

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

**Wednesday, September 19, 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 9:05 A.M. on Wednesday, September 19, 2018 by Dan Kossl, Chairman, Capital Improvements Advisory Committee.

**Committee Members Present:**

Arlene B. Fisher, District 1  
Debra Guerrero, District 3  
Michael Cude, District 4  
Michael Hogan, District 6  
Brian Hughes, District 7  
Michael Moore, District 9  
Dan Kossl, District 10

**Committee Members Not Present:**

Susan Wright, District 2  
Vacant, District 5  
Amy Hardberger, District 8  
Stephen Colley, Mayor/ETJ

**SAWS Staff Members Present:**

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 Velasquez, Director, Accounting / Controller

**Other Representatives Present:**

Allison Cohen, San Antonio Apartment Association

Michelle E. Garza, San Antonio River Authority

Jeff Pullin, City of San Antonio

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 September 5, 2018.**

The committee approved the minutes of the September 5, 2018 regular meeting.

**4. Follow up on CIAC member information requests from the September 5, 2018 meeting.**

Mr. Lehmann provided follow up information on questions from the September 5, 2018 meeting including a preliminary list of System Development projects. Mr. Lehmann informed the CIAC that more time would be needed for a hypothetical water rate structure that did not include an impact fee for CIP funding.

Ms. Guerrero asked how the affordable housing goals of the Mayor's housing task force, specifically the impact fee waiver program, factor into the impact fee study. Mr. Martin, SAWS Corporate Counsel, answered that Chapter 395 of the Texas Local Government Code specifically calls out affordable housing as an instance in which impact fees could be reduced or waived.

Mr. Lehmann and Ms. Ivey presented on updates to the Water System Development Capital Improvements Plan.

Mr. Hughes asked what drove the changes in the System Development update. Ms. Ivey replied that the updated water infrastructure plan provided more recent data for the calculations.

Mr. Hughes asked for clarification on the change in the capacity requirement of elevated storage tanks in the High Elevation service area from 345 gallons per connection in 2018 to 298 gallons per connection in 2028. Mr. Mills explained that the SAWS Water Management Plan projects lower per capita demand in the future, which impacts the capacity requirements of the tanks. Mr. Mills continued that a minimum requirement exists per TCEQ regulations, and because this area already exceeds the minimum capacity requirement, the demand is then calculated based on population projections. Mr. Hughes clarified that the change does not pertain to the physics of the system, but instead to the demand of the service area. Mr. Mills confirmed this to be accurate.

Mr. Kossel asked for clarification on the relatively large increase in impact fee eligible allocations in the Low Elevation service area. Mr. Johnson explained that the Low Elevation service area is actually the largest of the three service areas, and contains all of the water production facilities. Mr. Johnson continued that the ground storage tanks act as a buffer in order to relieve the well pumps from excess stress, allowing the high service pumps to meet fluctuating demand throughout the day. Mr. Kossel asked why the demand in the Lower Elevation service area was the highest of the three service areas. Ms. Ivey explained that the number of EDUs located in the

Low Elevation service area is significantly higher than the other two service areas. Ms. Guerrero asked if the age of the system factored into the calculation. Mr. Lehmann explained that the calculation factors in the equity of the system along with the eligible CIP, and Ms. Ivey added that the impact fee cannot legally include the cost of repairing older infrastructure.

Mr. Cude asked if the inclusion of the former Bexar Metropolitan Water District brought with it a deficiency in water storage. Mr. Mills replied yes, in areas such as Anaqua Springs Ranch there were deficiency in adequate water storage capabilities. However, in some instances BMWD facilities allowed SAWS to avoid additional capital projects.

## **5. Briefing and deliberation on the SAWS Wastewater Treatment Capital Improvements Projects.**

Ms. Ivey presented on the SAWS Wastewater Treatment capital improvements projects.

Mr. Hogan asked who paid for the existing 16 MGD in the Medio Creek service area equity. Ms. Ivey responded that it would have been paid by a combination of impact fee revenue and rate revenue. Mr. Hogan continued that if the existing capacity could handle the growth, (Ms. Ivey presented that there were no plans to change the existing capacity at the Medio plant), why it was being included in the CIP. Mr. Mills responded that much of it has been paid for, but SAWS is now recouping the cost. Ms. Ivey added that Chapter 395 allows you to recover capital costs that have already been incurred. Mr. Hogan continued by asking that if the plant is largely paid for, is SAWS still able to recoup the cost for the new growth component, (19% in this case). Ms. Ivey and Mr. Mills confirmed this. Ms. Ivey continued that in an impact fee paid today, 100% of the impact fee may technically go to pay for one project, due to the timing of the cash flow. Impact fees paid in previous years may have paid a share of the cost of a particular project, (as well as rate payers), which is why the ability to recoup costs is written into Chapter 395.

Mr. Hughes asked why the study methodology was changing slightly for the wastewater projects. Ms. Ivey explained that in water projects, the system is typically looped, and can be treated more singularly. In sewer projects, the study does not view service areas on the whole. Each project needs to be analyzed individually as to what portion of the project can be attributed to new growth. Mr. Hughes asked how calculating the capacity needs of an elevated storage tank differed from a treatment plant. Ms. Ivey explained that you cannot determine which EDUs are served by which storage tank, which could change daily. Mr. Mills continued that there are projects that improve the treatment processes for the plant without adding additional capacity. Therefore, even though no capacity is being added, the unit cost for the new customers goes up to contribute to a better functioning treatment plant. Mr. Johnson added that in a section of pipe within the water system, water can flow in either direction, (depending on the time of day, demand, location of production, etc.), thus the need to analyze the service area as a whole. In the sewer system the flow should be traveling in one direction.

Mr. Hogan asked if the Medio sewer rate differed from the other service areas. Mr. Mills responded that the monthly billing rates are the same. Customers do not pay based on what facility they are using, however they do pay based on whether they are inside the city limit or outside the city limit.

Mr. Kossel asked what the approximately \$185,000,000 would be going toward in the Leon Creek / Dos Rios Service Area. Mr. Lehmann explained that it would fund enhancements at the

treatment plant. Mr. Mills added that there were electrical system upgrades, and a thermal hydrolysis project among others that were scheduled to be completed.

Mr. Hogan commented that he believed Dos Rios to be a 250 MGD capacity plant, (presented as 125 MGD capacity). Mr. Mills replied that it ultimately could handle up to approximately 225 MGD, but would need to be rerated which would require additional upgrades.

**6. Briefing and deliberation on the SAWS Wastewater Collection Capital Improvements Projects.**

Ms. Ivey presented on the SAWS Wastewater Collection capital improvements projects.

Mr. Hughes asked if the EPA Consent Decree was the major driver of the approximately \$907,000,000 in CIP projects. Mr. Mills responded that some of the cost could be attributed to the Consent Decree, but also to aging infrastructure.

Mr. Hughes asked for clarification on the wet weather peak flow amount of 650 GPD. Specifically, what the factor would be during drought conditions, (only human sourced flow). Mr. Lehmann responded that it would be the average daily flow amount of 200 GPD. Ms. Ivey continued that the daily peak flow excluding wet weather flow is 500 GPD.

Mr. Cude asked if MRSO, (Medina River Sewer Outfall), was still being paid for by impact fees. Mr. Mills responded that this project was paid for mainly by debt, and is included in the equity portion of the CIP which collection of impact fees will recoup over time.

Mr. Lehmann informed the CIAC that the information presented on the wastewater CIP is preliminary, and could potentially change. SAWS staff is concerned with the percentage of project cost allocated to the ten year period, and will reevaluate the data to follow up in the next meeting. Mr. Hogan asked which area is of specific concern. Mr. Lehmann responded that staff will be evaluating the entire SAWS wastewater system, but the Lower and Middle areas are of the most concern.

**7. Deliberation and consideration of findings and recommendations related to the SAWS Water System Development Capital Improvements Projects.**

Mr. Lehmann asked the committee for confirmation that they approve of the methodology used in calculating the Water System Development component.

Mr. Kossel asked for a findings list to be started and distributed to the CIAC. SAWS staff will compile a list of the findings thus far and distribute it to the CIAC.

Mr. Hogan requested waiting until the October 3, 2018 meeting for further findings.

All presentation materials can be found on the SAWS CIAC webpage:  
[http://www.saws.org/business\\_center/developer/impactfees/meetings.cfm](http://www.saws.org/business_center/developer/impactfees/meetings.cfm)

**8. Adjournment**

The committee agreed to meet on October 3, 2018. The meeting was adjourned at 10:30 A.M.

APPROVAL:

  
\_\_\_\_\_  
CIAC Chairman