of Commerce
Garland Scott
Jennifer Ivey, Consultant, Carollo Engineers

2. Citizens To Be Heard

There were no citizens to be heard.

3. Approval of the minutes of the CIAC regular meeting of August 22, 2018.

The committee approved the minutes of the August 22, 2018 meeting.

4. Follow up on CIAC member information requests from the August 22, 2018 meeting.

Mr. Lehmann presented on information requests from the previous meeting including a memo detailing impact fees collected and impact fees committed from June 2014 to July 2018, and the list of Water Delivery – Flow CIP, as requested by the CIAC. Mr. Colley asked for clarification on the dollar amounts in parenthesis listed on the project list within the September 2018 Update Memo. Mr. Lehmann explained that the parenthesis signify credits on projects which came in under the expected budget due to a change order, etc. Mr. Kossl asked if the dollar amount difference between impact fees collected (\$273,418,141.90) and impact fees committed (\$325,329,551.70) signified that the projections made by the 2014 LUAP and Impact Fee Study were inadequate. Mr. Lehmann responded that this is not necessarily true. Every new project is designed for twenty five years of life, while the LUAP and Impact Fee Study will only look ten years into the future. Therefore, there will always be over commitments which are not indicative of inaccurate growth projections. Mr. Hughes asked if the approximate fifty-two million dollar discrepancy reflects impact fees committed, but not yet spent. Mr. Mills clarified that the committed project essentially means board approved, and that every project has a recoupment component. SAWS is able to use impact fees to recoup costs of existing infrastructure such as treatment plants. Mr. Martin clarified that it is the rate payer that is recouping money for infrastructure which was paid for by rates.

Mr. Hogan asked for clarification on the second sentence of the first paragraph on page two of the memo: “Since 1993, SAWS has collected \$702.98M and spent \$343.6M in impact fees through July 2018.” Mr. Mills responded that some projects in the past that were impact fee eligible were actually funded by debt, so there is not always a direct correlation between what is collected and what is spent.

Mr. Hogan requested that SAWS staff examine what water rates would hypothetically look like if impact fees had never been implemented. Ms. Beymer commented that SAWS presented a figure

to San Antonio City Council of a necessary 1% increase in rates per year, if no impact fees were to be collected in the previous five year period. SAWS staff will work with the finance department to estimate a figure for Mr. Hogan's question. Mr. Martin commented that it is important not to view the impact fee as a tax, but rather as a one-time fee for a service provided, akin to a construction cost.

Mr. Kossel asked if projects listed on the Water Delivery – Flow CIP list dated 2013 were existing assets. Mr. Lehmann replied that all projects on this list are new projects. Projects dated 2013 were not completed within the five year window, and are still valid today. Mr. Moore asked if these projects would be eligible for the previous study's impact fee rates. Mr. Johnson replied that the rate will be charged based on the plat recordation date. Mr. Kossel asked if projects not completed in the current CIP were essentially paid for again in the next impact fee study, and if SAWS staff believes they are able to accurately project the CIP needed for ten years of growth. Ms. Ivey explained that, due to the requirements Chapter 395, there will typically be projects that carry over from previous studies. However, each impact fee only pays for one EDU of capacity, and fees collected over the past five years will not fully pay for the entire list of projects. Projects included but not built in the first half of the ten year window can remain eligible in the subsequent impact fee study. Care is taken to not "double dip" by ensuring the ratio of cost to EDUs calculates the true unit cost.

5. Deliberation and consideration of findings and recommendations related to components of SAWS Water Flow Capital Improvements Projects.

Mr. Lehmann asked if the CIAC was ready to make a finding regarding the Water Flow component of the CIP. Mr. Kossel asked if the final EDU cost for Flow has been calculated. Mr. Lehmann responded that until SAWS staff has included the financing costs they will be unable to deliver the final dollar amount per EDU. Mr. Kossel recommended, and the CIAC agreed, to wait until the final the Water Flow component figure is calculated to vote on a finding. Mr. Lehmann asked the CIAC if they would agree to accept the methodology used to heretofore. Mr. Kossel asked Ms. Ivey if the methodology was consistent with the previous study. Ms. Ivey confirmed that it was. There were no objections from the CIAC on continuing the calculation with the current data and methodology.

6. Briefing and deliberation on the SAWS Water System Development Improvements Projects.

Ms. Ivey delivered a presentation on the SAWS Water System Development improvements projects including an overview of what parts of the system are included in the component.

Mr. Kossel asked which aquifers the wells included in the System Development component draw from. Mr. Mills and Ms. Beymer explained that it is a combination of Edwards, Trinity, and Carrizo aquifers. Ms. Mills continued that leased wells, such as WECO, are not included in the calculations. Mr. Hughes asked if Vista Ridge was included in this calculation. Mr. Mills replied that Vista Ridge is not included in the System Development calculation.

Mr. Hogan asked if the two factors driving the capacity demand for water storage were TCEQ requirements and need for additional capacity for Vista Ridge water. Ms. Ivey replied that the calculations presented for storage capacity needs only factor in the TCEQ requirements. Mr. Hughes asked if the System Development component includes the Vista Ridge terminus site tank. Mr. Mills replied that the Vista Ridge terminus site tank is not included in this component. Ms.

Beymer commented that the Vista Ridge integration costs will be reflected in the Water Supply component.

Mr. Hogan asked if SAWS received credit for storage at the H2Oaks Aquifer Storage and Recovery Facility. Mr. Mills responded that ASR is not included in this component, however it is included in the Water Supply component.

Mr. Kossl asked why it is assumed that the allocation of capacity and demand of transmission mains is essentially equal to that of pump stations. Ms. Ivey explained that typically the two are paired together, and the pipe is sized according to the demand of the pump station.

Mr. Kossl asked if SAWS staff requests a finding from the CIAC on the System Development component at this time. Mr. Lehmann responded no, not at this time, however SAWS staff will request approval of the methodology by the CIAC at the September 19, 2018 meeting. Mr. Kossl asked Ms. Ivey if the methodology used was consistent with the previous study. Ms. Ivey responded that yes, it is the same methodology. However, varying from the previous study, the system wide peaking factor and average day demand was used for all service areas in place of the individual service area peaking factors. Mr. Colley asked if the peaking factors varied from zone to zone. Ms. Ivey responded that yes, Freese and Nichols' report did include a unique peaking factor for each zone, however these peaking factors were problematic in the System Development calculations, and it was decided by SAWS staff and Carollo Engineers to use the system wide peaking factor and average day demand instead. This change will continue to be evaluated internally. Mr. Hughes asked if irrigation demand could cause the difference between the peaking factors. Mr. Mills responded that increase in irrigation use does loosely track with increase in peaking factors and average day demand.

Mr. Lehmann informed the CIAC that Ms. Ivey will not be able to attend the proposed meeting on October 3, 2018. Instead of presenting on the Water Supply component at our next proposed meeting on September 19, 2018, the intent is to move forward with presentations for the sewer impact fee components. There were no objections from the CIAC.

All presentation materials can be found on the SAWS CIAC webpage:
http://www.saws.org/business_center/developer/impactfees/meetings.cfm

7. **Adjournment**

The committee agreed to meet on September 19, 2018. The meeting was adjourned at 10:57 A.M.

APPROVAL:



CIAC Chairman

