



REQUEST FOR PROPOSALS
Solicitation Number: R-13-001-DB

UNDERWRITING SERVICES

ADDENDUM #1 – 3:00 PM Central | January 23, 2013

This addendum provides answers to questions submitted by the deadline as listed in the RFP.

ANSWERS TO QUESTIONS

Question:

% Rate Adjustment Needed – Preliminary – Subject to Change					
	2013	2014	2015	2016	2017
Water Supply	8.4%	27.9%	11.4%	5.4%	17.2%
Water Delivery	0.0%	6.7%	6.3%	5.2%	3.3%
Wastewater	20.2%	15.1%	10.0%	8.1%	4.6%
% Increase	11.3%	15.0%	9.3%	6.7%	6.9%
Pass through Fees	-9.9%	0.0%	0.0%	0.0%	0.0%
% Total Increase	9.9%	14.2%	8.8%	6.4%	6.7%

The numbers for the “% Increase” row do not seem to flow down to the “% Total Increase” row. For example, the increase for 2013 is 11.3% with an adjustment for Pass through Fees of -9.9%, leaving a % Total Increase of 9.9%. However, at the SAWS website located on page <http://www.saws.org/rates/index.cfm>, the following picture is shown with the bill increase for 2013.

SYSTEM REQUIREMENTS	BILL INCREASE
Basic Sewer System (Capital)	1.8%
Basic Sewer System (Operating Increase)	1.2%
Expanded SSO Reduction Program (Capital)	0.9%
Expanded SSO Reduction Program (Operating)	5.7%
Water Supply (Capital)	1.7%
Total	11.3%
Pass-through Fees	-1.4%
Total Bill	9.9%

Should we assume that for 2013 the percentage increase total is 11.3% with an adjustment for Pass-through fees of -1.4% for a total percentage increase of 9.9%? In 2014 and thereafter the amount of Pass-through fees is 0.0%, but there is a change in the % Increase row to the % Total Increase row. Should we assume there is a negative adjustment from 2014 to 2017 in order for the percentage increase to add up correctly?

Answer:

The 2013 rate adjustment request has been amended to an overall bill increase of 8.4%. The table below shows the percentage rate increase by line of business and the overall bill impact.

Service	2012 Budget	2013 Proposed	\$ Increase	% Rate Increase	% Bill Increase
Water Supply	\$9.06	\$9.29	\$0.23	2.5%	0.5%
Water Delivery	\$15.29	\$15.29	\$0.00	0.0%	0.0%
Wastewater	\$22.10	\$25.75	\$3.65	16.5%	7.9%
Total	\$46.45	\$50.33	\$3.88		8.4%
Pass-through Fees	\$3.27	\$2.89	(\$0.38)	-11.6%	-1.4%
Total Bill	\$49.72	\$53.22	\$3.50		7.0%

The five year rate projections are listed in the following table. **Please note, rate adjustments are projections only and are subject to change and SAWS Board of Trustee and San Antonio City Council approval.**

Residential Bill (7,788 gallons water / 6,178 wastewater, ICL, Standard) - Preliminary, Subject to Change						
	Adopted	Budget	Projected	Projected	Projected	Projected
Monthly Residential Bill	2012	2013	2014	2015	2016	2017
Water Supply	\$9.06	\$ 9.29	\$11.72	\$13.09	\$13.78	\$16.27
Water Delivery	\$15.29	\$ 15.29	\$16.00	\$17.02	\$17.82	\$18.32
Wastewater	\$22.10	\$ 25.75	\$29.38	\$32.14	\$34.36	\$35.46
Total	\$46.45	\$ 50.33	\$ 57.10	\$ 62.25	\$ 65.96	\$ 70.05
Increase		\$ 3.88	\$ 6.77	\$ 5.15	\$ 3.71	\$ 4.09
Increase %		8.4%	13.5%	9.0%	6.0%	6.2%

EAA Fee	\$3.04	\$2.67	\$2.67	\$2.67	\$2.67	\$2.67
State-Imposed TCEQ Fee	\$0.23	\$0.22	\$0.22	\$0.22	\$0.22	\$0.22
Total With EAA / TCEQ Fees	\$49.72	\$ 53.22	\$ 59.99	\$ 65.14	\$ 68.85	\$ 72.94
Increase % with EAA / TCEQ Fees		7.0%	12.7%	8.6%	5.7%	5.9%

Question:

The 2012 budget is posted on the SAWS website, but is the 2013 budget available? In particular, what are the projected gross revenues, non-operating revenues, and maintenance and operating expenses for 2013?

Answer:

The 2013 Budget requesting the 8.4% overall bill adjustment is still subject to San Antonio City Council approval, however, should the rate adjustment be approved, the following are the budgeted operating revenues, non-operating revenues, and operating and maintenance expenses.

Total Operating Revenue - \$458,680,000

Non-Operating Revenue (excludes Build America Bond Subsidy) – 950,000

Operating & Maintenance Expenses – 243,937,000

Question:

In Section 6, "Provide a summary table of representative issues in excess of \$100 million par amount that your firm has underwritten for the period beginning January 1, 2010 through December 31, 2012. Please indicate your role in these transactions. Provide as an exhibit to your proposal." Should we limit this list to transactions in excess of \$100 million for which our firm has committed capital, or should we list all transactions in excess of \$100 million in which we have served as either a senior manager or a co-manager?

Answer:

Please list all transactions in excess of \$100 million in which your firm has served as either senior manager or a co-manager.

Question:

Can we reference questions (1, 2, 3, and Disclosures) in the body and then provide our response as an appendix?

Answer:

Question 1- Response Checklist; Question 2 – Respondent Questionnaire; and Question 3 - W-9 Form should be included as separate attachments to the RFP and will not count towards the 25 page limit per proposal. The Disclosure questions should be included in the body of the response and would be included in the 25 page limit.

Question:

Do the rate increases include or exclude the integration of the Special Project's debt?

Answer:

The projected rate adjustments listed in the RFP exclude the integration of the District Special Project debt.

Question:

“Describe your firm's experience and success in reducing cost of issuing bonds.” - Is this question related to lowering the issuance cost for SAWS or lowering the all in cost of borrowing for SAWS?

Answer:

The question relates to the lowering of the issuance cost of bonds, including underwriter's discount.

Question:

In regards to RFP Question C.6. (Pg. 9): "Provide a summary table of representative issues in excess of \$100 million par..." Do you have specific types of transactions (e.g. water and sewer, Texas, etc.) that you would like us to include in the table?

Answer:

Please list all transactions in excess of \$100 million in which your firm has served as either senior manager or a co-manager.

END ANSWERS TO QUESTIONS

Other than the clarifications given, no items, dates, or deadlines for this RFP are changed.

END ADDENDUM #1