

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

Wednesday, December 12, 2018

9:00 A.M.

**SAN ANTONIO WATER SYSTEM
CUSTOMER CENTER**

CONFERENCE ROOM #145

1. Meeting called to order

The regular meeting of the Capital Improvements Advisory Committee (CIAC) was called to order at 9:15 A.M. on Wednesday, December 12, 2018 by Dan Kossl, Chairman, Capital Improvements Advisory Committee.

Committee Members Present:

Arlene B. Fisher, District 1
Susan Wright, District 2
Debra Guerrero, District 3
Michael Cude, District 4
Michael Hogan, District 6
Brian Hughes, District 7
Amy Hardberger, District 8
Dan Kossl, District 10
Stephen Colley, Mayor/ETJ

Committee Members Not Present:

Vacant, District 5
Michael Moore, District 9

SAWS Staff Members Present:

Steve Clouse, Chief Operating Officer
Mary Bailey, Vice President, Customer Experience & Strategy
Andrea Beymer, Vice President, Engineering & Construction
Nancy Belinsky, Vice President, General Counsel
Doug Evanson, Senior Vice President, Chief Financial Officer
Gavino Ramos, Vice President, Communications & External Affairs
Jaime Castillo, Chief of Staff, Office of the President/CEO
Stacey Isenberg, Chief of Internal Audit
Keith Martin, Corporate Counsel
Sam Mills, Director, Special Projects

Tracey Lehmann, Director, Development
Eric Cloudt, Director, Continuous Improvement & Innovation
Bob Johnson, Manager, Engineering
Lou Lendman, Manager, Budget
Mark Schnur, Senior Resource Analyst
Ben Benzaquen, Senior Financial Analyst
Jackie Kneupper, Planner III
Patrick Middleton, Planner II
Antonio Ramsey, Internal Auditor
Cecilia Velasquez, Director, Accounting / Controller
Rene Gonzalez, Planner III
Therese Kenner-Chavez, Intergovernmental & External Relations Coordinator
Byron Gipson, Intergovernmental & External Relations Coordinator

Other Representatives Present:

Jennifer Ivey, Carollo Engineers
Garland Scott, SAWS Citizens Advisory Panel
Dr. Meredith McGuire, San Antonio Sierra Club
Gay Wright, San Antonio Sierra Club
Terry Burns, San Antonio Sierra Club
Gretchen Sellard, KFW Engineers
Danielle Salvador, KFW Engineers
Todd Corpta, KFW Engineers
Ellen Berky
Michelle E. Garza, San Antonio River Authority
Lee Marolowe, San Antonio River Authority
Melissa Ramirez, City of San Antonio
Morris Harris, City of San Antonio
Allison Cohen, San Antonio Apartment Association
Hector Morales, San Antonio Apartment Association
Lee Niles, Pape-Dawson
Jim Koenig, North Chamber & Westwood
Jeremy Williams, Embrey
Martha Mangum, Real Estate Council of San Antonio

2. Citizens To Be Heard

Dr. Meredith McGuire, Trinity University and Alamo Sierra Club, encouraged the CIAC to recommend funding the Vista Ridge Pipeline project through impact fees as much as possible.

Terry Burns, Alamo Sierra Club, stated that he believed the Vista Ridge project should be funded through impact fees as much as legally allowable to ensure equity amongst existing rate payers.

3. Approval of the minutes of the CIAC regular meeting of November 28, 2018.

The committee approved the minutes of the November 28, 2018 regular meeting.

4. Follow up on CIAC member information requests from the regular meeting of November 28, 2018.

Mr. Kossl commented that there were nine CIAC members present, providing a quorum and the ability to produce findings, if so desired by the CIAC.

Mr. Lehmann presented information requested for follow up by members of the CIAC including the draft Land Use Assumptions Plan, and a reconciled CIP list from 2014.

Ms. Beymer clarified that the CIP list provided to the CIAC only includes old projects, and not new projects that are included in the proposed impact fee. Ms. Beymer continued that the new list of projects is in progress, and will be provided to the CIAC when completed. Ms. Hardberger asked if projects not necessary for the next ten years of growth would be backed out of the proposed CIP and potentially replaced with a new project. Ms. Beymer and Mr. Lehmann confirmed that this was correct.

Mr. Hughes asked if a project that was intended to enhance the robustness of the network, but not necessarily required for growth, would fall outside of the eligible CIP. Mr. Lehmann replied that if it contained no additional capacity, it would not be included in the eligible CIP.

Mr. Hogan asked for clarification on the 2014-2023 SAWS Impact Fee CIP, specifically if the right column represented projects that would be removed, and if those projects would be replaced. Mr. Lehmann responded that yes, the right hand column of the list would be dropped from the impact fee calculation, and some would be replaced with new projects needed where growth has occurred. Ms. Hardberger asked if the money spent on projects that are being removed from the calculation would be credited to new projects added to the list. Mr. Lehmann replied that although the CIP list is designed for ten years, the fees are only collected for five years. Mr. Johnson added that any projects from the 2014 list that were partially funded have been flagged as partially constructed. Mr. Hughes asked if projects currently under construction are considered existing capital or if they are included in future capital. Mr. Lehmann replied that there is a cutoff date for the equity calculation, and every project after that date is included in the new calculation.

Ms. Wright asked if capital projects categorized as “not required for the next ten years of growth” on the list provided were not included in the 2014-2019 impact fee calculation. Mr. Lehmann replied that those projects were included in the 2014-2019 impact fee calculation because at the time it was believed by SAWS staff that those projects were needed for the 2014-2023 period of growth. Ms. Wright asked if this year the CIAC would see a correction to the list formed in 2014, to provide clarification on those project that were built and those that were not. Ms. Wright asked if the CIP might have been overfunded due to impact fees being collected for projects that were never built. **Mr. Lehmann replied that it is possible to overfund the CIP, however other projects built in the five year window which were not included in the Impact Fee calculation could offset the overage.** Mr. Lehmann continued that SAWS is only building for the five year period after which the impact fee is due to be reassessed. Mr. Hogan commented that projects included in the impact fee eligible CIP but were not built do serve to create a larger dollar amount of which the impact fee is calculated as a percentage.

Mr. Hughes commented that this process is legally prescribed, and is a best estimate. Mr. Hughes continued that there will always be projects which are not built, and it is the CIAC's charge to recalibrate the estimate on a rolling ten year window. Ms. Wright replied that she does not expect perfection, but she believed that not enough information is provided for the CIAC to truly understand the process.

Mr. Kossl commented that he believed it would be extremely difficult to produce a project by project reconciliation due to the moving ten year target, and potential for inaccuracy in growth forecasting.

Ms. Wright requested the total dollar amount of CIP for each category of the impact fee.

Ms. Hardberger requested that the new list have a designation for projects which are carried over and those which are new.

Mr. Hughes requested a designation for those projects which may have been built within the five year update window.

Mr. Cude asked for clarification on the new water model used. Mr. Lehmann replied that the old model was replaced with a completely new model which accounted for all pipe sizes. Mr. Cude asked if the new model accounted for looping. Mr. Lehmann replied that yes, the new model accounts for looping. Mr. Cude asked if this made the larger mains more efficient, which would reduce the projected cost of future improvements. Mr. Lehmann replied that this was correct. Mr. Hughes asked if the new method added resolution to the overall model which led to better management. Mr. Johnson replied that this was accurate. Mr. Johnson added that the old model was steady state, which showed a single point in time in the system with a skeletonized system (12" and larger mains). The new model uses all pipes, and an extended period simulation (a day or more), creating a more robust tool.

Mr. Colley asked if the projects designated as "outside study period" were cancelled, or postponed. Mr. Lehmann replied that these projects were postponed to a later date, and that some were needed more for the looping component, (in compliance with TCEQ regulations), with only a fraction for the growth component.

Mr. Kossl asked if, based on this meeting's discussions, SAWS would produce another CIP chart. Mr. Lehmann responded that the project list would be reevaluated based on the current discussion and a new chart would be submitted to the CIAC.

Mr. Kossl asked for clarification from the CIAC on what information is requested from SAWS staff by the following meeting. Mr. Lehmann responded that staff will continue to work on an updated CIP list with reconciliation between 2014-2023 Impact Fee Projects and proposed 2019-2028 Impact Fee Projects. SAWS staff will also prepare a separate list, including projects which were not included in the 2014-2023 list, but built in the last five years with a capacity component. Mr. Lehmann continued that he believed staff would be able to provide the project name and a total dollar amount, but not a percentage of what capacity would have been utilized during the study period for the separate list of built projects. Mr. Hughes requested to state for the minutes that this would be sufficient. Ms. Hardberger asked that the notes section have an indicator designating which projects would carry over into the next study period and which projects have been completed. Mr. Hogan requested a list of the water supply component projects.

Mr. Kossl, expressing a concern for the deadline for public hearing, requested a timeframe for completion the updated CIP list. Ms. Beymer responded that staff would need until the end of the

year to provide the requested information. Mr. Kossl requested an adjusted schedule to reflect the current progress of the CIAC. The CIAC agreed to set meeting dates for January 16th and January 23rd 2019 at 2:00 P.M.

5. Briefing and deliberation on updates to components of the SAWS Capital Improvements Impact Fee.

The CIAC chose to wait until the January 16th, 2019 meeting to continue discussion.

6. Deliberation, consideration of findings by the CIAC on the SAWS Maximum Impact Fee.

The CIAC chose not to proceed with potential findings at this time.

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 January 16, 2019 at 2:00 P.M. The meeting was adjourned at 10:10 A.M.

APPROVAL:



CIAC Chairman