

MINUTES
MEETING OF THE SAN ANTONIO WATER SYSTEM
CAPITAL IMPROVEMENTS ADVISORY COMMITTEE
Wednesday, December 8, 2010
8:30 A.M.

SAN ANTONIO WATER SYSTEM
ADMINISTRATION BUILDING
EXECUTIVE CONFERENCE ROOM

1. Meeting called to order.

The regular meeting of the Capital Improvements Advisory Committee (CIAC) was called to order at 8:40 a.m. on Wednesday, December 8, 2010 by Dan Kossl, Chairman, Capital Improvements Advisory Committee.

Committee Members Present:

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

Committee Members Not Present:

Felix Alvarez, District 1
Michael Martinez, District 5

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
Tomas Cunanan, Project Engineer
Alla Korotshevsky, Graduate Engineer II
Samuel Johnson, Graduate Engineer II

Louis Lendman, Sr. Financial Analyst
Kelley Neumann, Sr. Vice President, Strategic Resources

Other Representatives Present:

Morris Harris, City of San Antonio
Alfred Chang, City of San Antonio
Pam Monroe, City of San Antonio
Gabriel Garza, Assistant City Attorney
Brad Regnier, Bexat Met

2. Citizens To Be Heard

There were no citizens to be heard.

3. Approval of the minutes of the CIAC regular meeting of November 5, 2010 and November 19, 2010.

Susan Wright *made* the motion to approve the minutes of the CIAC regular meeting on November 5, 2010 and Mark Johnson made the second. The motion passed. Mark Johnson made the motion to approve the minutes from the November 19, 2010 meeting and Joe Limon made the second. The motion passed.

4. Briefing and deliberation on SAWS impact fee Capital Improvements Plan.

Mr. Rathburn introduced the agenda for the meeting. Ms. Kathleen Price, SAWS Manager of Master Planning, presented the Capital Improvements Plan, discussing the methodology used to determine the water delivery and wastewater projects in the plan. Mr. Kossl asked for a clarification of the value of new CIP vs. eligible CIP on slide 3. Ms. Price explained that new CIP is total value including replacement while eligible CIP represents the projects only for growth. Mr. Hogan asked what determines the capacity of wastewater mains. Ms. Price explained that wastewater pipes are designed for peak wet weather flow using the formula Average Daily Flow x 2.5 + Inflow and Infiltration. Average Daily Flow is 240 gallons per day and 75 gal/day is used for infiltration. Mr. Kossl asked how the recent newspaper article would affect the CIP. Mr. Crowley explained that SAWS is still negotiating with EPA and is recommending a line cleaning approach rather than a line replacement program. The EPA issue is not a growth related issue.

Ms. Price responded to a question from Ms. Wright that the Water Infrastructure Plan is growth related projects from the water master plan, and that replacements are coordinated with the master plan to determine if oversizing is needed. Pressure zones are used to account for elevation changes across the service area, in concert with the LUAP and TCEQ requirements. Pipe size and storage size is driven by demand, and per capita use varies across the system from the low 100's

to over 300 gallons per capita per day. Mr. Kossl stated that in his opinion that some of SAWS criteria could be excessive, however that is probably what makes the system so good. Ms. Price stated that the master plan objective is to balance peak demand with redundancy in the system, and that SAWS criteria are based on actual demand and regulations. Mr. Garza, the assistant city attorney, stated that standards for municipally owned systems typically have higher standards. Mr. Crowley stated that the criteria provides value added to the system. Ms. Price continued by stating that customers on the north side of the service area use more water, but that fire flow was determined overall at a local level and stated as a requirement in the Utility Service Regulations. Ms. Wright asked why there are no production wells in the higher demand pressure zones, and Ms. Price responded that the higher demand zones are over the Edwards Aquifer Recharge Zone, and wells drilled there would not be productive.

Mr. Limon asked about water supply projects from the North or West, and Ms. Price answered by noting that SAWS put out a request for information on potential water supply projects and is reviewing the responses, while also noting that SAWS water rights are from the Edwards Aquifer. Edwards Aquifer water rights are unique in that they can be purchased or traded. The Trinity Aquifer does not have water rights that can be bought and sold. The Trinity and other aquifers have groundwater districts that have other regulatory issues. The Trinity Aquifer is not reliable during periods of drought and high demand.

Ms. Price summarized the Water Infrastructure Plan, showing that the total cost is \$304 million, with \$79 million eligible to be included in the calculation of impact fees. Mr. Hahn asked several questions about equations used in the hydraulic model, which Ms. Price answered. Ms. Price invited the committee to visit the Master Plan department and view the hydraulic model.

Mr. Hogan asked how much additional Edwards Aquifer water would SAWS need to acquire in order to not have to build additional water resource projects. *Ms. Neumann explained that SAWS has purchased a lot of Edwards water. Many people believe the water supply should be diversified and SAWS would be reluctant to seek changes to the current cap on Edwards due to previous negotiations and the current RIP discussions. The number of acre feet needed would equal the number of acre feet specified in the water supply impact fee calculation. The water supply impact fee would be discussed in greater detail at the next CIAC meeting.*

Mr. Kossl asked about comparing the projects on the 2006 impact fee update to actual costs, and Mr. Rathburn replied that staff is working on this comparison. The projects that were added or removed from the 2006 study are in Tab 4 of the committee binders. Ms. Korotshevsky added that some projects are still on the list if they were not completed.

Ms. Price continued with an overview of the wastewater infrastructure plan, stating that SAWS has increased focus on the collection system. Mr. Pyron inquired about the capacity included in the impact fees, and staff confirmed that only 10 years of capacity is included in the fees. Mr. Pyron observed that the wastewater criteria in the draft report is overly simplistic, while noting that SAWS has a much more sophisticated model. Ms. Price replied that SAWS gave Red Oak the capacity criteria for each project, and the committee recommended that the modeling results be included in the report. Ms. Price stated that the LUAP and flow meter data was used in the wastewater master plan, and the pipes are designed using peak wet weather flow. The hydraulic model and TCEQ requirements for peak wet weather flow are 675 gallons per day per EDU. Ms. Price stated that impact fees do not include the actual inflow and infiltration component of wastewater pipe size, and that preventing inflow and infiltration reduces cost. She described the six Leon Creek projects, observing that the projects in the wastewater master plan are based on pipe capacity, and that the pipes are reaching the end of their life with respect to capacity, and must be replaced due to growth in the system. She pointed out that since development is occurring on the north side farthest from the treatment plants, the pipes must be replaced all the way to the treatment plants, so customers on the north side must pay the proportionate cost of the pipes all the way to the treatment plant. Mr. Hogan asked if SAWS is required to mitigate abandoned sewer lines, and the answer is no, the lines are being replaced.

Ms. Price then discussed treatment projects. The improvements to Dos Rios will cost \$312 million, and the re-rating project is not needed in the 10 years of the study so the treatment projects only included \$59 million in the impact fees. Ms. Neumann stated that the TCEQ 75/90 rule is driving the re-rating.

Mr. Limon asked about the EPA issue and what is driving it. Ms. Neumann responded that sanitary sewer overflows are the main contributor, and that it is difficult to accurately size the system. SAWS has programs aimed at reducing fats, oil, and grease (FOG), and also extensive televising and line cleaning. During periods of low flow, gas builds up in the system and rapidly deteriorates pipe. SAWS has greatly accelerated work on the collection system, and the EPA advised SAWS to keep the issue out of the press. The Express-News needed to write the story. SAWS has pictures of the collection system, and is using combo trucks to clean the lines. The most interesting things found in the pipes are a transmission and a turtle.

5. Outstanding Committee Requests

The committee requested a chart on water supplies, a comparison of 2006 project cost estimates to actual costs, a detailed report on how impact fees were spent, an update on the proposed impact fees as compared to other cities, and more information on the COSA reinvestment zone.

6. Discussion of the Next CIAC Meeting

The committee agreed to discuss a phasing in of impact fees at the next meeting on December 15th at 8:30 a.m.

7. Adjournment

The meeting was adjourned at 10:32 a.m.

APPROVAL:

CIAC Chairman