

MINUTES
MEETING OF THE SAN ANTONIO WATER SYSTEM
CAPITAL IMPROVEMENTS ADVISORY COMMITTEE
Friday, November 5, 2010
10:00 A.M.

SAN ANTONIO WATER SYSTEM
CUSTOMER CENTER BUILDING
ROOM 137

1. Meeting called to order.

The regular meeting of the Capital Improvements Advisory Committee (CIAC) was called to order at 10:05 a.m. on Friday, November 5, 2010 by Dan Kossl, Chairman, Capital Improvements Advisory Committee.

Committee Members Present:

Felix Alvarez, District 1
Susan Wright, District 2
Jose Limon, District 3
Michael Cude, District 4
Michael Martinez, District 5
Michael Hogan, District 6
Robert Hahn, District 7
Mark Johnson, District 8
Keith Pyron, District 9
Dan Kossl, District 10

Committee Members Not Present: None

SAWS Staff Members Present:

Sam Mills, Director, Infrastructure Planning Dept.
Dan Crowley, Director of Financial Planning
Kat Price, Manager, Engineering
Keith Martin, Corporate Counsel
Lance Freeman, Planner IV
Felipe Martinez, Planner
Dwayne Rathburn, Manager of Program Planning
Mark Schnur, Planner IV
Tom Cunanan, Project Engineer
Alla Korotshevsky, Graduate Engineer II

Samuel Johnson, Graduate Engineer II
Cristian Moza, Graduate Engineer I

Other Representatives Present:

Morris Harris, City of San Antonio
Alfred Chang, City of San Antonio
Jennifer Ivey, Red Oak Consulting
Rick Giardina, Red Oak Consulting
Susan Zachos, Red Oak Consulting

2. Citizens To Be Heard

There were no citizens to be heard.

3. Approval of the minutes of the CIAC regular meeting of October 13, 2010.

Felix Alvarez made the motion to approve the minutes from the October 13, 2010 meeting. The motion was seconded and passed.

4. Briefing and deliberation on the Draft Land Use Assumptions Plan, Capital Improvements Plan, and Maximum Impact Fee Report

Mr. Kossl began the meeting by asking if there were any questions or comments since the previous meeting. Ms. Wright stated that although she did not attend the previous meeting, she felt that the committee was not as much a part of the process as in the past. Mr. Alvarez concurred and stated that he felt rushed and spoon fed and had hoped that this would be an educational process. Mr. Kossl concurred. Mr. Rathburn and Mr. Mills reiterated that SAWS will make every effort to answer the committee's questions.

Mr. Kossl noted that a full committee was present.

Mr. Rathburn introduced the agenda, a presentation of the draft report by Red Oak and answering the committees questions submitted since the previous meeting.

Mr. Giardina with Red Oak reiterated that Red Oak will make every effort to answer the committee's questions. Ms. Ivey with Red Oak presented an impact fee update and example of calculating the maximum impact fee per service unit. She reiterated that the committee was encouraged to ask questions at any time during the presentation. The first question was on why there is a difference in average day demand (ADD) between inside and outside Loop 410. Staff answered that the lots are larger outside Loop 410, and the main difference is in residential irrigation. The next question asked how the max hour peaking factor (MHPF) was determined. Staff answered that the factor came from the water master plan and was determined empirically based on historical data from maximum pumpage and consumption. The question continued as to why MHPF was used when water

distribution mains are already sized for fire flow requirements. Staff answered that the controlling factor is fire flow and irrigation demand in large pressure zones, and that the distribution system must meet TCEQ requirements for ≥ 35 psi during maximum demand hours and ≥ 20 psi during fire flow. Staff stated that using the MHPF is not a change in methodology and is the best management practice. Staff also stated that the peak demand is seen during the May to September time frame and is driven by residential irrigation. The committee asked if sizing distribution mains to allow 10% excess capacity is an industry standard. Ms. Ivey replied that while not an industry standard, when excess capacity is considered, 90% is the value most frequently used. Ms. Ivey presented financing costs, and staff stated that existing value is based on original cost, not replacement cost and not depreciated value. The existing value does not include developer contributions and water pipe $< 12''$ and sewer pipe $< 10''$. A question arose about eligible interest over 2011-2040, and Ms. Ivey explained that debt is paid over 30 years for borrowing costs to serve new customers connecting to the system. A question was asked about the 65/35 debt to cash funding ratio, and staff replied that 65/35 is a target for all infrastructure, and the 80/20 assumption is for growth related projects. Staff stated that financing costs were included on the previous impact fee update, and the process was similar to the current update. Ms. Ivey discussed the rate credit. One question was whether the rate credit drops every year, and she affirmed that it does, and that all calculations will be in the final report appendix. Staff stated that 80% cash funding is a historical average, and that this is conservative in favor of the developer. Staff stated that SAWS never collects as much impact fees as are spent. Another question referred back to the rationale for two flow service areas, and staff stated that this supports COSA infill development policy. Another question related to the use of projected gpcd to determine gal/edu. Staff explained that gal/edu is used to determine infrastructure sizing and is based on past water usage. If the conservation efforts result in reduced gpcd in the future then the gal/edu could be reduced.

5. Briefing and deliberation on questions proposed by the Capital Improvements Advisory Committee on the draft water, water supply, and wastewater capital improvements plans and maximum impact fees.

Mr. Lendman presented the Existing Value Capacity presentation. Mr. Johnson made the general comment that it would be helpful to compare the methodology on this update to the methodology used in previous updates. Mr. Kossl asked if the methodology is fundamentally the same, and staff replied that it is. Red Oak stated that the information is better with this update, and that some aspects of the previous update are not evident due to the documents being locked. Mr. Lendman continued with the existing value presentation, and stated that valuing pipe by diameter value is widely used, while the linear foot method is not used. The committee observed that the collection system is the largest contributor in the increase in value resulting from the method change.

6. Discussion of the Next CIAC Meeting

The committee agreed to meet next on November 19th, 2010, at 8:30 a.m. The committee agreed to continue answering the questions from the previous meeting, information on historical impact fees, clarification on the rate credit, and more information on developer contributions.

7. Adjournment

The meeting was adjourned at 1:05 p.m.

APPROVAL:

CIAC Chairman