MEETING OF THE
SAN ANTONIO WATER SYSTEM
BOARD OF TRUSTEES
January 14, 2020, 9:00 A.M.
6th Floor Board Room #609
Administrative Offices
2800 U. S. Hwy 281 North, San Antonio, Texas 78212

1. MEETING CALLED TO ORDER.

2. Announcements.
   A. The San Antonio Water System Board of Trustees will, during the Meeting, close the Meeting and hold an Executive Session pursuant to and in accordance with Chapter 551 of the Texas Open Meetings Act. The Board of Trustees may, at any time during the Meeting, close the Meeting and hold an Executive Session for consultation with its attorneys concerning any of the matters to be considered during the Meeting pursuant to Chapter 551 of the Texas Open Meetings Act.

3. Minutes.
   A. Approval of the Minutes of the San Antonio Water System Board of Trustees Regular Board Meeting of November 5, 2019.


5. Public Comment.

SAN ANTONIO WATER SYSTEM
HANDICAPPED ACCESSIBILITY STATEMENT
The San Antonio Water System Buildings and Meeting Rooms are accessible to individuals with disabilities. Accessible visitor parking spaces as well as the accessible entrance and ramp are located at the west side main entrance of the SAWS Headquarters Building, Tower I, 2800 U.S. Highway 281 North. Individuals with disabilities in need of auxiliary aids and services, including Deaf interpreters, must request such aids and services forty-eight (48) hours prior to the meeting. For assistance, contact the Board Administrator at 210-233-3537 or 711 (Texas Relay Service for the Deaf).
CONSENT AGENDA ITEMS

Items 6 – 20

ITEMS CONCERNING THE PURCHASE OF EQUIPMENT, MATERIALS AND SUPPLIES

6. A Resolution accepting recommendations regarding the contracting for certain services, equipment, materials, and supplies, and authorizing the acceptance of bids as follows: (DOUG EVANSON – YVONNE TORRES)
   A. Award of New One Time Purchases of Materials, Equipment and Services.
      No items for this Meeting.
   B. Award of New and Renewal Annual Goods & Services Requirement Contract and Maintenance Agreements. Estimated annual purchases are based on unit prices bid. Actual totals and quantities may vary from the estimate.
      1. Acceptance of the bid of Pozzi Enterprises, Inc. dba Border Construction Services to provide: annual contract for easement and brush clearing, Bid No. 19-18024, for a total of $250,000.00.
      2. Acceptance of the bid of Flex Connection, Inc. dba Joints to provide: annual contract for Flex Seal adjustable repair couplings for sewer line repairs, Bid No. 19-0190, for a total of $170,772.10.

CAPITAL IMPROVEMENT CONTRACTS

PROJECTS INVOLVING IMPROVEMENTS, EXTENSIONS AND ADDITIONAL CAPACITY

Water and Sewer Line Improvements

7. A Resolution approving additional expenditures to the existing professional services contract with LNV, Inc. in an amount not to exceed $143,210.00 in connection with the Multiple Sewershed Package 15 (Railroad) Project. (ANDREA BEYMER – GAIL HAMRICK-PIGG)

REPLACEMENT AND ADJUSTMENT PROJECTS

Governmental Relocations and Replacements

8. A Resolution approving expenditures in an amount not to exceed $198,250.00 for the adjustment of water and sewer facilities by the City of San Antonio in connection with the 2017 Bond Program Pedestrian Mobility & Streets Projects Package 6. (ANDREA BEYMER – GAIL HAMRICK-PIGG)
9. A Resolution approving expenditures in an amount not to exceed $141,375.00 for the adjustment of water and sewer facilities by the City of San Antonio in connection with the 2020 Street Rehabilitation Package 1.  
(ANDREA BEYMER – GAIL HAMRICK-PIGG)

10. A Resolution approving expenditures in an amount not to exceed $218,020.00 for the adjustment of water and sewer facilities by the City of San Antonio in connection with the 2020 Street Rehabilitation Package 3.  
(ANDREA BEYMER – GAIL HAMRICK-PIGG)

11. A Resolution approving an Advance Funding Agreement with the Texas Department of Transportation; authorizing expenditures in an amount not to exceed $447,128.44 for the adjustment of the water and sewer facilities by the Texas Department of Transportation in connection with the FM 1535: Loop 1604 to Shavano Ranch Road Project.  
(ANDREA BEYMER – GAIL HAMRICK-PIGG)

**EASEMENT AND REAL PROPERTY**

12. A Resolution declaring a public necessity for public use, the acquisition of certain privately owned real property in the City of San Antonio being permanent sewer easements and temporary construction easements for the C-69 South Zarzamora Street Sewer Upsize and Relief Project, in the southwest quadrant of Bexar County, Texas, for the public use of the expansion and operation of the System through the construction of the project; requesting that the City Council of the City of San Antonio adopt an ordinance reaffirming and declaring that the project is for a public use and a public necessity exists for the acquisition of the easements and authorizing the system to take all appropriate action to acquire the easements by negotiation and/or condemnation.  Project located in:  NCB 14546, 14547, 14196, 11186, 14546, 14592, 11056, 11054, 11078.  
(NANCY BELINSKY – BRUCE HABY)

13. A Resolution authorizing the expenditure of funds in an amount not to exceed $257,100.00 for possession by the System, permanent and temporary easements and fee simple parcel from Julio Gonzalez in connection with the W-6: Hwy 90 to SW Military Drive Sewer Main Project; authorizing the President/Chief Executive Officer or his duly appointed designee to execute a Possession and Use Agreement for the property.  
(NANCY BELINSKY – BRUCE HABY)

**MISCELLANEOUS ITEMS**

14. A Resolution awarding a construction contract to Facilities Rehabilitation, Inc. in an amount not to exceed $1,475,700.00 in connection with the 2020 Annual Sanitary Sewer Main Point Repair, Manhole Adjustments and Laterals Construction Contract, Package 1.  
(JEFF HABY – ANNETTE DURON)

15. A Resolution awarding a construction contract to T Construction, LLC in an amount not to exceed $1,484,297.00 in connection with the 2020 Annual Sanitary Sewer Main Point Repair, Manhole Adjustments and Laterals Construction Contract, Package 2.  
(JEFF HABY – ANNETTE DURON)
16. A Resolution awarding a construction contract to Facilities Rehabilitation, Inc. in an amount not to exceed $1,987,050.00 in connection with the 2020 Sanitary Sewer Laterals Renewal and Repair Construction Contract, Package 1. (JEFF HABY – ANNETTE DURON)

17. A Resolution awarding a construction contract to Texas Pride Utilities, LLC in an amount not to exceed $1,925,260.00 in connection with the 2020 Sanitary Sewer Laterals Renewal and Repair Construction Contract, Package 2. (JEFF HABY – ANNETTE DURON)

18. A Resolution awarding a professional services contract to Water Systems Optimization, Inc. in an amount not to exceed $300,000.00, for a period of three years with the option for two, one-year extensions in connection with specialized Water Loss Control consulting services. (DONOVAN BURTON – DARREN THOMPSON)


20. A Resolution approving the 2020 Annual Internal Audit Plan and directing that the plan be implemented. (STACEY ISENBERG)

ITEMS FOR INDIVIDUAL CONSIDERATION


CAPITAL IMPROVEMENT CONTRACTS

PROJECTS INVOLVING IMPROVEMENTS, EXTENSIONS AND ADDITIONAL CAPACITY

Developer Customer Contracts

22. Briefing and deliberation regarding SAWS Growth Strategy, and a Resolution approving Utility Service Agreements to provide water and/or wastewater service to the tracts listed below requiring potential oversizing of mains (OVR), and/or are located outside the San Antonio Water System water and/or wastewater Certificate of Convenience and Necessity (CCN). (ANDREA BEYMER – TRACEY LEHMANN)
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**MISCELLANEOUS ITEMS**

23. A Resolution of the San Antonio Water System Board of Trustees approving and authorizing the execution of the Fourth Amendment to the Water Transmission and Purchase Agreement for the Vista Ridge Project; consenting to the selection of the panelists for the Vista Ridge Project O&M Budget Panel and approval of a Contract Administration Memorandum memorializing the same; approving and authorizing execution of agreements between the panelists and SAWS, and the expenditure of funds in an amount not to exceed $457,500.00 for the services of the Budget Panel. (DONOVAN BURTON)

24. **BRIEFING SESSION.**

A. Briefing and deliberation regarding the City of San Antonio’s Edwards Aquifer Protection Program

B. Briefing and deliberation regarding the Vista Ridge Project

C. Briefing and deliberation regarding the 2019 Cost of Service and Rate Design Study

D. Briefing and deliberation regarding the Sanitary Sewer Overflow Reduction Program

25. Inquiries of the Board of Trustees for future briefings and/or follow-up action.

26. The Regular Session of the January 14, 2020, Regular Board Meeting is hereby recessed to hold an Executive Session and discuss the matters listed pursuant to Section §551.071 of the Texas Open Meetings Act.
27. EXECUTIVE SESSION.
   A. Consultation with attorneys on legal matters related to the status of Cause No. 2018-CI-0056 in the 408th Judicial District Court, Bexar County, Texas, related to the construction contract for the C_5 Culebra - Castroville to Laredo & C_28 Zarzamora Creek - San Gabriel to NW 23rd St - Phase 1A Project, pursuant to Texas Government Code §551.071.
   B. Consultation with attorneys regarding legal matters related to the City of San Antonio’s Edwards Aquifer Protection Program, pursuant to Texas Government Code §551.071.
   C. Consultation with attorneys on legal matters related to the status of Texas Public Utility Commission, Docket No. 49448, in which Collin County Municipal Utility District No. 1 has appealed the water and wastewater rates of the City of Celina, pursuant to Texas Government Code §551.071.
   D. Consultation with attorneys regarding advice on legal matters in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the Texas Open Meetings Act, pursuant to Texas Government Code §551.071.

28. The Regular Session of the Regular Board Meeting of January 14, 2020, is hereby reconvened.

29. Adjournment. THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES MEETING OF JANUARY 14, 2020, IS HEREBY ADJOURNED.
1. MEETING CALLED TO ORDER.

The meeting of the San Antonio Water System Board of Trustees was held on November 5, 2019, and called to order at 9:11 a.m. by Chairman Berto Guerra.

2. Announcements.

A. The San Antonio Water System Board of Trustees will, during the Meeting, close the Meeting and hold an Executive Session pursuant to and in accordance with Chapter 551 of the Texas Open Meetings Act. The Board of Trustees may, at any time during the Meeting, close the Meeting and hold an Executive Session for consultation with its attorneys concerning any of the matters to be considered during the Meeting pursuant to Chapter 551 of the Texas Open Meetings Act.

3. Minutes.

A. Approval of the Minutes of the San Antonio Water System Board of Trustees Regular Board Meeting of September 4, 2019.
Chairman Guerra asked if there were any corrections to the minutes. Hearing none, he stated the minutes were approved as presented.

4. **Ceremonial and Recognition Items.**

None

5. **Public Comment.**

Dr. Meredith McGuire referenced a publication from the U.S. Water Alliance on equitable water future. SAWS aspired to be a one water system, but could do much better in terms of using our water resources more equitably and collecting the funding for those water resources more equitably. She discussed the publication, *Integrated Urban Water Management in Texas: A Review to Inform a One Water Approach for the Future*. It focused on five cities in Texas, and referred to the importance of having different revenue models for the future. She emphasized some of the things that the Rate Advisory Committee (RAC) should work on, and expressed her concern the process was going awry. If San Antonio was to have a fair water and sewer rate structure, the RAC must follow a different agenda. This would then help SAWS achieve a better business model by affirming some key principles and insisting on a rate structure that was demonstrably equitable, transparent and focused on the public good. The first key principles that needed to be reaffirmed was clean affordable water had to be the top priority. Equity and restorative justice should be overarching principles for needed changes to reverse unfair rate structures that benefited profitable businesses, especially industries, to the detriment of residents. The notion of growth pays for growth was an important principle, too. The extremely expensive Vista Ridge water should be paid for by charging the full marginal cost of water to those businesses, developers, industries and other water intensive businesses that benefit from SAWS claims of being “Waterful SA.” Another was the protection of water resources, especially the aquifers, not just the Edwards Aquifer, which was extremely important but also the Carrizo-Wilcox and Simsboro. There was a real risk the aquifers would be overdrawn to the point that the aquifers would lose some of their recharge capacity and be destroyed as important resources for the city. The rate structure should not allow heavy users to deplete water resources during drought. Finally, the protection of water purity and sustainability for the needs of future generations was really important, and climate change would make that extremely difficult. The previous rate structuring served as a way of transferring a huge amount of funding burden from the industries and general class and put it onto the shoulders of the residential rates. SAWS claimed the lifeline rate was there to help low income households; it did not. Reed Williams who was on the board at that time, came and complained mightily about the idea of reducing the water rate that much. She asked the Board to also look at how much the water bottling company Niagara would have made as extra profits thanks to the reduction of their rates.

Alan Montemayor thank Mayor Nirenberg for the introduction at the finance committee where he stated SAWS motto “Waterful” was irritating to some. It implied there was an excess of water in San Antonio when, in fact, it was a drought prone area. The motto was sending a message to all businesses that was not true, and was a disservice to the citizens.
of the City of San Antonio. As Ms. McGuire was stated, the burden was really put on the citizens and the citizens were starting to complain. He stated he was on Nextdoor and someone made the comment that SAWS rates had gone way up and we were really paying a lot for water. There were 31 comments that basically echoed that comment. People were getting upset and SAWS price message about water was starting to take effect. Maybe that was a good thing that would cause some people to water their lawns a little bit less. It was a wet at the beginning of the year. People didn't use water; revenues were down. When it got dry, people still didn't water enough and revenues were down. Next spring SAWS would have to start dealing with Vista Ridge. If this combination of a price signal to people using less water, being more cognizant of not watering their lawns, having to pay for Vista Ridge for water that was not needed, having aquifer storage and recovery facility effectively full, San Antonio was not just going to be waterful, but would be waterless. He encouraged the Board to back away from Vista Ridge whenever possible, to reduce the amount of water taken from far away and creating another situation such as what exists in California. You can't steal water from the Owens Valley forever and expect to fuel growth forever here in San Antonio. He asked the Board to really think about the citizens rather than just the businesses, rather than just the economic development of San Antonio, and get back to the core business of thinking about the citizens and caring about the citizens of San Antonio who had to pay these bills.

Reinette King stated she was a former government contracting officer and also a price analyst. She was a member of the Vista Ridge Resolution Coalition, which was a group of disparate organizations with the goal of having City council pass the resolution for a fully independent managerial, legal and financial audit of Vista Ridge, and for City Council to institute an ordinance for better oversight over SAWS. The resolution was given to City Council last March. They were delighted that CEO Puente announced at the October meeting, special briefing to the City Council, that he would welcome an independent audit. With 488 days of cash on hand that was ratepayers' money that would be more than sufficient to pay for an independent audit. Law required that every government contract must contain a termination clause that would protect the citizens. SAWS purchased far more water, at least 15,000 acre feet per year more than could possibly be used in San Antonio. SAWS had unsuccessfully lobbied the legislature to try to get permission to sell the excess water up and down the pipeline because it's the Edwards Aquifer water. Since SAWS had been unsuccessful to try to peddle this excess water, wouldn't it make better sense to terminate since SAWS already had several other water sources besides Vista Ridge. In order to protect your name, in order to protect the City of San Antonio, in order to protect the ratepayers, she was curious if SAWS carried forward the termination clause that was in the original contract to the current contract.

Ellen Berky stated she would make some general observations of how SAWS trustees managed the public trust and would weigh in regarding the public hearing on the SAWS budget. She was an architect over the past 40 years, and had prepared contract documents for building projects both large and small. In the past five years, she had cycled into a more public role as a board member of the League of Independent Voters, which was a founding member of the Vista Ridge Resolution Coalition. A key part of the resolution submitted to City Council was a call for an independent managerial, financial and legal audit of the Vista Ridge Project. She hoped the Board had read this document, and also hoped the Board had all read Section 32 of Ordinance Number 75686, in which the San
Antonio City Council created the San Antonio Water System back in 1992. After attending a number of SAWS meetings, she stated it did not appear that the Board took Section 32 very seriously now in 2019. She was pleasantly surprised to hear CEO Puente’s response to Councilwoman Villagran asking what she should tell the neighborhood associations who came asking about an independent audit of Vista Ridge. Councilwoman Villagran was one of those still on council who voted for Vista Ridge back in 2014. She read CEO Puente statement from the meeting that he welcomed the organization to do an independent audit. She did not know if any trustees attended other than the Mayor, who had a few things to say about the San Antonio Water System. The chief financial officer of the city also wrote an informative memo about SAWS rates and budget, which could be viewed on the city's website. She found CFO Gorzell's memo a bit difficult to follow, but no doubt the trustees would get more out of it as the trustees make far-reaching budget decisions for this public utility.

**CONSENT AGENDA ITEMS**

**ITEMS CONCERNING THE PURCHASE OF EQUIPMENT, MATERIALS AND SUPPLIES**

**6.** A Resolution accepting recommendations regarding the contracting for certain services, equipment, materials, and supplies, and authorizing the acceptance of bids as follows: (DOUG EVANSON – YVONNE TORRES)

A. Award of New One Time Purchases of Materials, Equipment and Services.

   No items for this Meeting.

B. Award of New and Renewal Annual Goods & Services Requirement Contract and Maintenance Agreements. Estimated annual purchases are based on unit prices bid. Actual totals and quantities may vary from the estimate.

1. Acceptance of the bid of Salt Exchange, Inc. to provide: annual contract for the purchase and delivery of bulk salt, Bid No. 19-16084, for a total of $339,640.00.

2. Acceptance of the bid of Capitol Aggregates, Inc. to provide: annual contract for Portland cement (bulk powder), Bid No. 19-6069A, for a total of $414,870.00.

3. Acceptance of the bid of Freeit Data Solutions, Inc. to provide: annual contract for Nimble HF40 storage array, (DIR-TSO-4160), Bid No. 19-19123, for a total of $262,244.88.

4. Acceptance of the best value bid of Solid Border, Inc. to provide: annual contract for Privileged Account Management System and Password Vaulting Solution, Bid No. 19-19075, for a total of $117,450.00.
5. Acceptance of the bid of Midland Scientific, Inc. to provide: biennial contract for laboratory chemicals, glass bottles, pipettes and various other supplies, Bid No. 19-0639, for a total of $458,929.80.

6. Acceptance of the bid of Immix Technology, Inc. to provide: five-year contract for Kronos Maintenance and support, (DIR-TSO-4315), Bid No. 19-1347, for a total of $963,613.74.

7. Acceptance of the bid of Freeit Data Solutions, Inc. to provide: annual contract for Nimble expansion shelves, (DIR-TSO-4160), Bid No. 19-19138, for a total of $117,175.96.

CAPITAL IMPROVEMENT CONTRACTS

PROJECTS INVOLVING IMPROVEMENTS,
EXTENSIONS AND ADDITIONAL CAPACITY

Water and Sewer Line Improvements

7. A Resolution awarding a construction contract to Pronto Sandblasting & Coating & Oil-Field Services Co., Inc. in an amount not to exceed $742,261.90 in connection with the 2020 SMP Package V (La Haya, Rosewood). (ANDREA BEYMER – GAIL HAMRICK-PIGG)

8. A Resolution awarding a construction contract to Wauters Engineering, LLC in an amount not to exceed $574,794.53 in connection with the 2020 SMP Package VI (Warner Ave., Tomar Dr.). (ANDREA BEYMER – GAIL HAMRICK-PIGG)

9. A Resolution awarding a construction contract to Facilities Rehabilitation, Inc. in an amount not to exceed $1,966,240.00 in connection with the 2020 SMP Package VII (Royston Ave.). (ANDREA BEYMER – GAIL HAMRICK-PIGG)

10. A Resolution approving additional expenditures to the existing professional services contract with CH2M Hill, Inc. in an amount not to exceed $382,095.00 in connection with the C13 Broadway Corridor – Josephine St. to South Alamo St. Project. (ANDREA BEYMER – GAIL HAMRICK-PIGG)

Production, Transmission and Treatment Improvements

11. A Resolution ratifying the actions of the Vice President of Engineering and Construction in approving Change Order No. 1 in an amount not to exceed $1,502,530.00 to the construction contract with D Guerra Construction, LLC in connection with the Lift Station 251 Elimination Project. (ANDREA BEYMER – JOE CARRENO)

12. A Resolution approving additional expenditures to the existing professional services contract with Freese and Nichols, Inc. in an amount not to exceed $198,610.00 in connection with the Turtle Creek No. 3 Primary Pump Station Project. (ANDREA BEYMER – JUAN GOMEZ)
REPLACEMENT AND ADJUSTMENT PROJECTS

13. A Resolution approving expenditures in an amount not to exceed $227,438.95 for the adjustment and replacement of water and sewer facilities by the City of San Antonio in connection with the Blossom Park-Lotus Blossom Drainage Improvement Project. (ANDREA BEYMER – GAIL HAMRICK-PIGG)

14. A Resolution approving additional expenditures in an amount not to exceed $100,000.00 for the adjustment of water and sewer facilities by the City of San Antonio in connection with the De Zavala Road from IH-10 to Lockhill-Selma Project. (ANDREA BEYMER – GAIL HAMRICK-PIGG)

15. A Resolution approving expenditures in an amount not to exceed $1,610,300.52 for the adjustment and replacement of water and sewer facilities by the City of San Antonio in connection with the Upland Road Drainage & Flood Control Project. (ANDREA BEYMER – GAIL HAMRICK-PIGG)

16. A Resolution approving an Interlocal Agreement with Bexar County; approving expenditures in an amount not to exceed $131,860.38 for the adjustment of water and sewer facilities by Bexar County in connection with the Sanctuary Subdivision Project. (ANDREA BEYMER – GAIL HAMRICK-PIGG)

17. A Resolution approving an Advance Funding Agreement with the Texas Department of Transportation; authorizing expenditures in an amount not to exceed $147,615.38 for the replacement of the water facilities by the Texas Department of Transportation in connection with the Old Seguin Road Project. (ANDREA BEYMER – GAIL HAMRICK-PIGG)

18. A Resolution approving an Advance Funding Agreement with the Texas Department of Transportation; authorizing expenditures in an amount not to exceed $29,291.65 for the removal of asbestos cement pipe by the Texas Department of Transportation in connection with the Old Seguin Road Project. (ANDREA BEYMER – GAIL HAMRICK-PIGG)

19. A Resolution approving an Interlocal Agreement with the Alamo Regional Mobility Authority; authorizing expenditures in an amount not to exceed $1,076,706.29 for the adjustment of water facilities by the Alamo Regional Mobility Authority in connection with the Old FM 471 and Talley Road Project. (ANDREA BEYMER – GAIL HAMRICK-PIGG)

EASEMENT AND REAL PROPERTY

20. A Resolution accepting an offer in the amount of $370,000.00 for the sale of approximately 83.353 acres being a portion of the Straus Ranch located east of W.T. Montgomery Road and north of the Medina River, in Bexar County, Texas; approving a purchase agreement with the San Antonio River Authority; authorizing payment of closing costs up to $3,500.00 to be paid to Alamo Title Insurance Company.
21. A Resolution declaring a public necessity for public use, the acquisition of certain privately owned real property in the City of San Antonio being permanent water easements and temporary construction for the Turtle Creek No. 3 Pump Station to Medical Center Transmission Main Pipeline Project in the north quadrant of Bexar County, Texas, which easements shall be acquired by negotiation and/or condemnation, if necessary, for the public use of the expansion and operation of the System; requesting that the City Council of the City of San Antonio adopt an ordinance reaffirming and declaring that the project is for a public use and a public necessity exists for the acquisition of the easements and authorizing the System to take all appropriate action to acquire the easements by negotiation and/or condemnation. Project located in NCB 12830, 13662, 14595. (NANCY BELINSKY – BRUCE HABY)

22. A Resolution authorizing the expenditure of funds in an amount not to exceed $340,000.00 for possession by the System, a 1.419 acre tract during the pendency of litigation between the System and Praveen K. Thangada in connection with the condemnation of the property for the W6: Hwy 90 to SW Military Drive Sewer Main Project; authorizing the President/Chief Executive Officer or his duly appointed designee to execute a Possession and Use Agreement for the property; authorizing the System's Legal Counsel to continue to prosecute the litigation through final judgement and any appeals, if deemed necessary. (NANCY BELINSKY – BRUCE HABY)

**MISCELLANEOUS ITEMS**

23. A Resolution awarding a consulting services contract to Korn Ferry (US), Inc. in an amount not to exceed $768,750.00 for the period of January 1, 2020 to December 31, 2022, with the option for three, one-year extensions in connection with the System's Self-Funded and Insured Employee Benefits Programs. (SHARON DE LA GARZA)


25. A Resolution authorizing the purchase of insurance policies with Standard Insurance Company in an amount not to exceed $1,182,461.93 for the period of January 1, 2020 to December 31, 2020, in connection with basic life, accidental death and dismemberment, voluntary life insurance, and long term disability for the System's Employee Benefits Program. (SHARON DE LA GARZA)

26. A Resolution adopting revisions to the Investment Policy of the San Antonio Water System pursuant to the guidelines established in the City of San Antonio’s Ordinance No. 75686 and the Public Funds Investment Act. (DOUG EVANSON)

27. A Resolution approving an Interlocal Contract with the Department of Information Services (DIR) in connection with the use of the DIR Shared Services Master Service Agreements. (DOUG EVANSON – YVONNE TORRES)
28. A Resolution adopting rules to ensure the identification, security, and confidentiality of bids or proposals, and to ensure that electronic bids or proposals remain effectively unopened until the proper time. (DOUG EVANSON – NANCY BELINSKY)

29. A Resolution approving a Joint Funding Agreement with the United States Geological Survey in an amount not to exceed $495,487.00 for the period of January 1, 2020 to December 31, 2020, in connection with monitoring and studying groundwater water quality, surface/recharge water quality, and hydrogeologic studies of the Edwards Aquifer and System’s water resource projects. (DONOVAN BURTON – SCOTT HALTY)

30. A Resolution approving Lease Agreements with the holders of Edward Aquifer Authority groundwater rights for a total of 1,957.391 acre-feet per annum of Edwards Aquifer Authority groundwater rights at a cost of $253,356.53 per year for five years beginning in 2022 or 2023, for a total obligation not to exceed $1,266,782.63. (DONOVAN BURTON – DARREN THOMPSON)

31. A Resolution awarding a professional services contract to WSP USA, Inc. in an amount not to exceed $600,000.00 for a period of three years with the option for two, one-year extensions in connection with the Water Resources Engineering Consultant Services. (DONOVAN BURTON – DARREN THOMPSON)

32. A Resolution awarding a construction contract to Bartek Construction Co. in an amount not to exceed $1,443,986.50 in connection with the 2019 Annual Asphalt Overlay Work Order Construction Contract, Package III. (MIKE BRINKMANN – LEAMON ANDERSON)

33. A Resolution awarding a professional services contract to Arcadis U.S., Inc. in an amount not to exceed $845,531.00 for a period of two years with the option for a one-year extension in connection with the America’s Water Infrastructure Act of 2018 Compliant Risk Assessment and Emergency Response Plan. (JEFF HABY – JOSHUA DEAN)

34. A Resolution awarding a services contract to True Flavors, LLC in an amount not to exceed $130,000.00 per year for a period of three years with the option of three, one-year extensions in connection with the Food Service Management Provider. (JEFF HABY – CARLOS MENDOZA)

35. A Resolution consenting to an assignment of rights from VTLM Texas LP, a Texas limited partnership, to Verano Land Group LP, a Nevada limited partnership, which is related to the agreements to provide water and sewer services to the area in and around Texas A&M University-San Antonio. (ANDREA BEYMER)

Chairman Guerra stated Item 20 was pulled for individual consideration. He asked if there were any other items in the Consent Agenda that should be pulled for individual discussion or consideration.
Ms. Jasso made a motion to approve the Consent Agenda Items 6 – 35, except for Item 20. Mr. Parra seconded the motion.

Consent Agenda Items 6 – 35, except for Item 20, were unanimously approved. Verbal voting.

Chairman Guerra moved to Item 20.

Bruce Haby presented Item 20, the sale of approximately 83 acres being a portion of the Straus Ranch to the San Antonio River Authority (SARA). He briefed the Board in July, when the remaining 327 acres were under contract with Bigelow Development. SAWS had a longstanding relationship of working with SARA on various properties, the Catfish Farm on the Medina River and the Otillo Dam property along the Medina River.

Item 20 was the sale of another piece of property to SARA for park use. The process followed Local Government Code, Chapter 272. An appraisal of the property was based on certain limited uses, where SAWS had deed restricted the land for park use only and reserved the naming rights for the park. The appraisal came in at $370,000.00 and SARA agreed to the price. The property was located along Montgomery and Fitzhugh Road at the crossing of the Medina River. A good portion of the property was in the floodplain, and the property had about a mile of river frontage. Staff recommended the sale of approximately 83.353 acres, being a portion of the Straus Ranch.

Mr. McGee made a motion to approve the Consent Agenda Item 20. Ms. Merritt seconded the motion.

Chairman Guerra recognized Joe Straus and asked if he would like to speak to the item. Mr. Straus commented on the historic property and that his kids, brother's kids and grandkids loved using the property. With the approval of the SAWS Board and the SARA Board, the public would also get to use the property.

Chairman Guerra thanked Mr. Straus for taking the time to come to the meeting and for his comments regarding the property.

Consent Agenda Item 20, was unanimously approved. Verbal voting.

Chairman Guerra opened the Public Hearing for the 2020 Annual Budget of the San Antonio Water System.

36. PUBLIC HEARING: 2020 ANNUAL BUDGET

A. Public Hearing Briefing (DOUG EVANSON)

Public Comment.

Cecilia Velasquez provided an overview of the proposed annual budget for 2020. She reviewed the 2020 pre-approved rate adjustment, and the briefing to City Council regarding the proposed 2020 budget. The City’s CFO explained the City had pre-approved rate caps for SAWS water supply fee from the time period of 2015 through 2020. Based on SAWS actual rate adjustments, which were less than the rate caps during that period of time, SAWS could have increased the water supply fee up to 15.9 percent in 2020, but proposed a 9.9 percent rate adjustment for the average residential customer. City staff supported the proposed 2020 budget and their report was included as an attachment to the resolution. The pre-approved 52.4 percent water supply rate increase would represent a $6.55 increase to the average residential bill. There were no proposed rate adjustments for wastewater or water delivery rates. The overall rate impact to the average residential bill, which would include water and sewer usage, was 9.9 percent. Also based on the 2015 RAC recommendations, SAWS policy was to adjust recycled water rates based on the average impact of water delivery and water supply rate adjustments to the average residential customer. There was no change to the water delivery rate or the meter charge. Assuming the smallest 5/8-inch meter and 7,092 gallons of water, the rate impact for recycled water was 19.2 percent. She noted this was the rate impact for any customers that were water only customers. This rate adjustment along with the proposed 2020 rate schedules were included in the third attachment of the resolution.

The 2020 rate adjustment was projected to generate an additional $82.1 million of operating revenues. This increase combined with the additional revenues pertaining to projected customer growth would drive total sources of funds up $100.9 million or approximately 12.2 percent. This increased funding would be utilized to fund an additional $86 million in operating expenses, which $81 million would be for the Vista Ridge Project. SAWS was also funding the transfer to the City, which increased from 2.7 percent to 4 percent of gross revenues. The increase in funding would be generated from the additional cash available from SAWS renewal and replacement (R&R) fund. Any amount transferred to R&R provided debt coverage in the current year and could be utilized to fund capital expenditures in future years. This year was the last year SAWS would receive a payment from LCRA. Based on the agreement with the Edwards Aquifer Authority (EAA), the five-year leak repair program to assist in the regional water conservation program would also end in 2020. These decreases in revenues would be offset by the increase in the capital recovery fees budget, which would align more closely with the actual impact fees received in 2019.

She stated the single most important variable in SAWS revenue forecast was the usage per bill, and reviewed a graph of the budgeted water usage per bill over the last five years. The usage had a downward trend and varied wildly. This variability was primarily caused by rainfall. In years where a lot of rain was received, the actual usage per bill was below the budgeted amount. For the 2020 budget, the revenue analysts along with financial modeler used consumption data from 2015 through 2018 as well as weighed in previous weather patterns over the last couple of years. She noted the 2019 projected water usage per bill was based on billing data through August 2019. If September’s data was included, the projection would be closer to 10,670 gallons per month.
The 2020 Capital Improvement Program (CIP) was $608.9 million and included all phases of construction, acquisition costs, design costs, construction costs and overhead costs. For the overhead budget, staff tracked time spent on capital projects using an application built by the IT department. Costs were capitalized based on actual time the engineering department as well as all of the support departments spent on design and construction tasks. The largest driver for the CIP was the wastewater capital budget of $413 million. Whereas, W6 being the largest project within that budget, which was estimated at $218 million for 2020. SAWS continued to invest in water delivery, water resources and chilled water infrastructure.

In regards to funding the 2020 CIP, the financial model showed an equal split between cash and bonds including commercial paper of approximately $304 million each. Cash should be $215.5 million of unrestricted R&R and $89 million was expected from capital recovery fees. With a large CIP budget during the last several years, staff identified the need to allocate a certain amount to provide funding for potential contract changes. This specific process started in 2016, and had been used consistently since. For 2019, staff included $12.8 million in the CIP budget to accommodate for potential changes. For 2020 CIP budget, staff included $9,865,336.00 to accommodate for potential changes based on the number of projects that would be in construction phase in 2020, excluding any governmental projects. Any amounts that were unused at the end of each year would be transferred back into the R&R fund and redirected in cash funding of the CIP in subsequent years. A total of $9.6 million had been returned to the R&R fund since the inception of the OCCC budget.

Based on the last rate study completed in 2015, one of the recommendations approved by both Board and City Council was that certain miscellaneous service fees would adjust annually based on changes in the cost of living. The fees would increase 1.81 percent in January to reflect the impact of inflation on the cost to provide these services. For comparison purposes, the rate was 2.89 percent for inflation last year. These fees were detailed in the fourth and fifth attachments in the resolution.

In addition to rates for water and sewer services, SAWS had two pass-through fees that were charged to customers. The first recovered the aquifer management fees paid to the EAA for permitted Edwards rights. This fee was a flat volumetric rate applied to all potable water usage. The second pass-through fee was a monthly fixed charge applied to bills to recover the fees paid to TCEQ for regulatory oversight of the water and sewer systems. The fees charged to customers were reviewed and adjusted annually to insure that the fees paid were fully recovered. Once the final invoices were received from both agencies, staff would come back to the Board if there were any changes required for the pass-through fees. With the proposed rate adjustments that would go into effect on or about January 1, 2020, the average residential bill including all of the pass-through fees would go to $75.17. This was still favorable to many other large cities in Texas as well as across the country.

SAWS continued to focus on the Uplift assistance programs. Staff recognized that health and human safety was contingent on affordable supply of water. SAWS has developed touch points to assist the community. These included monthly affordability discount programs for customers who qualify in addition to the Project Agua program for emergency assistance. SAWS also helped customers with water leaks and wastewater issues in the Plumbers to People and Laterals to People programs, and continued to offer payment arrangements for
customers with past due balances. For an added benefit, the senior citizen program automatically enrolled primary account holders once they turned 60 years old. This program waived any future late payment penalties. With assistance programs a key focus area, SAWS was committed to keeping services affordable. Funding was increased to the affordability discount program by 149 percent from $2.6 million in 2015, to a budget of $6.5 million in 2020. Enrollment in the monthly affordability discount program increased by 53 percent over the last three years reaching over 31,000 families. Assistance continued to be a key focus for the RAC. Affordability was a major topic discussed at their meeting on October 16. A majority of the members wanted to see improvements in the assistance for low-income families in the future, especially customers with a large number of people living in one household. She provided the historical monthly discount provided through the affordability discount program and the proposed 2020 discounts. These discounts were increased for the customers at 50 percent of poverty to $28.35 versus the original $27.85 as shown in a prior briefing. The average bill impact included pass-through fees, but did not include the City’s stormwater fees.

She recommended approval of the 2020 Annual Budget, approval of the 2020 Owner Controlled Construction Changes in the amount of $9,865,336.00, approval of the pre-authorized rate changes, specifically the water supply fee rate change, with the average water and sewer customer impact of 9.9 percent and recycled water rate at a change of 19.2 percent. And finally, the approval of certain special service fees for 2020, as provided by City Code. She recognized the financial services team, Lou Lendman, Ben Benzaquen, Pat Arriola, Rob Walker, Vanessa Andrade, Benjamin Kidd as well as Leticia Castillo, along with the engineering project controls team, for their help to compile all the information and coordination with the City’s Public Utilities Office.

Chairman Guerra opened up the public hearing portion before taking questions from the Board. He called up Ellen Berky, who signed up to speak.

Ms. Berky commented on City Council grappling with the idea of millions of dollars going from one pocket to another while still failing to find an answer to deal with the political fallout from irate ratepayers as they realize they were paying for massive capital improvement projects sponsored by SAWS, month after month, year after year and into the foreseeable future. Two councilpersons asked about SAWS cash on hand and learned that current reserves were in excess of nearly 500 days, would be drawn down to 300 days by 2021, presumably to pay for increasing the pass-through of SAWS revenues to the City budget in 2020 and 2021, which went up to four percent. One councilperson suggested establishing a lifeline rate for large families apparently unaware that SAWS was increasing the affordability discount allowance in the 2020 budget substantially, which reflected federal guidelines for poverty that factored in family size. This surely should be considered a prudent investment by the City as helping pay people’s bills who could barely pay them was clearly better than having customers who could pay nothing and must have their water cut off and maybe forced to walk away from their homes causing the City to lose taxes as well as utility fees. Another councilperson volunteered to go door to door in her district to let people know about SAWS affordability discounts. A comment was made that watering lawns was a luxury, but no one volunteered to block walk in the Dominion or Elm Creek. Perhaps it's time for the prudent trustees to consider the natural limits to growth. The Board didn’t have to approve every certificate of convenience and necessity or the oversized pipes
and sanitary sewer pump stations over the Edwards Aquifer contributing and recharge zones. She suggested the Board reread Section 32 of the enabling ordinance to see what the Board could do instead of shuffling policy decisions off to the RAC or the Capital Improvements Advisory Committee or even onto the CEO. She referenced the mayor’s comments that the City was joined at the hip to the donor communities, and the governor knowledge of it too as evidenced by the veto of House Bill 1806.

Chairman Guerra stated no other individuals had signed up to speak so he opened the floor to the Board for questions.

Ms. Hardberger inquired about the expectation for costs on the wastewater CIP because of the consent decree (CD). Ms. Velasquez responded SAWS entered into the 10-year CD in 2013. There were some projects that would exceed that period, and staff had applied for extensions. By 2023, most of the CD related projects would be completed, and 2020 was the most capital intensive.

Mayor Nirenberg had questions with regard to recycled water rates that seemed counterintuitive. He asked if the objective was to recover the revenue to service recycled water. Mr. Puente confirmed, but stated there were some other factors involved.

Mayor Nirenberg commented this was obviously one area where the recycled water system could continue to be developed to aid in conservation and provide people an opportunity to benefit from the system. Mr. Evanson responded most of the rates were set to recover the entire cost of service. Recycled water rates did not recover the entire cost of service at this point in time. Again, the rate was set initially that would make it more attractive than utilizing potable water. Obviously, it cost a lot to build that purple pipe network across the city. During the 2015 rate study, it was determined recycled water was paying a substantial discount relative to potable water. Rather than the rate continuing to fall behind, the recycled water rates would increase when there was a water delivery rate increase. Over the last several years, particularly with the advent of the Vista Ridge Project, the water supply fee was going to go up at a rate that was faster than the water delivery increases. Rather than having recycled water continue to fall further behind, the 2015 rate study determined to take the average of the water delivery and the water supply increases and apply that to the recycled water rate.

Mayor Nirenberg stated but that's not withstanding the capital costs of getting the purple line to the property. Mr. Evanson confirmed. The entire cost of service was not recovered particularly on the construction, the capital infrastructure piece of the recycled water lines.

Mayor Nirenberg asked if there was a disincentive for non-potable water use just given the cost to run the line. Mr. Evanson replied SAWS ran most the lines. Obviously, there was still significant savings between recycled water rates and potable water rates. This was passed as a result of the last rate study that would look at the combined average between the two. There was a little bit of extra recycled water to potentially market and sell to customers, who basically used water consistently on a month to month basis as opposed to those that peak in the summertime.

Mayor Nirenberg suggested a policy conversation about developing a recycled water system
in general as a marketable service for SAWS. At one time, SAWS had the largest recycling facility. Mr. Puente replied we still do. Mayor Nirenberg stated it would be worth a conversation if that's strategically where we want to go. Mr. Evanson replied that's an excellent idea. Staff could prepare a briefing on the status and how the rates compared.

Mayor Nirenberg commented on the decision two years ago to deliberately put more money into the water delivery side of the capital infrastructure to not fall behind. He asked for a status on the water delivery side to get the ratio back up to what would be deemed as best practice. Ms. Beymer stated Mr. Clouse provided a briefing a couple years ago that showed an estimated delivery rate of 0.5 percent, and staff was making this more need based than age based because there were some old mains in the system that were performing very well. That level of replacement rate had been maintained. Earlier this year, the Board awarded a contract for a water condition study that would start ranking the mains based on risk to revamp the water replacement program.

Mayor Nirenberg requested a report back on the study. Part of the conversation with neighbors when we're talking about the water system budget and rates, was to make sure people fully understand that we own the vehicle. Whether we own it in good condition or we own a liability for it being in poor condition, we're going to pay for it one way or the other. So it's a good idea to proactively maintain the system and we're seeing the cost of not doing that on the wastewater side. We don't want to find ourselves in the same situation on the water delivery side. He asked what percentage staff was trying to reach in terms of replacement rate for water delivery. Ms. Beymer replied based on the study, the rate may increase above that 0.5 percent and staff may have more results by January or February next year.

Ms. Merritt inquired about the methods used to make citizens aware of the discount program and plans in the future to upgrade the outreach for the program. Gavino Ramos responded not only was SAWS continuing to mail the areas that were most affected by the rates, but also had hired two new people on the affordability team to be out in the community. Part of the new strategy was to expand outreach, so staff would meet with different council individuals to see about using their district offices. SAWS was partnering with agencies like St. Vincent de Paul and the San Antonio Food Bank. If a customer was having a hard time paying their water bill, they're probably having a hard time paying other bills. Staff would be out in the community, out at those offices with set times so we're going out to the customer rather than them coming to us.

Mr. Puente added that SAWS hosted a luncheon every year for different nonprofits, and Ms. Jasso always attends. As Mr. Ramos mentioned, if there's a need regarding the water bill, there's a need regarding the electric bill or other needs. This gave SAWS an opportunity to know who those individuals were from the nonprofits and to better exchange information. There was a whole lot of outreach being done.

After no further question, Chairman Guerra closed the public hearing.
ITEMS FOR INDIVIDUAL CONSIDERATION

38. A Resolution approving the annual budget for the San Antonio Water System for the Fiscal Year ending December 31, 2020; authorizing expenditures in an amount not to exceed $9,865,336.00 for the owner controlled construction changes for the fiscal year ending December 31, 2020; and approving adjustments for certain special services fees for 2020 as provided by the City Code. (DOUG EVANSON)

Mr. McGee made a motion to approve Item 38. Ms. Merritt seconded the motion.

After no further discussion, Item 38 was unanimously approved. Electronic voting.

Chairman Guerra welcomed City Councilman John Courage, who was in attendance.

39. A Resolution approving additional funds in an amount not to exceed $5,549,155.36 for Owner Controlled Construction Changes for the Fiscal Year ending December 31, 2019. (DOUG EVANSON – ANDREA BEYMER)

Andrea Beymer presented Item 39, additional funding for the 2019 Owner Controlled Construction Change (OCCC) fund. The OCCC was implemented in 2015 with an annual budget approval process. The OCCC provided for appropriate and necessary changes to construction contracts. This year the OCCC was capped at just under $13 million, which was based on a percentage of the CIP. Any item that exceeds $100,000.00 in terms of a change to a construction contract would come before the Board for consideration.

Prior to the OCCC, every construction contract included contingency funding on an individual basis. The problem that created was some projects didn't utilize the contingency and some projects needed more. Now, the OCCC provided the flexibility to use the funds when needed and included a robust review program internally for any such changes. A review committee was comprised of folks from contracting and finance as well as from the construction group to defend what those changes were and why those were necessary. Staff was able to process changes now without having to delay project schedules and therefore costing more money to the bottom line of the construction contract. In 2019, the amount appropriated in the budget was $12,778,964.00, and staff projected at year end to be at roughly $11.3 million. There was $1 million programmed for water supply funds that was not anticipated to be used. However, those funds could not be used for water delivery or wastewater.

There were two items on today's agenda that were unexpected and unbudgeted. In order to meet the CD compliance, two change orders were needed to change from the existing contracts. Funds from the OCCC were needed in order to fund those projects with a cost of roughly $5.5 million. The two existing contracts had remaining funds of roughly $5.5 million, and those funds would be recouped when the projects closed out. Staff was addressing some claims with the contractors so those funds were not available right now.

Staff recommended the approval of additional funds in an amount not to exceed $5,549,155.36 for the Owner Controlled Construction Change.
Ms. Jasso made a motion to approve Item 39. Ms. Merritt seconded the motion.

After no further discussion, Item 39 was unanimously approved. Electronic voting.

**CAPITAL IMPROVEMENT CONTRACTS**

**PROJECTS INVOLVING IMPROVEMENTS, EXTENSIONS AND ADDITIONAL CAPACITY**

**Production, Transmission and Treatment Improvements**

40. **A Resolution ratifying the actions of the Vice President of Engineering and Construction in approving Change Order No. 6 in an amount not to exceed $4,046,625.36 to the construction contract with Qro Mex Construction Company, Inc. in connection with the C5 Culebra – Castroville to Laredo & C28 Zarzamora Creek – San Gabriel to NW 23rd Street Phase 3. (ANDREA BEYMER – JOE CARRENO)**

Ms. Beymer presented Item 40, ratifying the approval of Change Order No. 6 for the C5 Culebra – Castroville to Laredo & C28 Zarzamora Creek – San Gabriel to NW 23rd Street Phase 3 contract. She stated the other project was on the consent agenda, Item 10. Due to the dollar amount, this item was coming before the Board for individual consideration. In 2017, the Board awarded the C13 Broadway Corridor Construction Package B Contract to Oscar Renda. The EPA completion date on the project was July 23, 2019. In May, staff asked for a one-year extension because the project would not meet the compliance date. During the course of this project, there were numerous challenges, issues, as well as schedule delays, and staff was able to negotiate a deductive change order with the contractor. On October 3, 2019, the contractor walked away from the project. However, that put SAWS at considerable risk with incomplete work as well as a CD compliance deadline. In September, staff specifically talked about this project to the EPA. The EPA was aware the original compliance date was not met, and asked about the status of meeting the 2020 date.

Due to the concern over the public risk with the construction site and the CD schedule, staff did a ratification process and authorized Qro Mex Construction to proceed with the work. She discussed why Qro Mex Construction was asked to complete the project instead of going to an emergency bid. Again, the issue was time. There were open trenches, and SAWS had a CD deadline. Qro Mex Construction had been awarded 10 projects since 2015, seven of which had been completed. The contractor had a proven track record of delivering aggressive project schedules and had similar project experience. The contractor had available resources and available crews to get out there now.

In November 2018, SAWS awarded a similar project scope for the C5/C28 Phase 3 contract. The C5/C28 Phase 3 contract was not a low bid project as the original C13 project, but was a best value contract. Staff would use the contract in order to get this project work done and to meet CD compliance. However, there would be additional work needed that would go to next year. Staff would competitively bid the street restoration that’s necessary to complete this project work. Other work included roughly 1,300 feet of sewer main, some water main, storm drain structures, manholes as well as a significant bypass operation through downtown.
The current project schedule for improvements showed a completion of May 29, 2020, which was ahead of the July completion date necessary for the CD. Currently, Qro Mex Construction was on track to finish this project in April, so they were ahead of schedule.

Staff recommended to ratify the action in approving Change Order No. 6 with Qro Mex Construction for the completion of the C5/C28 Phase 3 contract. A ratification was not something SAWS took lightly, but in light of this situation was the best course moving forward. She also requested approval of funds in the amount of $4,046,625.36 for the remaining construction work.

Ms. Jasso made a motion to approve Item 40. Ms. Merritt seconded the motion.

Mayor Nirenberg inquired about the deductive change order from the original contractor. Ms. Beymer responded the deductive change order was recently negotiated with Oscar Renda in early October so SAWS could meet the CD compliance date. The amount of the deductive change order was $4,680,928.51, which was the amount remaining on the contract. The requested funds to complete the work totaled $4,046,625.36. However, additional professional services were requested under Item 10 on the agenda of $382,095.00 to CH2M Hill, Inc. The engineer was needed to repackage work and to stay on longer for construction phase services. A subsequent contract for restoration would also be needed. When all was said and done, SAWS would be in the red by roughly one million to a million and a half.

Mayor Nirenberg asked why the original contractor could not perform. Ms. Beymer stated there were significant challenges with the contractor. They had two other existing contracts with SAWS that faced significant delays. Mr. Puente asked that Nancy Belinsky respond to the question. Ms. Belinsky responded the reasons for the original contractor’s nonperformance were difficult to completely identify. Factually, there were schedule challenges and the focus continued to be to allow the project to be completed on time under the CD. As a result, the best course of action was to ask the contractor to agree to a deductive change order to allow them to eliminate the remainder of the work, settle the contract, and find another contractor who could come in and do the project on time.

Mayor Nirenberg asked if the original contractor was willing to continue the project work, but it was going to be at a standard SAWS did not agree with. Ms. Belinsky confirmed. She stated there could have been additional charges, claims, and disputes with the contractor on how much more money they were owed for additional time and reasons for their delays that were disputed. For that reason, the most efficient and effective way for SAWS to complete the project was to complete the deductive change order and hire a new contractor.

Mayor Nirenberg commented on the contractor not meeting SAWS standards and the safety elements of the project. Mr. Puente added that he had met with Councilwoman Shirley Gonzalez about the contractor’s project within her district that received a lot of citizen complaints regarding work site, and so it was the best we could do regarding the circumstances.

Mr. Parra commented that when SAWS was in situations in which it was committed to complete work in a given time such as a CD that perhaps it’s important to maximize the opportunity of using best value procurement to make sure qualified contractors were used to
perform in the time needed. Ms. Beymer agreed and stated staff would do so moving forward.

After no further discussion, Item 40 was unanimously approved. Electronic voting.

**Developer Customer Contracts**

41. A Resolution approving Utility Service Agreements to provide water and/or wastewater service to the tracts listed below requiring potential oversizing of mains (OVR), and/or are located outside the San Antonio Water System water and/or wastewater Certificate of Convenience and Necessity (CCN). (ANDREA BEYMER – TRACEY LEHMANN)

<table>
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<th>Tract Name</th>
<th>Developer</th>
<th>Acres</th>
<th>W EDUs</th>
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<th>CoSA / CoSA ETJ / Outside</th>
<th>EARZ / CZ</th>
<th>JBSA</th>
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Tracey Lehmann presented Item 41, approval of Utility Service Agreements (USA). There were six USAs for consideration: four residential, one commercial and one school-related USA.

The Medina Valley ISD Tract was located in Medina County, just west of Potranco Road and State Highway 211. The developer was requesting 100 wastewater equivalent dwelling units (EDU) for the 92-acre tract. The tract was located outside of the City’s ETJ and within the Yancey Water Supply Corporation’s CCN, and Yancey would provide the water service to the tract. The tract abuts to SAWS existing wastewater CCN. The developer would tie into an existing 8-inch wastewater main at the northeast corner of the tract for service.

The Pecan Springs Tract was a residential development located on the northwest side, just west of IH-10 and Toutant Beauregard. The developer was requesting 261 water EDUs for the 245-acre tract. The tract was outside of the ETJ, outside the wastewater CCN, and partially outside of the water CCN. The area was located within the contributing zone. A portion of the tract was within the five-mile radius of military bases, with Camp Bullis being the closest facility. SAWS water CCN covered half of the tract, and there was an existing 12-inch water main on Toutant Beauregard. The developer would extend off the 12-inch main, looping through the tract into the existing systems at the south end of the tract. The
development would utilize larger lots and would be going to septic with the individual residential lots.

The Lime Stone Ranch Tract was a commercial tract located off of IH-10 just north of Ranch Land View. The development was a six-acre tract and the developer was requesting 42 water EDUs and 19 wastewater EDUs. The tract was outside of SAWS wastewater CCN, located on the contributing zone, and within a five-mile radius of Camp Bullis. For water, there was an existing 30-inch transmission main along IH-10. The developer would extend a smaller 12-inch main along the frontage and back into the existing 30-inch main for water service. For wastewater, SAWS wastewater CCN was on the east side of IH-10. However, there was a wastewater main on the west side of IH-10 that went up to the southeast corner of the tract. The developer would tie into the existing wastewater main for service.

The Holman Acres Tract was a residential development on the northwest side, and was an infill spot located within the Balcones Creek Subdivision. The developer was requesting 120 water and wastewater EDUs for the 33-acre tract. The tract was on the west side of IH-10, outside of the wastewater CCN, and over the contributing zone as well as that five-mile radius of Camp Bullis. There was water service on three sides of the tract so the developer would loop to two of the mains for water service. The tract was on the east side of IH-10 and outside the wastewater CCN. SAWS had infrastructure on the west side of IH-10 that the developer would tie into on the east side of the tract.

The Elva Garcia Lot 19 Tract was a residential development located just off IH-10 and Fair Oaks Parkway. The request was one wastewater EDU for the two-acre tract. The tract actually fell within the City of Fair Oaks Ranch as well as the City of Fair Oaks Ranch's water and wastewater CCN. The tract was located over the contributing zone and within the five-mile radius of Camp Bullis. The tract wanted to get off the existing septic system, and obtained a letter from the City of Fair Oaks of no objection. SAWS wastewater CCN was next to the City of Fair Oaks Ranch’s CCN. SAWS existing wastewater main was in the back of the tract where the owner would connect to the wastewater main for service. The tract would remain with the City of Fair Oaks Ranch for water.

The Goodson Tract was a residential tract located off Bandera Road. The developer was requesting seven water EDUs and six wastewater EDUs. The tract was located in the City of Helotes, within SAWS water CCN, but outside of SAWS wastewater CCN. The site was also located directly over the recharge zone. SAWS had an existing 12-inch water main along Bandera Road that the developer would tie into for service. SAWS wastewater infrastructure was along Bandera Road, and the developer would tie into an 8-inch wastewater main in front of the tract for service.

Staff recommended approval of the six USAs that included service outside of SAWS water or wastewater CCN.

Ms. Jasso made a motion to approve Item 41. Mr. Parra seconded the motion.

Ms. Hardberger asked why SAWS would provide service to the Elva Garcia Lot 19 Tract versus the City of Fair Oaks. Mr. Lehman replied the City of Fair Oaks owned the CCN in that area, but those were all large lot tracts on septic. The owner was currently on septic and
the City of Fair Oaks did not have any wastewater infrastructure in that immediate area.

Ms. Hardberger commented on the Pecan Springs Tract located outside of SAWS service area and over the Edwards recharge zone. She was concerned SAWS was not providing wastewater treatment. She asked staff for the reasoning behind why SAWS would want to extend outside of both CCNs and the additional EDUs. Mr. Lehman responded SAWS would be required to serve a portion of the tract within the CCN as long as they met SAWS requirements. Otherwise, SAWS would need to release the CCN. Of course, it was a single tract of intended development so SAWS would continue service even though it's outside of the water CCN.

Ms. Hardberger was concerned about encouraging septic growth over the recharge zone, and then starting a trend of encouraging impervious cover growth and septic growth over an area that was fragile and important. She asked how SAWS evaluated water CCN growth without having a hard conversation about septic and wastewater issues. Mr. Lehman responded the tract would be individual septic as opposed to a public utility district where a treatment plant would be built, which was what we would highly want to avoid. Because ultimately in 20 years, SAWS would end up taking the treatment plant over as it fell into disrepair. As far as the water service, the tract was adjacent to Anaqua Springs that was developed originally with their own wells. BexarMet eventually took over Anaqua Springs within that system.

Ms. Hardberger asked why would the option be either septic or their own wastewater treatment, and not SAWS serving the tract on the wastewater side. Because in the same way that SAWS would take over the homegrown system, she could see at some point having to transition all those septic systems to SAWS wastewater treatment. Mr. Lehman responded the existing wastewater system was back on Boerne Stage Road. It would take significant infrastructure and at least one lift station, maybe multiple depending on the terrain.

Ms. Hardberger stated she would like to have a more holistic conversations about this type of project. This would basically facilitate all of those new septic systems, when at some point SAWS would have to build that infrastructure anyway. Ms. Beymer stated a few years ago, there was a somewhat similar situation in far west Bexar County near the Helotes area that was not in SAWS wastewater CCN. The tract was in the water CCN. At the time, staff evaluated providing wastewater and had some significant pushback from GEAA because of the concern of denser development. The concern was that if an organized sewer system was allowed, it would only magnify the problem. The two issues go hand-in-hand but that was a concern and a criticism SAWS faced a couple of years ago.

Mr. Puente added that staff would provide a more detailed presentation about the decision process and the balancing of these issues. Issue such as a small wastewater treatment plant for maybe 300 homes, and then maintaining the plant to make sure it meets all requirements. The other issue was septic systems and then the potential of multiple lift stations.

Ms. Hardberger stated a presentation would be helpful particularly in these type scenarios and based on the location, either within one CCN or within another CCN. She also mentioned looking at the impact of being within Joint Base San Antonio and understanding the methodology.
Mayor Nirenberg asked how much of the Pecan Springs Tract was outside of the water CCN. Mr. Lehman responded he did not have the exact acreage, but referred to the map that included the existing water CCN.

Mayor Nirenberg commented the tract would include septic growth over the recharge zone, but we also didn’t want lift stations over the recharge zone. It would be cost prohibitive, but the cost ultimately for that choice was not borne on us. It’s a developer decision. Why were we making that choice when it seems like on the surface, this particular USA violated every managed growth principle that we try to adhere to whether it’s inside the buffer zone, inside the recharge zone, it exacerbates the issue of septic. On the surface it didn’t seem like we should be aiding that decision. If there was a more expensive route, that’s a choice that ultimately the developer would have to make. He stated this tract was sort of a model example of what we didn’t want to do with the growth of the USA. Mr. Puente stated that these kinds of issues would be part of the presentation to the Board.

Mayor Nirenberg asked if there was a reason to do that particular USA today. Mr. Puente responded this particular tract could be pulled and he was sure the developer would hear about it. Staff would have to address what that individual said or didn’t say.

Chairman Guerra asked Mayor Nirenberg if he wanted to amend the item to pull the Pecan Springs Tract until the Board had a better explanation. Mayor Nirenberg confirmed. Unless there was this great sense of urgency to vote today on that particular piece, it would be helpful for the Board to have a more detailed explanation.

Mr. Puente added the tract would be pulled without actually rescheduling or anything. Staff would talk to the individuals and see how they might address these issues. Depending on any changes made or if there were no changes and they still wanted to proceed, staff would bring the tract back to the Board.

Chairman Guerra stated there was a motion on the floor to pass all of the tracts, and he would take an amendment to the original motion from the Mayor to pull the Pecan Springs Tract. Ms. Hardberger seconded the amendment to the original motion to pull the Pecan Springs Tract from Item 41.

Mr. Barrera instructed Chairman Guerra to vote on the amendment first and then go back and vote on the original. Chairman Guerra called for a verbal vote to amend the original motion. All voted in favor of the amending the original motion.

Chairman Guerra called for a verbal vote on Item 41, as amended to exclude Tract 2. All voted in favor of Item 41 as amended.

**MISCELLANEOUS ITEMS**

**42. A Resolution awarding a contract to New Earth, Inc. in an amount not to exceed $5,725,850.00 for the period of January 1, 2020 to December 31, 2022, with the option of five, one-year extensions in connection with Biosolids Compost and Marketing.**

*(JEFF HABY – RAYMOND PEREZ)*
Jeff Haby presented Item 42, the contract for composting and marketing of biosolids. SAWS was well known throughout the United States for our trifecta of environmental excellence, which was based on the recycled water system. SAWS had the largest direct use recycle system in the nation, but most people didn’t realize SAWS started composting at the Leon Creek facility in 1989. The environmental excellence award included the work with the use of biosolids and selling the digester gas on the open market.

He provided an overview of the biosolids and the process of treating wastewater. When wastewater came into a wastewater treatment plant, it first went through a grit removal system. Next, the primary clarifiers settle out organic material that went to the digestion process as well as waste-activated sludge. The primary sludge was usually two to three percent biosolids or solids. After the primary sludge went through the digestion process and through the belt press and sludge drying beds, the sludge was over 60 percent solids. SAWS produced about 165,000 tons of biosolids annually. Without further treatment, obviously the biosolids would be objectionable. But with further treatment, biosolids could be used but under significant regulatory control. SAWS spent about $4.5 million annually to reuse or dispose of biosolids. He played a video of the biosolids process that was produced by Gregg Eckhardt.

He discussed the history of the disposal of biosolids that included land application and composting. In the early part of this century, SAWS did quite a bit of land application. Due to some public opposition, more composting was done to get away from land application. In early 2009, SAWS was composting almost 100 percent of the biosolids. At that time, the Leon Creek Water Recycling Center had a huge composting pad. In about 2011 time frame, the use of the facility at Leon Creek was lost due to encroachment of development because of the fairly odorous process. Then there was only the New Earth contract for about 65,000 tons a year and the rest was landfilled. At the end of 2017, SAWS awarded a contract to Garden-Ville. So between the Garden-Ville contract and the New Earth contract, about 90 percent of the biosolids were compost and the rest went to the landfill, about 20,000 tons.

He reviewed the history of costs. In the last few years, there had been a big jump in landfill costs to $37 a ton because of smaller volume. For New Earth, the contract price was $23.28 a ton, but the contract would end December 31. The Texas Land Disposal or the Garden-Ville composting contract would end this year, but there were three, one-year extensions remaining on the contract at a current cost of $28.63 a ton. The Republic Services contract was the landfill on IH-10 at a cost of $37.23 a ton. The Republic contract would end in 2022, with five, one-year extensions.

Staff went out to bid for a new contract on September 11. New Earth submitted the only bid with the contract bid price of $27.94 a ton. The contract was for three years with an option for five, one-year extensions, and included an annual consumer price increase with a maximum of five percent. New Earth’s facility was located at IH-10 and Foster Road, and it was the only facility permitted to accept compost. It would take a significant capital investment from an outside firm to come in and put in a new composting facility. New Earth’s facility was a significant investment in infrastructure between the property, the equipment to turn the piles, and the regulatory requirements by TCEQ. The services included loading the sludge at Steven M. Clouse treatment facility, transporting it to their facility, composting and then disposal or selling the piles.
Staff recommended the award of a three-year biosolids composting and disposal contract to New Earth for a period starting January 1, 2020, in an amount not to exceed $5,725,825.00 with an option for five one-year extensions.

Mr. McGee made a motion to approve Item 42. Mr. Parra seconded the motion.

Chairman Guerra asked how many yards were in a ton, and what the price was per yard compared to the price SAWS paid per ton. Mr. Haby responded he did not do that calculation. He stated staff may have that answer, and he would get back to the Board.

Ms. Hardberger added that SAWS was facilitating somebody else's revenue. She was told by Ms. Beymer that ideally someday SAWS would be able to do secondary processing so then we could actually be the seller. But what she didn't understand was the product that was given was not readily sellable and had to go through a process.

Chairman Guerra stated he was always looking for new ways to create new revenue. He asked about the capital investment needed to further process. Mr. Haby pointed out that SAWS was in that business originally in 1987. SAWS bought the equipment for composting, but had trouble selling it. That was the reason the decision was made to bring in an outside entity. Staff did a cost/benefit analysis. One of the biggest challenges included reducing the water in the biosolids with the centrifuge project, so we’re not paying for the disposal of water. Another was to reduce solids. The grit project would make sure the inorganics didn’t make it to the digesters, so good solids removal was important. Another challenge would be to reduce or eliminate disposal costs. Staff had looked at different technologies, thermal hydrolysis or chemical thermal hydrolysis that added a chemical and pressure to break down sludge and make a class A waste. A class A waste would not require any further treatment. There had been some challenges with some of those thermal hydrolysis projects. The Dallas metropolitan area was working on it as well as one in Washington D.C. that staff had been following closely. There was a wastewater master plan that's on the street now that would provide recommendations going forward.

Mr. Guerra stated he would have loved to have one of his suppliers pay him to take their product and turn it into a seat. He commented he did not understand why we paid somebody to take our product and create another product with it. Mr. Haby stated the additional treatment process was one of the challenges of doing it ourselves.

Mayor Nirenberg asked that recycled water be added to the list to talk about strategically. Obviously in the climate action plan, timing was a very important element of moving forward. SAWS could be a leader in this regard especially if there's already investments made. Mr. Haby replied that staff was looking at that from a climate action perspective because these other technologies could potentially produce more biogas. More biogas would get a little bit more return on investment.

Mr. McGee thanked Mr. Haby for doing the cost/benefit analysis before coming to the Board on the item. Mr. Haby replied he had a white paper, if the Board wanted to read it.

After no further discussion, Item 42 was unanimously approved. Electronic voting.
43. A Resolution authorizing a Memorandum of Agreement with the City of San Antonio in connection with cooperative purchasing on street paving services.  
(MIKE FRISBIE – ANDREA BEYMER)

Mike Frisbie presented Item 43, a Memorandum of Agreement with the City of San Antonio. SAWS continues to look for ways to reduce costs of service. A year ago, the City was looking for ways to reduce costs for Joint Base San Antonio. One of the items looked at was asphalt work. When the base would bid out paving jobs, it was small scale so their pricing was high for asphalt work. The City figured out how to get a cooperative agreement so the military could take advantage of the City’s pricing for asphalt work and that was put into place a year ago. He recognized Mayor Nirenberg for championing the effort a number of years ago. The large volume attracted plenty of bidders and drove the low prices. SAWS had a large consent decree, but the asphalt work was a minor element of the work compared to the exploration of the trench, the pipe replacement work, manhole work and then backfilling the trench. When completed, there was some asphalt work. Typically what happened was a general contractor and a subcontractor was doing the asphalt work, so the pricing historically had been high for SAWS work.

Staff worked with the City to look at the unit price differences in 2018 and 2019 for the City versus what SAWS received. The differences were projected onto actual work. If approved by the Board today and City Council on November 14, SAWS was expected to pay $6.9 million for asphalt work in 2020 and 2021, but with the City’s unit price would pay $1.8 million. This was a 75 percent reduction in price potentially. The bidding still had to happen, but SAWS could take advantage of the unit pricing through the cooperative agreement.

The memorandum of agreement provided a mechanism for SAWS to receive better unit pricing and established the terms and conditions. Basically, the City would bid out the work. The contractors would see those projects and would also see SAWS projects. The apparent low bidder would have the option of extending the pricing to SAWS. At the initial discussion, the question was asked if SAWS work could be mandatory, but that put the City’s bid program in jeopardy. It was agreed to do the pilot that made it optional. This process would get SAWS work in front of a lot more contractors. Typically, SAWS received one or two bidders for the asphalt work versus the City would get six or seven bidders for the work. Any time SAWS could work with the City or CPS, it was one more opportunity that could potentially save dollars for the ratepayers. There was no financial impact resulting in the approval agreement. Once bids were received for SAWS work, staff would bring a contract to the Board for approval.

Staff recommended approval of the Memorandum of Agreement with the City of San Antonio for cooperative purchasing on street paving services.

Ms. Merritt made a motion to approve Item 43. Mr. Parra seconded the motion.

Mr. McGee stated his first reaction was this was great, and his second reaction was how many millions of dollars were missed over the past how many years by not taking advantage of cooperative purchasing agreements with the City and CPS. He stated he was in support of the item. Mr. Frisbie responded it wasn’t too long ago that the City funded $35 million
for asphalt work, so the unit prices were significantly higher back in those days. A few years ago, it was ratcheted up from $35 million to about $64 million and then quickly went up to $110 million. That's when more contractors came to the table and unit prices went down. With SAWS ramping up with tremendous amounts of work, it was time to take advantage of the lower unit prices.

Mr. McGee commended Mr. Frisbie and his team and supported them looking for other cooperative purchasing arrangements to save money for both the City, SAWS and CPS.

Ms. Jasso stated she also supported the cooperative and working together. She cautioned she had noticed on her side of town when asphalt work had been done, the quality was bad. She cautioned that sometimes you get what you pay for.

Chairman Guerra commented that when companies do things together, they get a better price and save money. This was a great idea. It helped to bring officials who have been leading the city utilities and processes over to SAWS or to CPS, because it brings that wealth of information together. He appreciated that Mr. Frisbie looked at that with the help of the team.

After no further discussion, Item 43 was unanimously approved. Electronic voting.

Mr. Haby followed up with a response to the number of pounds per cubic yard. One cubic yard of biosolids weighed about 1,600 pounds, so not quite a ton.

Ms. Hardberger asked how many pounds were in a ton. Mr. Haby replied 2,000 pounds. Of course, that would depend upon the moisture content.

44. BRIEFING SESSION.

A. Briefing and deliberation regarding the Vista Ridge Project

Donovan Burton provided an update on the Vista Ridge Project. He reviewed the construction progress and pointed out the project was essentially done on the project company side. There were some fences and some things to finish, but there was already water in the pipeline. The project would be ready to go before the April delivery date.

The project company was at substantial completion, and putting water in the pipeline to test to make sure their systems were working, the pipeline was not leaking, and the system was completely ready to begin performance testing. Performance testing would start in early January, and would demonstrate that the project company was able to meet the requirements of the contract. In January, the project company would start sending some water into the Agua Vista Station, and SAWS would start incorporating some of that water through our own equipment to make sure it was working as well. After the test came the acceptance and commercial operation, which would begin on April 15, the contractual water delivery date.

In the last several board meeting, he had discussed potential changes to the budget panel going from five members to three, and having a different selection process. Staff was still
talking to the project company on those changes and about some other items within the WTPA. When working through a project, there were little things in the contract that could possibly be done better or at least reflect what's going on now. The performance testing was one of those that was a very restrictive process within the WTPA. Another process in the TWPA was water made available. SAWS did not pay if water was not delivered, and every single molecule that came to the Agua Vista Station was measured. There was an accounting for that water, and certain water was what's called uncontrollable. If there was a tornado that took out their site, SAWS didn’t pay for that water, but that water was made up for at the end of the project. There were different allowances, so it was a pretty complex process to account for the water and pay for it or not. Right now, there was no allowance for equipment failures. If a major pump failed, that water was totally unexcused. The project company would like for that to be an uncontrollable, which meant the water could be made up at the end of the project. SAWS still did not pay for it unless water was delivered. There was also a request on the daily maximum delivery volumes. The contract had a specific amount that would be received per day, either 137 units or 149.2 during the summertime. Water was not like electricity and could not be switched on and off. The chances of coming in at 137 units at 12:00 o'clock midnight was very difficult. The project company asked for a little bit of allowances to go slightly over during the day and then make up for it the next day. There would be a monthly accounting of the water. Electrical usage payments was another item. SAWS would pay the electrical charges. There was question of whether or not the electrical charges had to be paid through the project company. Staff would prefer to do a direct payment to the electrical provider. This was just kind of a clean-up provision. All of these were still being discussed with the project company, and staff would come back to the Board over the next month or two with potential changes to the WTPA.

He responded to a question by Trustee Hardberger about Blue Water going to the Post Oak Savannah Groundwater District. Blue Water obviously held the water rights associated with Vista Ridge, and they went to the groundwater district to request a well. There were 18 wells in the project, nine Carrizo Aquifer and nine Simsboro Aquifer wells. The project company could switch to another well, so they didn’t run the wells so hard or if a pump was down. Redundancy was a standard in a lot of different projects. Blue Water approached the groundwater district to put in another well, which would also increase their ability to do Simsboro by 4,800 acre feet per year and would bring the total Simsboro available pumping to 40,835 acre feet. Also when the groundwater district approved the permits for each individual well, they gave a certain draw for the project. In the process of talking to different landowners, some of the wells were moved so that changed the amount they were able to pump per well. Blue Water was trying to restore the original instantaneous pumping rates. The groundwater district did have a hearing on it. The request was contested; some parties had some issues and expressed some concern about it. The groundwater district was going to schedule a second hearing to talk about the issues. The second hearing on the issue was pending and no action had been taken. He stated Blue Water’s action had absolutely nothing to do with SAWS contractual volumes. The fact that it would allow Blue Water to potentially draw more water, it was actually not going to produce more water for SAWS. SAWS was not asking for more water, and they were not delivering any more water so no change to the SAWS contract.

He responded to the Mayor Nirenberg’s question on the groundwater model. The groundwater districts managed their water through models that were set up through the Texas
Water Development Board (TWDB). When the Vista Ridge Project was first online, the model in place by the state was sort of inadequate. It didn't measure faulting in the aquifers and didn't measure groundwater and surface water interactions well. TWDB hired Intera to recalibrate the model. The Simsboro Aquifer was now within the desired future conditions (DFC). The DFCs were a regulatory tool used to manage the total drawdown of the particular aquifer, and the DFCs were reestablish once every five years. The next time the DFCs would be reevaluated would be in January 2022. The model would be reevaluated in that new DFC process, and would decide whether to keep the same drawdown levels or change the levels. The new model was recalibrated and showed that Vista Ridge, certainly on the Simsboro side, was within the DFCs. The Carrizo did go below the current DFCs, so the groundwater district would decide whether or not to increase that level or decrease or leave it the same. SAWS had mitigated that risk. Ultimately, the risk was on the project company. Should the local groundwater district decide to cut back the water, SAWS mitigated the risk by not paying for the water that's cut back.

Finally, the other point that was brought up at City Council was the potential wholesale of Vista Ridge water. SAWS currently had three wholesale agreements with different local utilities within Bexar County, East Central Special Utility District, City of Elmendorf and The Oaks Water Supply Corporation. SAWS was also a participant in other regional agreements with the Schertz-Seguin Local Government Corporation, Canyon Lake through the Guadalupe-Blanco River Authority, and Canyon Regional Water Authority. One of the important things learned over the last couple of years was that communities did not want short-term agreements. The impact to the average bill from the wholesale agreements was anywhere from $1 to a little over $3, and would depends on the amount sold and a whole lot of other factors. Staff wanted to make sure the project was online and integrated into the system. One of the more important things to understand was the water quality before SAWS went out and promised another community particularly through a contractual agreement to supply 5,000, 10,000 or 15,000 acre feet. He pointed out City Council would also need to approve the Vista Ridge wholesale rates. SAWS had wholesale rates for the three communities, but staff always envisioned the Vista Ridge wholesale to be separate. One of the big questions that needed to be discussed before finalizing anything was the length of term for the wholesale agreements, which would be a policy discussion. Price and quantity of water were other questions. The water management plan supported about 15,000 acre feet. Finally, what would SAWS role be with the other cities in regards to a conservation ethic or growth patterns. These were still policy discussions that the Board needed to have before finalizing these agreements.

Chairman Guerra commented on the discussions of price at the time the contract was negotiated. We always said if we were to sell any water, it would be at least at the price SAWS would pay for the water. Mr. Burton agreed. He mentioned Trustee McGee’s statement that maybe there was an arrangement that there could be multiple communities within one agreement. The communities could almost exchange water every month themselves, but SAWS could set a maximum amount. For that type of agreement, there may be a premium charged.

Chairman Guerra stated the good thing was the price was stable for the next 30 years and then it dropped after 30 years for another 30 years. This was a great price, and the price of water would do nothing but rise. He stated he would not want to charge less than what
SAWS was paying for the water, and he would want to put some sort of a condition in the negotiation that increased price moving forward through the process as discussed during the negotiation.

Ms. Jasso asked what was considered a long-term contract. Mr. Burton replied other communities referred to it as permanent, at least 30 years or more. At the beginning of the project, some people talked about maybe five or 10-year agreements. When he talked to other communities, the first thing they said was they did not want water for five or 10 years. One of the issues with a short-term agreement was the community would still need to develop another project after the agreement ended. It would cost a huge premium to sort of go off of the short-term agreement for a couple of years while developing another project.

Mayor Nirenberg commented that SAWS agreed to pay a premium on the water to defer risk, but also in today's prices so we could secure a water future for tomorrow. The water supply would not be used 100 percent immediately, but was needed down the road. During the discussion, he wanted everyone to remember where we started with this, which was to make sure that we communicated up and down the I-35 corridor to find out who we could partner with in the near term. This was a long-term water security piece for San Antonio first, but it was a great opportunity for us to be a leader in the development patterns that make us a more sustainable region. He agreed cost and term were important. There was an opportunity to really develop some innovative partnerships perhaps for the future, but doing so with an absolute firm position on development and how we need to see it play out over the I-35 corridor. He asked that the Board have that discussion very soon, and hopefully solidify something before the water actually started coming online.

Ms. Hardberger stated she was under the perhaps mistaken impression that there was also permit requests for either extensions or follow-on permits. She asked about the length of the term of existing permits. Mr. Burton replied the terms were different for production permits and transport permits. Production permits were 40-year permits. The production permits started in 2004, and would end in 2044. The transport permits were 30-year permits, and those would expire in 2034. There was legislation passed that would require the groundwater district to essentially sync those up. Through the legislative process, the groundwater district would have to take action that would bring the transport permit to align with the production permit in 2044. The request hasn't been made yet on that particular thing. There was some reference to the transport permits within the previous board item, but it had nothing to do with the length of term of the transport permit. He understood Blue Water was taking the requested items and putting those into the existing transport and groundwater permit. It wasn't the larger question of syncing up all the transport and groundwater permits.

Ms. Hardberger asked for a follow-up about the existing groundwater district rules and how triggers would impact SAWS permits. She was also interested to hear what would happen if groundwater districts were not meeting their DFCs because this was a statewide issue, and she had questions on the enforcement of the DFCs. Mr. Burton stated he would get specifics. The districts managed to the DFC, but it's not only a paper transfer. The district wanted to get the pumping going and make sure that it's working right. The district would manage to the actual pumping. Once a particular pumping got to 50 percent of the DFC, the district would start having hearings, start on the studies, and start notifying customers there was an issue. Another threshold was 60 percent, where the district would tell the particular permit
holders they were getting ready to do something. And then at the 75 percent level, the district had a more official notice to the permit holders saying they would start drawing down the permits. He thought the district had an automatic two percent reduction starting at the 75 percent level.

Ms. Hardberger inquired about the model specific to the groundwater district's pumping to make the regional DFC. Mr. Burton replied the model used was the TWDB model. The model available groundwater (MAG) for the particular district may have been informally. The MAG had not been put into an official DFC process. The amount of water to be permitted was using the old model, which was erroneous and everybody knew that. With access to the new model, it was a matter of when the amount of water would be formally put into the new permitting process. Post Oak Savannah had a citizen process through the TCEQ. Right now, if someone alleged that a groundwater district was not meeting their DFC, they could go to the TCEQ process. An individual did challenge the Post Oak Savannah through the TCEQ on their DFC, and basically said the district permitted too much on the model. The TCEQ ultimately said the case was not ripe yet, and the district managed to the actual pumping, not to the permits.

Ms. Hardberger asked who owned the Intera model. Mr. Burton replied the TWBD owned the model.

Ms. Hardberger asked about the Carrizo Aquifer pumping projected to go below DFCs. Mr. Burton stated the Carrizo pumping was projected to go below the DFCs at some point, but it was a couple of decades off. The Post Oak would consider it in 2022, but they would watch to make sure the pumping was actually doing what the model said it would.

Ms. Hardberger inquired about the term of a wholesale agreement and how realistic was it to have a sale. Mr. Burton stated there were no negotiations going on right now, but just informal conversations. There was certainly a case to be made for shorter-term water sales and should that ultimately be the policy. From very cursory discussions, he had heard people say they could not handle short-term.

Ms. Hardberger stated she agreed that SAWS should not give a discount for this water. We needed to be cognizant of our neighbors that we can't have them supplementing our decision. When we talk about affordability, she cared very much about SAWS ratepayers but also about surrounding communities. She wanted to make sure that we're an equitable partner across the board and not sort of gouging someone for our own benefit. Affordability and water rates and the ability to have water in your home went beyond the City of San Antonio. Mr. Burton responded that in previous discussions, some of the discussion of going under the price was to incentivize a shorter term. The thought process to incentivize a five-year deal was to perhaps come in at a cheaper price to make it more affordable for those communities for a couple of years, but no one was starting at anything lower than the cost.

Chairman Guerra added the intent was to first of all guarantee the local water district that they had control of their water and SAWS was not going to take their water and leave them without water. Second, we wanted to mitigate our risk by saying SAWS would only pay for water received. The third reason was we wanted to be team players and help our neighbors, and it would not be fair to charge less than what our shareholders were paying for the water.
SAWS could help someone get water on a short-term basis, because we would need it eventually as the city grew by a million people or so in the next 20 years. We'll need it at the end of the day or he wouldn't have worked so hard on it or our board wouldn't have worked so hard on it as well as our staff. We were just looking to the future. Furthermore, we wanted to make sure that the price was fixed for a period of 30 years. Once all of the loan was paid back, the price drops quite a bit and was fixed for another 30 years. During the discussions, he had given the analogy of buying a gallon of milk today for his grandchildren at $2 per gallon and guaranteeing the price for the next 30 years, and then reducing the price for the next 30 years, which was a pretty good deal. We were trying to mitigate the risk for our citizens first of all. But we're willing to help any other city that needed help as long as we could afford to do it. The intent with the short-term deal was SAWS could not do 30 years because we needed it eventually. The short-term deal would allow someone time to plan their system.

B. Briefing and deliberation regarding the 2019 Cost of Service and Rate Design Study

Mary Bailey gave an update on the rate study process. The Rate Advisory Committee (RAC) met twice in October. At the October 16 meeting, the RAC elected a vice chair, Joe Yakubik, and had a lot of discussion about affordability. Gavino Ramos presented information about SAWS assistance programs that were available to customers and gave current enrollment figures for the affordability discount program. These were the discounts applied to water and sewer bills for customers that met qualifying income levels. Dr. Manny Teodoro, an associate professor at Texas A&M, gave a presentation on how a water utility might measure affordability. Dr. Teodoro was part of the Raftelis team that was helping work through the rate study process. At the October 29 meeting, Doug Evanson gave a presentation on the effectiveness of the prior rate study, and the objectives and the recommendations that came out of that rate study. Raftelis provided and introduced the pricing objectives that the RAC would be asked to rank at the next meeting in November.

She provided a brief overview of both Dr. Teodoro's and Doug's presentations. Dr. Teodoro researches, teaches and provides expertise on public policy and management in American local government and utility organizations with emphases on environmental protection and public finance. He developed several metrics that he believed were a better way to evaluate affordability of utility rates than the current conventional method. Under the conventional approach, the average cost of water and sewer services were expressed as a percent of median household income. Dr. Teodoro suggested that the water usage for the average water bill was generally more than the median. And, therefore, too high of a threshold to use. Conversely, looking at the median household income missed the real subject of affordability, which was poor households. Instead, the affordability ratio proposed by Dr. Teodoro was based on the ability of individual customers to pay for water and sewer services to meet their basic needs while maintaining the ability to pay for other essential costs. He suggested that the calculation be based on income levels at the 20th percentile. The 20th percentile was generally regarded as the lower boundary of the middle class. At this level of income, working poor households had very limited financial resources, but may not qualify for income assistance programs that others might at lower levels of income. Another affordability measure proposed by Dr. Teodoro was the calculated number of hours of labor at minimum wage that would be necessary to pay for basic water and sewer service.
Dr. Teodoro acknowledged that the hours of minimum wage metric was not as good because it wasn't sensitive to other essential costs. However, it was easy to calculate and was intuitive. Hours at minimum wage represented in meaningful terms the cost of basic water and sewer services for low income households, many of which earned at or near minimum wage. She pointed out that the metrics did not define affordability, but were meant to help the utility guide their decision making relative to affordability. It was up to the utility to determine what the goal or upper limit should be for the metrics in determining the affordability of water and sewer services. As the RAC worked through the recommendations for changes to the rate structures, Dr. Teodoro would be able to provide the impact of those changes on the metrics. Additionally, the RAC may choose to make recommendations as to what those goals or upper limits should be for these metrics.

She discussed Doug’s presentation relative to the effectiveness of the objectives and recommendations from the last rate study. There were three underlying themes for which the recommendations were based. First, the recommended rates were based on cost of service principles. The rates were set in a way that recovered costs from each customer class in proportion to the cost of providing the service to each class as a whole. Second, the price for water necessary to provide basic human health and safety should be affordable. And finally, third, water conservation was encouraged through pricing signals. Determining the effectiveness of the objectives could be a bit challenging. Changing variables over the last few years made comparisons somewhat difficult. For example, weather has a big impact on water usage. San Antonio's rainfall had generally been more than normal during the last four years, so how much of a change in water consumption could be attributed to rate structure changes or to weather. The customer mix had also changed since 2015. Through the end of 2018, residential connections increased 5.5 percent, while general class customer connections only increased 1.1 percent. However, irrigation class connections increased 6.5 percent during this time. The dissolution of the DSP also complicated the data. The 2015 rate study was based on SAWS only consumption data, and the DSP customers didn't move to SAWS rates until 2017. She stated it was important to keep these variables in mind during review of the data since 2015, and the impact of the recommendations that went into effect in 2016.

She reviewed the calculation for the cost of service by customer class for combined water sales and wastewater revenue. For water revenues, the 2015 rate study reached the conclusion that residential class customers should pick up 56.8 percent of water revenue with general class being responsible for 31.4 and irrigation class was 11.6 percent. The actual 2015 data showed SAWS was over-collecting from general class while under-collecting from residential and irrigation class customers. In 2016, the rates were adjusted to align with the cost of service allocations. By 2018, the actual revenue contribution percentages were in fairly close alignment with the cost of service recommendations from 2015, particularly for the residential class. Changes in usage pattern for general and irrigation class customers resulted in a deviation from the 2015 rate study cost of service percentages. However, it's important to note that while a separate class, the irrigation class was made up almost entirely of the same customers in the general class. The contribution from both of these classes when combined were still in line with the 2015 rate study conclusions. For wastewater, the 2015 rate study reached the conclusion that residential class customers should pick up 59.3 percent of wastewater revenues with the general class being responsible for 34.3 percent and wholesale class taking up 3.8 percent. Based on the review of the actual 2015 data, SAWS
was slightly over-collecting from residential customers and wholesale customers while under-collecting from general class customers. Once again rates were adjusted in 2016, to align with these cost of service allocations. Changes in usage patterns over the last few years caused a bit more deviation from the cost of service percentages in 2015. By 2018, only 57.3 percent of system costs were recovered from residential customers while 36 percent was collected from general class customers. A cost of service study looked at a snapshot period of time. Customer growth and the changes in usage patterns could impact the cost necessary to serve those customers, which was why SAWS periodically updated the cost of service every five years or so. It was an opportunity to level set the allocations of cost to each customer class based on a more current makeup and usage pattern for each of the classes.

One of the recommendations of the 2015 rate study was to provide basic water for health and human safety at a very low price. The combined fixed and variable charge for the first tier residential water rate structure was cut by approximately 14 percent, but the maximum amount of water for that first tier or lifeline block was reduced to 2,992 gallons. She reviewed the percentage of bills that ended in the first block to determine whether the lifeline rate benefited participants in the affordability discount program or the general population as a whole. It appeared that while there may have been some benefit to both, both percentages increased over time. The primary benefit seemed to accrue to the general population more than to the participants in the affordability discount program. While the affordability discount program customers had been able to take advantage of the lifeline block at slightly higher percentages, staff found that 2,992 gallons of water probably wasn't enough to provide for basic health and safety needs for larger sized low income households.

The final theme was conservation pricing. Prior to 2016, SAWS had four residential water rate tiers. The recommendation from the 2015 rate study was to double the rate tiers to eight. The intent was to send conservation price signals sooner and more often. She reviewed the percentage of bills in each of the residential rate tiers in 2015, before the changes were made and compared it to what was seen in 2018. Customers clearly modified usage over that three-year period. Bills ending in the top four blocks had all declined, while the bills ending in the first two blocks increased. Now 66 percent of customer bills never got above 6,000 gallons compared to just 62.5 percent three years ago.

The discussions in the RAC meetings had been very robust. All suggestions provided by both RAC members and citizens during the public comment section of the meeting had been documented and tracked. Most of these comments and concerns seemed to coalesce around four primary issues. There were a lot of questions asked if the rate blocks could be tied to the individual household size. While intuitively, it seemed to be a reasonable solution in providing sufficient water for basic health and safety at an affordable price to each family based on the relative size, implementing and maintaining such a structure would clearly be very challenging, so that would need to be looked at to decide whether that's the right approach. Customer class designation was another concern and there was a lot of talk about disaggregating the general class. If that was done, what would be the composition of these disaggregated classes. Another issue was the Vista Ridge water source, who was going to pay for Vista Ridge water, how would Vista Ridge water get allocated in the cost of service process between customer classes and within customer classes, and rate design. Finally, the last issue involved the overall level of poverty in San Antonio and the availability of affordability assistance programs.
All of these issues would be addressed throughout the rate setting process culminating in recommendations for the Board to consider. At the next couple of meetings, the RAC would rank the pricing objectives, and staff would provide the 2020 revenue requirements. Those revenue requirements would be based on the 2020 budget that was just approved. At the December meeting, the RAC would get into the cost of service allocation and would probably carry that forward into the January meeting as well.

Mayor Nirenberg inquired about a request for information regarding data to disaggregate the general class of water delivery, water use, which would provide some more clarity on how water was used throughout commercial, office, multifamily and so forth that might also help provide some guidance to the RAC. Ms. Bailey responded within the general class, multifamily was tracked separately from what was consider commercial. Industrial was also tracked, and that designation was based on really the strength of their sewage as opposed to water use. A permit required for stronger than normal sewage to be classified as industrial. Staff naturally had that information and could provide it. More stratification might be a bit more challenging, but staff could work to get together some more information.

Mayor Nirenberg referred to Dr. McGuire’s public comment whether or not in the last round SAWS actually took a step back in terms of charging very high water users less than they were charged previously. If in fact that happened, he definitely wanted to rectify that. Ms. Bailey replied the last rate study got rid of seasonal rates. SAWS needed to generate the same amount of money going from four tiers to eight tiers, and wanted to send that price signal sooner in those middle blocks, about 10,000 gallons or so. On the seasonal rates there was a bit of a reduction on the very highest tier. The customers in that highest tier were also paying that higher revenue than the middle blocks. As the pricing signals were sent sooner, the customers in the highest tier were picking up that additional cost as well. Staff could provide some information based on 2019 rates with those customers. The very highest rate in that block was slightly less than the seasonal rate from back in 2015. But again, those customers were picking up those higher rates in the middle blocks. She stated it was important to look at it holistically what were those customer in the eight block paying for their water now versus what they were paying before.

Mayor Nirenberg encouraged the RAC members to give the Board some hypotheticals. Run through the numbers based on the new rates and make sure that we aren’t actually doing what we’re not intending to do. Another policy question was that if we were sending that price signal for the very ultra-high users and maybe it’s based on non-potable water use, maybe we could encourage them to go and do some innovative capital improvements.

C. Briefing and deliberation regarding Automated Metering Infrastructure (AMI)

Jose De La Cruz provided a briefing on the advanced metering infrastructure (AMI) program. The last update was in July, when the contract for an AMI consultant was brought to the Board. He provided background information on what other water utilities were doing about advanced metering and how their implementation approach for AMI. There were three different ways water utilities read water meters. SAWS used manual reads and sent a meter reader into the field to collect a meter read once a month. They input that information into a device and that information was transmitted back to bill the customers. The second way
utilities read meters was through a system called automated meter reading or AMR. This was similar to a system that Houston had out in the field. AMR was an older technology that only collects the meter reads out in the field and transmits that back to the utility. Typically, a one way communication meaning that goes from the meter to the utility, not vice versa. In most cases, this was done by either driving or walking by the location. The third way some more utilities were starting to move towards was advanced metering infrastructure or AMI. AMI referred to various systems that collect, transmit and analyze data from the water meter, not just the meter read but other types of alarms and alerts. AMI sent data over a network and provided near real-time two-way communication as well. An on-demand read would be an example of SAWS pulling data from the water meter to know exactly what that read was at a specific time. Water utilities were starting to move towards AMR and AMI, but adoption had really been slower overall on the water side as opposed to the electric side.

He discussed the growth of smart electric and water meters in the United States since 2007. Smart electric meters had been at a more rapid adoption rate than on the water side. Since about 2012, the water side started to go on an uptick primarily in the smaller to midsize water utilities. There was some promise seen in the next few years that larger utilities would start to adopt this technology as well.

Staff started to do research on comparative utilities. The smaller to midsize utilities had started to implement AMI solutions, but the larger utilities have started to look but had not yet implemented it. Some of the cities that were starting to look at converting from either a manual read or an AMR system to AMI were Houston, Austin, Fort Worth, Philadelphia, El Paso and Baltimore. There were several challenges and several lessons that emerged across these implementations for the various utilities. The first was properly planning and adequately staffing for an AMI program. In many cases, utilities added the responsibility of implementing an AMI system onto an employee's already existing job responsibilities, which created some challenges and some issues as the implementation moved forward because it's a complex and large implementation even for a small or midsize water utility. The second issue was caring about employees during the transition. This would affect employees a lot through business process changes and through job changes. One key lesson that some of the utilities learned was to communicate often, communication early and ensure the employees understand the changes that were coming in the near future. The third was working across the organization and not in silos. Probably every conversation with the other utilities, there was a mention of getting the IT and legal department involved early. Ensure that everyone was on the same page and moving forward in the same direction. The fourth was ensuring proper data management. SAWS had over 500,000 meters, and getting a data point potentially every hour, several times a day, would be a lot of data that needed to be stored or managed. The fifth point was collaborating, so whether across the organization or with an external entity.

He discussed three key focus areas: people, process, and innovation. SAWS employees and customers were the two biggest stakeholder groups. The system was being designed with them in mind understanding that they were the central focus. A lot of the business processes would change. In the customer service department alone, staff was looking at changes to meter reading, billing, and handling high bill complaints. A lot of that would change once AMI was implemented. This was an opportunity to embrace more innovative solutions throughout this implementation to be more proactive and provide a better level of customer
service. One of the lessons learned from another city was developing a good government structure. SAWS had three key committees working together. The first was the executive committee that was made up of senior vice presidents and vice presidents throughout the organization serving as the guiding force for the program. The second was a steering committee that's made up of directors and managers from across the organization. The third was the program delivery team, and these were the subject matter experts for the day-to-day work to ensure program success. The governance structure would help ensure a solid AMI system was implemented.

The program would be three different phases. The first phase would assess the current state, gather requirements for the AMI system, establish a governing structure, and assess the business case. The second phase would focus on the AMI pilot, develop solicitations for the AMI system, the meter data management system (MDMS), and the equipment installer, and deploy, manage and assess the pilot. If recommended and approved, the third phase would be the system wide deployment.

He reviewed the timeline. In July, the Board awarded the contract to Vass Solutions. Vass worked with electric, gas and water utilities across the country implementing AMI systems, and most recently worked with CPS Energy to implement their system over the last seven years. The program was in the phase of developing requirements for the solicitations of the AMI pilot. The solicitation will be sent out soon. Once the proposals have been evaluated in early 2020, staff would bring a recommendation back to the Board about June of next year to launch the AMI pilot. The pilot was estimated to happen in July 2020 through early 2021. Staff would then assess the pilot results and bring back a recommendation to the Board. If approved, full implementation would be from 2021 to 2026.

One key consideration to be evaluated was a potential collaboration with CPS Energy. One component of this collaboration was network as a service. This would utilizing excess capacity on the CPS communications network rather than constructing a stand-alone network. Initially, SAWS water meter would communicate with the closest electric meter. This provided a benefit because it helped with battery life and that was a key consideration. Battery life had been something that prevented other utilities from implementing AMI solutions. The second piece was data as a service that would provide a backhaul network and the headend system to collect and store data, and then transmit the data back via the meter data management system. One key point of this potential collaboration was regarding the meter interface unit or MIU. This was the communications module at the meter that would transmit information back to the network. Currently, there was a compatible meter interface unit that worked on the CPS network, but it provided limited functionality in terms of alarms and alerts. The unit more than likely would not meet SAWS needs. CPS Energy’s partner, Itron, had developed a second meter interface unit called 500W that was a much more robust communications module. The unit would have a lot of the alerts and alarms needed to provide a better level of service. The unit was available on a separate Itron network, but not available on the Silver Springs network utilized by CPS. Itron and CPS were working together to do the development and testing. Itron anticipated to begin testing in December 2019 through January 2020. CPS would start testing on their network about April 2020, to ensure all of the upgrades happened, and then CPS would launch SAWS pilot in July 2020. The schedule was compressed for this testing, but the unit was an important component for SAWS. Without the unit, SAWS more than likely could not use the network.
The communication with employees had already started. An article went out in the Watermark Newsletter a few weeks ago regarding the program. One of the key points of this article was that SAWS would provide training in the new environment to reassure employees that SAWS cared about them.

Ms. Bailey reviewed the cost/benefit analysis for the program. AMI had the potential to truly transform not only the customer service timeframes, but also operational areas across SAWS that could utilize data provided by the system. There was also the potential to provide tremendous benefits to customers. While the benefits of AMI may be substantial, would those benefits be sufficient to offset the significant costs associated with installing and maintaining the infrastructure necessary to deliver those benefits to both SAWS and the customers. During the last few months, staff spent time updating the business case that was performed back in 2017. While the business case attempted to identify all of the potential uses of the technology and the network that AMI brings, the updated cost/benefit analysis focused solely on the equipment and the system improvements associated with the meter solution. Only those costs and benefits associated with obtaining the water meter data and providing the data to customers and staff in a meaningful way had been included in the analysis. While there were many potential technologies that could also utilize the AMI network to provide valuable operational information, those solutions would be brought forward in the future as separate projects. The initial focus would be to get the meter solution started and running smoothly. The vast majority of revenue was based on the data provided by those meters. Once things were going well, additional innovative technologies could be evaluated and brought on to leverage the AMI network.

Staff focused on four scenarios with a meter solution and the initial capital investment required for each scenario. The first fully replaced everything with static meters. The second partially replaced everything with static or some with static meters. Another option would be to partially replace, but with mechanical meters or positive displacement meters. SAWS currently had mechanical meters throughout its system. The fourth scenario was to retrofit everything and not replace any meter. Much of the cost estimates didn’t change based on the scenario. Things like program management, system integration and testing, building the network and creating the meter data management system that provided and maximized the benefits of the meter data, all of that cost was the same regardless of approach taken with the meters. Where the additional cost differential lies was in the meter solution. Clearly, the most expensive initial investment would be to replace all meters with static meters. There was some savings if newer meters that were replaced after 2013 were retrofitted. Of course, retrofitting all meters just with communication devices provided the lowest initial capital investment. Once the responses to the RFPs came in early next year, staff would be better able to summarize the expected costs required. There was a possibility that SAWS could procure some of these capabilities such as the network or the MDMS system as network or software service. In that case, those costs would move from an initial capital investment to O&M over the operational period. While the initial capital investment was important to understand, we also need to realize that there will be ongoing costs to manage and maintain the AMI system. We decided to look at the approximate 20 year life cycle of the meters to evaluate the cost versus the benefits of this program.

The present value of incremental or new costs to SAWS related to the program included the
capital and the O&M over the entire 20-year period. Again, only the costs related to a meter solution changed over that period of time. Interestingly enough, the 20-year NPV cost was lower for the scenario for fully replacing all meters with static as opposed to retrofitting some in the scenarios with retrofitting. The cost to eventually replace those meters initially retrofitted was included in years 10 to 14. Under the 100 percent retrofit scenario, no cost was shown to replace the meters. Under all scenarios, SAWS would achieve some expected operational savings. There would no longer be a manual read of the vast majority of the 500,000 meters each month. A truck would not have to roll to pick up a read when somebody moved in or out of a house. A reduction would also be seen in call center volumes as people were able to look at meter information to answer their own questions about why their water use spiked. Where things differ were twofold, primarily in the deferred capital expenditures. Staff accounted for the capital investments that would have to be made if AMI was not installed. All the meters would eventually have to be replaced at some point because meters last about 15 to 20 years. There was no benefit shown under the 100 percent retrofit scenario, since replacement costs were not included on the cost side of that analysis. The real difference in savings was the incremental revenue derived from the assumed improved meter accuracy. Mechanical meters were generally very accurate when installed. However, mechanical meters did not necessarily pick up the lowest flows and tend to begin under-registering over time as the mechanical parts slowed down. Static meters, with no moving parts, were generally better at picking up low flows and did not degrade over time. The assumed increase in registration was noted on the table. Staff assumed a two percent improvement in registration if all meters were replaced with static meters, a 1.4 percent improvement for only a partial replacement, and then 1.1 percent for partial replacement if replaced with mechanical meters. The assumptions regarding improved registration from static meters could be conservative. Some meter manufacturers represented they had seen as high as a 10 percent improvement in registration depending on the age of the meter replaced. Any increase in registration would result in more billed revenue, but more accurate registration would reduce the non-revenue water percentage. Incremental revenue in this benefit analysis only accounted for the increase in water revenues. To the extent that the static meters were more effective at measuring low flow, particularly indoor, there may be a bit of a bump in wastewater revenues as well.

She compared the 20-year NPV of both cost and benefits. At first glance, it looked like a hard sell to say that the direct benefits to SAWS would pay for the costs. However, this consideration didn’t take into account the value of the reduction in demand that would come from making the water usage information available to customers. This data, if provided timely, would not only reduce the amount of water lost through leaks on the customer side of the meter, but would also give the customer information needed to better manage water use and control the cost of their water bill.

The 2017 Water Management Plan laid out the plan to meet water needs for the community for the next 50 years and outlined all the water supplies to develop over that period of time to meet the population growth in San Antonio. But equally important, the plan showed that customers were expected to reduce usage over that time. GPCD, gallon per capita per day, was expected to drop 30 percent over the next 50 years. Staff conservatively estimated that approximately 20 percent of those conservation goals built into the plan would be met by the direct savings attributable to implementing AMI. The data was paramount to help customers reduce leaks and provide the insight necessary to better manage their water. If usage didn’t
decline on average, SAWS would need to plan for additional water sources beyond what was already planned. Staff estimated the annual savings associated with AMI by 2041, was 10,600 acre feet. Cumulative savings associated during that 20-year period was over 100,400 acre feet. The demand reduction was valued at $110.2 million for the 20-year period using the approximate Vista Ridge price per acre foot of water. Counting this as a benefit was consistent with SAWS approach to conservation, since water saved through conservation saved a gallon that SAWS did not have to find through a future water project. With the added value of conservation associated with the AMI data, nearly every scenario, with the exception of the 100 percent retrofit, would turn into a positive NPV.

She discussed how the program was tied to SAWS mission and what it meant for the future of SAWS. With the work of several areas within SAWS that included folks from customer service, communications, education, conservation, the program was called ConnectH2O. ConnectH2O was the union of technology and a philosophy to engage and empower every customer to help manage their community's water in a way that's sustainable, simple and secure. With this new technology, SAWS would be able to collect water consumption data from each customer giving the ability to trigger text or emails alerts for high water usage for example. Data could be provided to customers to give them better insight on how they use water that was specific to them. This also helped to put SAWS mission of providing sustainable, affordable water services into action. Managing water was a collective shared responsibility. By giving customers a more direct connection to timely information about their water, the customer would be empowered to proactively manage their water footprint.

Chairman Guerra thanked Ms. Bailey for the presentation.

Mr. McGee also thanked staff for the presentation and stated it provided an excellent framework. He appreciated the due diligence, and he was sure staff would spend a lot more time evaluating the program.

D. Briefing and deliberation regarding the Quarterly Financial Reports

Chairman Guerra pulled Item D on the briefing session and no discussion was held on Item 44D.

45. Inquiries of the Board of Trustees for future briefings and/or follow-up action.

Chairman Guerra asked if there were any items other than the noted items previous discussed that the Trustees would like a future briefing or follow-up action. Hearing none, he stated he was pulling the executive session as well.

46. The Regular Session of the November 5, 2019, Regular Board Meeting is hereby recessed to hold an Executive Session and discuss the matters listed pursuant to Section §551.071 of the Texas Open Meetings Act.

47. EXECUTIVE SESSION.

A. Consultation with attorneys on legal matters related to the status of Texas Public Utility Commission Docket No. 49448, in which Collin County Municipal Utility
District No. 1 has appealed the water and wastewater rates of the City of Celina, pursuant to Texas Government Code §551.071.

B. Consultation with attorneys regarding advice on legal matters in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the Texas Open Meetings Act, pursuant to Texas Government Code §551.071.

48. The Regular Session of the Regular Board Meeting of November 5, 2019, is hereby reconvened.

49. Adjournment. THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES MEETING OF NOVEMBER 5, 2019, IS HEREBY ADJOURNED.

The San Antonio Water System Board of Trustees Meeting of November 5, 2019, adjourned at 12:30 p.m.

_________________________________
Berto Guerra, Jr., Chairman

ATTEST:

__________________________________
Amy Hardberger, Secretary
### Agenda Item No. 6

**TO:** San Antonio Water System Board of Trustees  
**FROM:** Robert R. Puente, President/Chief Executive Officer  
**SUBJECT:** Acceptance of Bids for Services, Equipment, Materials and Supplies

Board Action Date: January 14, 2020

The attached resolution accepts bids and awards contracts for services, equipment and supplies as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>This Board Meeting</th>
<th>Year-to-Date</th>
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<tbody>
<tr>
<td>A. Award of New One Time Purchases of Materials, Equipment or Services</td>
<td>Number of Contracts</td>
<td>SMWB Purchasing Contracts (percentage)</td>
</tr>
<tr>
<td>B. Award of New and Renewal of Annual Goods &amp; Services Requirements Contracts and Maintenance Agreements</td>
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<tr>
<th>Description</th>
<th>Number of Contracts</th>
<th>Estimated Amount</th>
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<tbody>
<tr>
<td>A. Award of New One Time Purchases of Materials, Equipment or Services</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>B. Award of New and Renewal of Annual Goods &amp; Services Requirements Contracts and Maintenance Agreements</td>
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<td>420,772.10</td>
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**Estimated Amount**

- **SMWB**
- **Year-to-Date**

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<td>2</td>
<td>420,772.10</td>
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</tbody>
</table>

**Note:** The table above provides a summary of the contracts awarded, including the number of contracts and the estimated amount for each category.

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**Approved:**

*Robert R. Puente, President/Chief Executive Officer*

*Marisol V. Robles, SMWB Program Manager*

*Reviewed:

*Carla Torres, Director of Purchasing Division*
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES ACCEPTING BIDS AND AWARDING CONTRACTS FOR THE PROCUREMENT OF CERTAIN SERVICES, EQUIPMENT, MATERIALS AND SUPPLIES; AUTHORIZING EXPENDITURES TO PROCURE THE SAID SERVICES, EQUIPMENT, MATERIALS AND SUPPLIES; AUTHORIZING THE DIRECTOR OF THE PURCHASING DIVISION, OR HER DESIGNEE, TO EXECUTE DOCUMENTS RELATED THERETO; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, the Director of the Purchasing Division of the San Antonio Water System (the “System”) has recommended certain bids be accepted, that certain contracts be awarded, and that certain other actions be taken to procure services, equipment, materials and supplies which are necessary for the operation of the System; and

WHEREAS, the said recommendations are fully set out in "Attachment I" which is attached hereto and made a part hereof, and said recommendations have been approved by the System’s President/Chief Executive Officer; and

WHEREAS, the appropriate bidding procedures regarding the procurement of goods and services have been adhered to in the compiling of the attached recommendations, as reflected in administrative records supporting this resolution; and

WHEREAS, funds are available in the System’s budget to pay for the required services, equipment, materials and supplies; and

WHEREAS, the Board of Trustees of the San Antonio Water System desires (i) to accept the bids and award the contracts as recommended, (ii) to authorize from available funds of the System the expenditures necessary to carry out the recommended procurements, and (iii) to authorize the Director of the Purchasing Division or her designee to execute all contracts and other documents necessary to carry out the recommended procurements; now, therefore:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That the bids are accepted and the contracts are awarded for procurement of the services, equipment, materials and supplies listed in Attachment I, as recommended by the Director of the Purchasing Division.

2. That the expenditure of the necessary funds from the appropriate budget fund of the System for the procurement of the said services, equipment, materials and supplies is hereby authorized.
3. That the Director of the Purchasing Division, or her designee, is hereby authorized to notify bidders of the acceptance of bids, to execute contracts and other documents, and to carry out all other actions necessary to procure the said services, equipment, materials and supplies.

4. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

5. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid or ineffective.

6. This resolution becomes effective immediately upon its passage.

PASSED AND APPROVED this the 14th day of January, 2020

Berto Guerra, Jr., Chairman

ATTEST:

Amy Hardberger, Secretary
**Award of New One Time Purchases of Materials, Equipment or Services**

A. The following items will establish price and delivery for the one time purchase of Materials, Equipment and Services. These items are included in the current budget. Payment will be made from the applicable fund.

<table>
<thead>
<tr>
<th>VENDOR</th>
<th>DESCRIPTION</th>
<th>ITEM NO(s.)</th>
<th>ESTIMATED TOTAL PURCHASES</th>
<th>REMARKS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

NO ITEMS TO REPORT

*Indicates vendor is an SMWB, unless otherwise noted vendor is non minority.
**Award of New and Renewal Annual Goods & Services Requirement Contracts and Maintenance Agreements**

B. The following items will establish estimated quantities, unit price and delivery for the Service and Supply Contracts and their extensions. These items are included in the current budget. Payment will be made from the applicable fund. Estimated annual purchase is based on unit price bid; actual total and quantities, may vary from the estimate.

<table>
<thead>
<tr>
<th>VENDOR</th>
<th>DESCRIPTION</th>
<th>NO(s)</th>
<th>PURCHASES</th>
<th>REMARKS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Pozzi Enterprises, Inc. dba Border Construction Services (SBE)</td>
<td>Annual Contract for Easement and Brush Clearing Bid No. 19-18024</td>
<td>All</td>
<td>$ 250,000.00</td>
<td>This is a new contract. This contract will be utilized by System for the easement and brush clearing of properties and right of ways for various areas maintained by the System. This contract will be effective Date of Award January 14, 2020 through December 31, 2020. If determined that an extension is favorable to System, price and service considered, the award includes the availability of four (4) additional one-year options to extend as provided for and approved in future years budgets.</td>
</tr>
<tr>
<td>2. Flex Connection, Inc. dba Joints (MBE)</td>
<td>Annual Contract for Flex Seal Adjustable Repair Coupling Bid No. 19-0190</td>
<td>All</td>
<td>$ 170,772.10</td>
<td>This is a new contract. This contract will be utilized for the purchase of Flex Seal Adjustable Repair Couplings on an as needed basis when required by maintenance crew personnel to repair sewer lines. This contract will be effective Date of Award January 14, 2020 through December 31, 2020. If determined that an extension is favorable to System, price and service considered, the award includes the availability of four (4) additional one-year options to extend as provided for and approved in future years budgets.</td>
</tr>
</tbody>
</table>

*Indicates vendor is an SMWB unless otherwise noted vendor is non minority.*

Board Date: January 14, 2020
**SAN ANTONIO WATER SYSTEM**  
P. O. BOX 2449  
SAN ANTONIO, TEXAS 78298-2449  
**TABULATION OF BIDS**

**PROPOSAL FOR TIME & DATE**

<table>
<thead>
<tr>
<th>ITEM NO.</th>
<th>DESCRIPTION AND APPROXIMATE QUANTITY</th>
<th>UNIT PRICE</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1,250,000 SF Light Clearing (Section 01025 pp 1.03.A)</td>
<td>0.03</td>
<td>37,500.00</td>
</tr>
<tr>
<td>2</td>
<td>1,250,000 SF Heavy Clearing (Section 01025 pp 1.03.B)</td>
<td>0.05</td>
<td>62,500.00</td>
</tr>
<tr>
<td>3</td>
<td>30 YD Trash Hauling (Sections 01025 pp 1.03.C)</td>
<td>30.00</td>
<td>900.00</td>
</tr>
</tbody>
</table>

**SUBTOTAL**  
100,900.00  
188,850.00

**HOURLY RATE:** The Contractor will provide personnel and equipment on a per hour basis for those situations that do not fit the standard per unit pricing as determined by the SAWS.

<table>
<thead>
<tr>
<th>UNIT</th>
<th>PRICE</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>56 hours Supervisor - Regular Hour</td>
<td>50.00</td>
<td>2,880.00</td>
</tr>
<tr>
<td>56 hours Supervisor - Overtime Hour</td>
<td>75.00</td>
<td>4,200.00</td>
</tr>
<tr>
<td>56 hours Crew Leader-Regular Hour</td>
<td>37.50</td>
<td>2,100.00</td>
</tr>
<tr>
<td>56 hours Crew Leader-Overtime Hour</td>
<td>56.25</td>
<td>3,150.00</td>
</tr>
<tr>
<td>56 hours Laborer- Regular Hour</td>
<td>33.00</td>
<td>1,232.00</td>
</tr>
<tr>
<td>56 hours Laborer- Overtime Hour</td>
<td>47.10</td>
<td>1,848.00</td>
</tr>
<tr>
<td>56 hours Equipment Operator-Regular Hour</td>
<td>35.00</td>
<td>1,960.00</td>
</tr>
<tr>
<td>56 hours Equipment Operator-Overtime Hour</td>
<td>52.50</td>
<td>2,940.00</td>
</tr>
<tr>
<td>56 hours Rubber Tired Front End Loader</td>
<td>125.00</td>
<td>7,000.00</td>
</tr>
<tr>
<td>56 hours Rubber Tired Backhoe</td>
<td>125.00</td>
<td>7,000.00</td>
</tr>
<tr>
<td>56 hours Clearing Tractor with Flail</td>
<td>150.00</td>
<td>8,400.00</td>
</tr>
<tr>
<td>56 hours Clearing Tractor with Mower</td>
<td>150.00</td>
<td>8,400.00</td>
</tr>
<tr>
<td>56 hours Disc Chipper</td>
<td>100.00</td>
<td>5,600.00</td>
</tr>
<tr>
<td>56 hours Dump Truck</td>
<td>85.00</td>
<td>4,760.00</td>
</tr>
<tr>
<td>56 hours Pickup Truck</td>
<td>20.00</td>
<td>1,120.00</td>
</tr>
</tbody>
</table>

**SAN ANTONIO WATER SYSTEM**  
P. O. BOX 2449  
SAN ANTONIO, TEXAS 78298-2449
# SAN ANTONIO WATER SYSTEM
P. O. BOX 2449
SAN ANTONIO, TEXAS 78298-2449

## TABULATION OF BIDS

**PROPOSAL**
Annual Contract for General Easement and Brush Clearing
**FOR:**
**TIME & DATE:**
(January 1, 2020 through December 31, 2020)
3:00 p.m., November 12, 2019

<table>
<thead>
<tr>
<th>ITEM NO.</th>
<th>DESCRIPTION AND APPROXIMATE QUANTITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>p. 56 hours Chainsaw</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>UNIT PRICE</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>18.00</td>
<td>1,008.00</td>
</tr>
<tr>
<td>12.50</td>
<td>700.00</td>
</tr>
</tbody>
</table>

**SUBTOTAL**

| EXTENSION 1 | |
| EXTENSION 2 | |
| EXTENSION 3 | |
| EXTENSION 4 | |

**Terms**
Net 30 days
1% 10 days

**LOW BIDDER**

BIDS WERE E-MAILED TO AND/OR PICKED UP BY:

- Bartek TX
- BB Tree Trimming
- Border Construction
- CanopyTree Service
- Cdw Consultant
- DirtBoys Inc
- DirtBoyssa
- Edward Tij
- Horton Horticulture
- Hunter Demolitions & Wrecking Corp
- Jarvis DSD
- Maldonado Nursery & Landscape
- Pozzi Enterprises, Inc.
- Ramon Demolition
- Rios Tree Service, Inc.
- Rocket Field Services
- Tree Wise Men
- Tx Show Poodle
- Urban Soil

**Demandstar**

**SAWS Web**
### SAN ANTONIO WATER SYSTEM

**P. O. BOX 2449**

**SAN ANTONIO, TEXAS 78298-2449**

**TABULATION OF BIDS**

**PROPOSAL:** Annual Contract for Flex Seal Adjustable Repair Couplings

**FOR:** (January 1, 2020 through December 31, 2020)

**TIME & DATE:** 3:00 p.m., November 18, 2019

### ITEM NO. DESCRIPTION AND APPROXIMATE QUANTITY

#### GROUP 1: MISCELLANEOUS COUPLINGS

<table>
<thead>
<tr>
<th>UNIT NO.</th>
<th>DESCRIPTION</th>
<th>QUANTITY</th>
<th>UNIT</th>
<th>PRICE</th>
</tr>
</thead>
<tbody>
<tr>
<td>200 ea. (SAWS #11055)</td>
<td>Coupling, Flex Seal, Size 4&quot; Clay x 4&quot; PVC, Style Steel Band Middle, Mfg. Mission Rubber Co., Part #MR02-44-ARC</td>
<td>200</td>
<td>UNIT</td>
<td>4,905.00</td>
</tr>
<tr>
<td>400 ea. (SAWS #11038)</td>
<td>Coupling, Flex Seal, Size 4&quot; Clay x 6&quot; PVC, Style Steel Band Middle, Mfg. Mission Rubber Co., Part #MR02-66-ARC</td>
<td>400</td>
<td>UNIT</td>
<td>9,432.00</td>
</tr>
<tr>
<td>30 ea. (SAWS #11066)</td>
<td>Coupling, Flex Seal, Size 4&quot; Clay x 4&quot; Clay, Style Steel Band Middle Rubber Co., Part #MR01-44-ARC</td>
<td>30</td>
<td>UNIT</td>
<td>363.30</td>
</tr>
<tr>
<td>180 ea. (SAWS #11052)</td>
<td>Coupling, Flex Seal, Size 4&quot; PVC x 4&quot; PVC, Style Steel Band Middle, Mfg. Mission Rubber Co., Part #MR56-44-ARC</td>
<td>180</td>
<td>UNIT</td>
<td>4,660.00</td>
</tr>
<tr>
<td>800 ea. (SAWS #11056)</td>
<td>Coupling, Flex Seal, Size 6&quot; Clay x 6&quot; PVC, Style Steel Band Middle, Mfg. Mission Rubber Co., Part #MR02-66-ARC</td>
<td>800</td>
<td>UNIT</td>
<td>20,800.00</td>
</tr>
<tr>
<td>100 ea. (SAWS #11059)</td>
<td>Coupling, Flex Seal, Size 6&quot; Clay x 4&quot; Clay Style Steel Band Middle, Mfg. Mission Rubber Co., Part #MR01-64-ARC</td>
<td>100</td>
<td>UNIT</td>
<td>2,570.00</td>
</tr>
<tr>
<td>5 ea. (SAWS #11053)</td>
<td>Coupling, Flex Seal, Size 6&quot; Concrete x 6&quot; PVC, Style Steel Band Middle, Mfg. Mission Rubber Co., Part #MR06-66-ARC</td>
<td>5</td>
<td>UNIT</td>
<td>153.00</td>
</tr>
<tr>
<td>70 ea. (SAWS #11068)</td>
<td>Coupling, Flex Seal, Size 6&quot; Clay x 6&quot; Clay, Style Steel Band Middle, Mfg. Mission Rubber Co., Part #MR01-66-ARC</td>
<td>70</td>
<td>UNIT</td>
<td>1,554.00</td>
</tr>
<tr>
<td>450 ea. (SAWS #11069)</td>
<td>Coupling, Flex Seal, Size 6&quot; PVC x 6&quot; PVC, Style Steel Band Middle, Mfg. Mission Rubber Co., Part #MR56-66-ARC</td>
<td>450</td>
<td>UNIT</td>
<td>9,553.50</td>
</tr>
<tr>
<td>400 ea. (SAWS #11047)</td>
<td>Coupling, Flex Seal, Size 6&quot; Clay x 4&quot; PVC, Style Steel Band Middle, Mfg. Mission Rubber Co., Part #MR02-64-ARC</td>
<td>400</td>
<td>UNIT</td>
<td>16,520.00</td>
</tr>
<tr>
<td>30 ea. (SAWS #11061)</td>
<td>Coupling, Flex Seal, Size 8&quot; PVC x 6&quot; PVC, Style Steel Band Middle, Mfg. Mission Rubber Co., Part #MR56-86 ARC</td>
<td>30</td>
<td>UNIT</td>
<td>4,600.00</td>
</tr>
<tr>
<td>800 ea. (SAWS #11062)</td>
<td>Coupling, Flex Seal, Size 8&quot; Clay x 8&quot; PVC, Style Steel Band Middle, Mfg. Mission Rubber Co., Part #MR02-88-ARC</td>
<td>800</td>
<td>UNIT</td>
<td>24,800.00</td>
</tr>
<tr>
<td>120 ea. (SAWS #11064)</td>
<td>Coupling, Flex Seal, Size 8 PVC, Style Steel Band Middle, Mfg. Mission Rubber Co., Part #MR56-88-ARC</td>
<td>120</td>
<td>UNIT</td>
<td>3,240.00</td>
</tr>
<tr>
<td>20 ea. (SAWS #11067)</td>
<td>Coupling, Flex Seal, Size 8&quot; Clay x 8&quot; Clay, Style Steel Band Middle, Mfg. Mission Rubber Co., Part #MR01-88-ARC</td>
<td>20</td>
<td>UNIT</td>
<td>585.60</td>
</tr>
</tbody>
</table>

### UNIT PRICE SUMMARY

<table>
<thead>
<tr>
<th>UNIT PRICE</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>16.35</td>
<td>4,905.00</td>
</tr>
<tr>
<td>20.68</td>
<td>9,432.00</td>
</tr>
<tr>
<td>23.58</td>
<td>363.30</td>
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<tr>
<td>11.65</td>
<td>4,660.00</td>
</tr>
<tr>
<td>25.60</td>
<td>20,800.00</td>
</tr>
<tr>
<td>25.70</td>
<td>2,570.00</td>
</tr>
<tr>
<td>30.60</td>
<td>153.00</td>
</tr>
<tr>
<td>22.20</td>
<td>1,554.00</td>
</tr>
<tr>
<td>21.23</td>
<td>9,553.50</td>
</tr>
<tr>
<td>41.30</td>
<td>16,520.00</td>
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<tr>
<td>46.00</td>
<td>4,600.00</td>
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<tr>
<td>31.00</td>
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<td>3,240.00</td>
</tr>
<tr>
<td>29.28</td>
<td>585.60</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>QUANTITY</th>
<th>UNIT</th>
<th>PRICE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coupling, Flex Seal, Size 4&quot; Clay x 4&quot; PVC, Style Steel Band Middle, Mfg. Mission Rubber Co., Part #MR02-44-ARC</td>
<td>200</td>
<td>UNIT</td>
<td>4,905.00</td>
</tr>
<tr>
<td>Coupling, Flex Seal, Size 4&quot; Clay x 6&quot; PVC, Style Steel Band Middle, Mfg. Mission Rubber Co., Part #MR02-66-ARC</td>
<td>400</td>
<td>UNIT</td>
<td>9,432.00</td>
</tr>
<tr>
<td>Coupling, Flex Seal, Size 4&quot; Clay x 4&quot; Clay, Style Steel Band Middle Rubber Co., Part #MR01-44-ARC</td>
<td>30</td>
<td>UNIT</td>
<td>363.30</td>
</tr>
<tr>
<td>Coupling, Flex Seal, Size 4&quot; PVC x 4&quot; PVC, Style Steel Band Middle, Mfg. Mission Rubber Co., Part #MR56-44-ARC</td>
<td>180</td>
<td>UNIT</td>
<td>4,660.00</td>
</tr>
<tr>
<td>Coupling, Flex Seal, Size 6&quot; Clay x 6&quot; PVC, Style Steel Band Middle, Mfg. Mission Rubber Co., Part #MR02-66-ARC</td>
<td>800</td>
<td>UNIT</td>
<td>20,800.00</td>
</tr>
<tr>
<td>Coupling, Flex Seal, Size 6&quot; Clay x 4&quot; Clay Style Steel Band Middle, Mfg. Mission Rubber Co., Part #MR01-64-ARC</td>
<td>100</td>
<td>UNIT</td>
<td>2,570.00</td>
</tr>
<tr>
<td>Coupling, Flex Seal, Size 6&quot; Concrete x 6&quot; PVC, Style Steel Band Middle, Mfg. Mission Rubber Co., Part #MR06-66-ARC</td>
<td>5</td>
<td>UNIT</td>
<td>153.00</td>
</tr>
<tr>
<td>Coupling, Flex Seal, Size 6&quot; Clay x 6&quot; Clay, Style Steel Band Middle, Mfg. Mission Rubber Co., Part #MR01-66-ARC</td>
<td>70</td>
<td>UNIT</td>
<td>1,554.00</td>
</tr>
<tr>
<td>Coupling, Flex Seal, Size 6&quot; PVC x 6&quot; PVC, Style Steel Band Middle, Mfg. Mission Rubber Co., Part #MR56-66-ARC</td>
<td>450</td>
<td>UNIT</td>
<td>9,553.50</td>
</tr>
<tr>
<td>Coupling, Flex Seal, Size 6&quot; Clay x 4&quot; PVC, Style Steel Band Middle, Mfg. Mission Rubber Co., Part #MR02-64-ARC</td>
<td>400</td>
<td>UNIT</td>
<td>16,520.00</td>
</tr>
<tr>
<td>Coupling, Flex Seal, Size 8&quot; PVC x 6&quot; PVC, Style Steel Band Middle, Mfg. Mission Rubber Co., Part #MR56-86 ARC</td>
<td>30</td>
<td>UNIT</td>
<td>4,600.00</td>
</tr>
<tr>
<td>Coupling, Flex Seal, Size 8&quot; Clay x 8&quot; PVC, Style Steel Band Middle, Mfg. Mission Rubber Co., Part #MR02-88-ARC</td>
<td>800</td>
<td>UNIT</td>
<td>24,800.00</td>
</tr>
<tr>
<td>Coupling, Flex Seal, Size 8 PVC, Style Steel Band Middle, Mfg. Mission Rubber Co., Part #MR56-88-ARC</td>
<td>120</td>
<td>UNIT</td>
<td>3,240.00</td>
</tr>
<tr>
<td>Coupling, Flex Seal, Size 8&quot; Clay x 8&quot; Clay, Style Steel Band Middle, Mfg. Mission Rubber Co., Part #MR01-88-ARC</td>
<td>20</td>
<td>UNIT</td>
<td>585.60</td>
</tr>
</tbody>
</table>
## SAN ANTONIO WATER SYSTEM

**P. O. BOX 2449**

**SAN ANTONIO, TEXAS 78298-2449**

### TABULATION OF BIDS

**PROPOSAL:** Annual contract for Flex Seal Adjustable Repair

**FOR:** Couplings

**TIME & DATE:** (January 1, 2020 through December 31, 2020)

**3:00 p.m., November 18, 2019**

<table>
<thead>
<tr>
<th>ITEM NO.</th>
<th>DESCRIPTION AND APPROPRIATE QUANTITY</th>
<th>UNIT</th>
<th>PRICE</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>ADAPTERS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10 ea. (SAWS #11048)</td>
<td>Coupling, Flex Seal, Size 8&quot; x Clay 6&quot; PVC, Style Steel Band Middle, Mfg. Mission Rubber Co., Part #MR02-86ARC</td>
<td>UNIT</td>
<td>29.85</td>
<td>398.90</td>
</tr>
<tr>
<td>80 ea. (SAWS #11057)</td>
<td>Coupling, Flex Seal, Size 10&quot; x 10&quot; PVC, Style Steel Band Middle, Mfg. Mission Rubber Co., Part #MR02-1010ARC</td>
<td>UNIT</td>
<td>40.23</td>
<td>3,216.40</td>
</tr>
<tr>
<td>30 ea. (SAWS #11065)</td>
<td>Coupling, Flex Seal, Size 10&quot; x 10&quot; Clay, Style Steel Band Middle, Mfg. Mission Rubber Co., Part #MR01-1010ARC</td>
<td>UNIT</td>
<td>40.00</td>
<td>1,200.00</td>
</tr>
<tr>
<td>5 ea. (SAWS #11046)</td>
<td>Coupling, Flex Seal, Size 10&quot; PVC x 10&quot; PVC, Style Steel Band Middle, Mfg. Mission Rubber Co., Part #MR56-1010-ARC</td>
<td>UNIT</td>
<td>41.27</td>
<td>206.35</td>
</tr>
<tr>
<td>40 ea. (SAWS #11063)</td>
<td>Coupling, Flex Seal, Size 12&quot; x 12&quot; PVC, Style Steel Band Middle, Mfg. Mission Rubber Co., Part #MR02-1212-ARC</td>
<td>UNIT</td>
<td>50.00</td>
<td>2,000.00</td>
</tr>
<tr>
<td>10 ea. (SAWS #11071)</td>
<td>Coupling, Flex Seal, Size 12&quot; x Clay 12&quot; Clay, Style Steel Band Middle, Mfg. Mission Rubber Co., Part #MR50-1212ARC</td>
<td>UNIT</td>
<td>46.00</td>
<td>460.00</td>
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<tr>
<td>30 ea. (SAWS #11060)</td>
<td>Coupling, Flex Seal, Size 15&quot; x 15&quot; PVC, Style Steel Band Middle, Mfg. Mission Rubber Co., Part #MR02-1515ARC</td>
<td>UNIT</td>
<td>101.36</td>
<td>3,040.80</td>
</tr>
<tr>
<td>10 ea. (SAWS #11054)</td>
<td>Coupling, Flex Seal, Size 15&quot; PVC x 15&quot; PVC, Style Steel Band Middle, Mfg. Mission Rubber Co., Part #MR56-1515ARC</td>
<td>UNIT</td>
<td>92.64</td>
<td>926.39</td>
</tr>
<tr>
<td>10 ea. (SAWS #11045)</td>
<td>Coupling, Flex Seal, Size 18&quot; x 18&quot; PVC, Style Steel Band Middle, Mfg. Mission Rubber Co., Part #MR02-1818-ARC</td>
<td>UNIT</td>
<td>234.00</td>
<td>2,340.00</td>
</tr>
<tr>
<td>10 ea. (SAWS #11049)</td>
<td>Coupling, Flex Seal, Size 18&quot; PVC Style Steel Band Middle, Mfg. Mission Rubber Co., Part #MR06-1818-ARC</td>
<td>UNIT</td>
<td>257.00</td>
<td>2,570.00</td>
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<tr>
<td>60 ea. (SAWS #11050)</td>
<td>Coupling, Flex Seal, Size 24&quot; Concrete x 24&quot; PVC, Style Steel Band Middle, Mfg. Mission Rubber Co., Part #MR06-2424ARC</td>
<td>UNIT</td>
<td>300.00</td>
<td>3,000.00</td>
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<tr>
<td>10 ea. (SAWS #11029)</td>
<td>Adapter, Flex Seal, Size 4&quot; x 4&quot;, Concrete to PVC Style Steel Band Middle Mfg. Mission Rubber Co., Part #MR06-444ARC</td>
<td>UNIT</td>
<td>15.30</td>
<td>153.00</td>
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<tr>
<td>10 ea. (SAWS #1130)</td>
<td>Adapter, Flex Seal, Size 6&quot; x 4&quot; Concrete to PVC Style Steel Band Middle Mfg. Mission Rubber Co., Part #MR06-644ARC</td>
<td>UNIT</td>
<td>42.35</td>
<td>423.50</td>
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<tr>
<td>275 ea. (SAWS #1131)</td>
<td>Adapter, Flex Seal, Size 6&quot; x 6&quot;, Concrete to PVC Style Steel Band Middle, Mfg. Mission Rubber Co., Part #MR06-666ARC</td>
<td>UNIT</td>
<td>28.00</td>
<td>7,700.00</td>
</tr>
<tr>
<td>600 ea. (SAWS #1132)</td>
<td>Adapter, Flex Seal, Size 8&quot; x 8&quot;, Concrete to PVC Style Steel Band Middle Mfg. Mission Rubber Co., Part #MR06-888ARC</td>
<td>UNIT</td>
<td>40.90</td>
<td>24,540.00</td>
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<tr>
<td>5 ea. (SAWS #9128)</td>
<td>Adapter, Flex Seal, Size 18&quot; x 18&quot;, Concrete to PVC Style Steel Band Middle, Mfg. Mission Rubber Co., Part #MR06-1818ARC</td>
<td>UNIT</td>
<td>229.95</td>
<td>1,149.75</td>
</tr>
</tbody>
</table>

**Note:** The above table outlines the items and quantities for various types of adapters and couplings for a specific contract. Each item is listed with its corresponding part number and quantity, along with the unit and total price.
TABULATION OF BIDS

**Proposal:**
Annual Contract for Flex Seal Adjustable Repair Couplings

**Time & Date:**
(January 1, 2020 through December 31, 2020)
3:00 p.m., November 18, 2019

**Item No.**
DESCRIPTION AND APPROXIMATE QUANTITY

<table>
<thead>
<tr>
<th>ITEM NO.</th>
<th>DESCRIPTION AND APPROXIMATE QUANTITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>32</td>
<td>Bushing, Flex Seal, Size 4”, PVC Style Steel Middle, Mfg. Mission Rubber Co., Part #MR56-4ARC</td>
</tr>
<tr>
<td>33</td>
<td>Bushing, Flex Seal, Size 6”, PVC Style Steel Band Middle, Mfg. Mission Rubber Co., Part #MR56-6ARC</td>
</tr>
<tr>
<td>34</td>
<td>Bushing, Flex Seal, Size 8”, PVC Style Steel Band Middle, Mfg. Mission Rubber Co., Part #MR56-8ARC</td>
</tr>
<tr>
<td>35</td>
<td>Bushing, Flex Seal, Size 10”, PVC Style Steel Band Middle, Mfg. Mission Rubber Co., Part #MR56-10ARC</td>
</tr>
<tr>
<td>36</td>
<td>Bushing, Flex Seal, Size 12”, PVC Style Steel Band Middle, Mfg. Mission Rubber Co., Part #MR56-12ARC</td>
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</table>

**PRICE LIST CATALOG NUMBER**
Mission Rubber Pipe Conx B-0318

**DISCOUNT OFF PRICE LIST (%)**
40% 40% N/A

**MULTIPLIER FOR DISCOUNT**
0.60 .60 N/A

**EFFECTIVE DATA OF PRICE LIST**
March 17, 2015 Aug. 20, 2018 8/20/18 11/01/18 Aug. 20, 2018

**EXTENSION 1**
170,772.10

**EXTENSION 2**
170,772.10

**EXTENSION 3**
170,772.10

**EXTENSION 4**
170,772.10
**SAN ANTONIO WATER SYSTEM**
P. O. BOX 2449
SAN ANTONIO, TEXAS 78298-2449

**TABULATION OF BIDS**

**PROPOSAL**
Annual Contract for Flex Seal Adjustable Repair

**FOR**
Couplings

**TIME & DATE**
(January 1, 2020 through December 31, 2020)
3:00 p.m., November 18, 2019

<table>
<thead>
<tr>
<th>ITEM NO.</th>
<th>DESCRIPTION AND APPROXIMATE QUANTITY</th>
<th>Terms</th>
<th>Delivery Days</th>
</tr>
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<tbody>
<tr>
<td></td>
<td></td>
<td>Net 30 days</td>
<td>7-14 days</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2% 10 days</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Net 30 days</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>2% 30 days</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Net 30 days</td>
<td></td>
</tr>
</tbody>
</table>

**LOW BIDDER**

**BID INVITATIONS E-MAILED TO AND/OR PICKED UP BY:**

- Act Pipe
- Core & Main
- F and D Supply
- Ferguson Waterworks
- Flex Connection Inc.
- Fortline
- HD Supply Waterworks, Ltd.
- Hugh Cunningham
- KLP Commercial
- Mission Clay Products
- Moore Supply
- Morrison Supply Co.
- Pipe Movers
- Techline Pipe
- TENCH Dist.
- Williams Supply
- Demandstar
- SAWS Website
- Demandstar
- SAWS Website
AGENDA ITEM NO. 7

TO: San Antonio Water System Board of Trustees

FROM: Gail Hamrick-Pigg, P.E., Director, Pipelines, and Andrea L.H. Beymer, P.E., Vice President, Engineering and Construction

THROUGH: Robert R. Puente, President/Chief Executive Officer

SUBJECT: APPROVAL OF ADDITIONAL FUNDS FOR PROFESSIONAL SERVICES IN CONNECTION WITH THE MULTIPLE SEwershed Package 15 (RAILROAD) Project

Board Action Date: January 14, 2020

SUMMARY AND RECOMMENDATION:

The attached resolution amends Resolution No. 19-124 by authorizing additional funds to an existing professional services contract with LNV, Inc., a local, MBE-Hispanic firm, in an amount not to exceed $143,210.00 in connection with the Multiple Sewershed Package 15 (Railroad) Project (the “MSP15 Project”).

- The San Antonio Water System (the “System”) has entered into a Consent Decree with the United States Environmental Protection Agency, the United States Department of Justice, and the State of Texas which outlines activities to be undertaken to reduce SSOs.

- On June 4, 2019 by Resolution No. 19-124, the System’s Board of Trustees awarded a professional services contract with LNV, Inc. in an amount not to exceed $989,563.00 for engineering services in connection with the MSP15 Project.

- Soon after the MSP15 Project design began, it was discovered that the condition of two pipe segments had deteriorated such that it was necessary to expedite the schedule for rehabilitation of these segments ahead of the rest of the project. A new separate project was created known as Ellerman at S San Marcos Sewer Replacement (the “Ellerman Project”).

- To promptly begin the work associated with the Ellerman Project, it was necessary to expend $174,805.00 from supplemental services funds associated with the MSP15 Project. Of that amount, $31,595.00 is being used from task items that would have been expended in the normal course of the MSP15 Project had the urgency not arisen. An additional $143,210.00 is required to perform the separate and accelerated design, bidding, and construction phase services for the Ellerman Project.

- Due to the nature of the MSP15 Project design contract (the “Contract”) and project needs, this $143,210.00 is still needed for work associated with the remaining scope of the MSP15 Project. As such, this proposed design amendment seeks additional funds in the amount of $143,210.00 which will enable the MSP15 project to proceed as planned.
Approving of Additional Funds for Professional Services
Multiple Sewershed Package 15 (Railroad) Project

- The total cost for additional services is $143,210.00.
- Additional funding in the amount of $143,210.00 is available from the Project Fund.

Staff recommends that the Board approve this resolution.

**FINANCIAL IMPACT:**

The Project Fund will finance this expenditure included in the CY 2016 Capital Improvement Program. The work is included in the Wastewater Core Business budget line item. The amount is $143,210.00 for the additional wastewater engineering work. The job number is 19-4508.

<table>
<thead>
<tr>
<th>Original Contract Amount (Resolution No. 19-124)</th>
<th>Amount Authorized</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proposed Additional Funds</td>
<td>143,210.00</td>
</tr>
<tr>
<td>Revised Contract Amount</td>
<td>$1,132,773.00</td>
</tr>
</tbody>
</table>

As a result of the additional funds, the revised contract amount is $1,132,773.00. This represents a 14.5 percent increase in the System’s original contract amount.

_Gail Hamrick-Pigg, P.E._
Director
Pipelines

_APPROVED:_

_Robert R. Puente_
President/Chief Executive Officer

Attachments:
1. Project Area Map
2. Project Site Map
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES APPROVING ADDITIONAL FUNDS TO THE EXISTING PROFESSIONAL SERVICES CONTRACT WITH LNV, INC. IN AN AMOUNT NOT TO EXCEED $143,210.00 FOR ADDITIONAL ENGINEERING SERVICES IN CONNECTION WITH MULTIPLE SEwershed PACKAGE 15 (RAILROAD) PROJECT; MAKING AVAILABLE AN AMOUNT NOT TO EXCEED $143,210.00 FROM THE PROJECT FUND; AUTHORIZING THE PRESIDENT/CHIEF EXECUTIVE OFFICER OR HIS DULY APPOINTED DESIGNEE TO EXECUTE AN AMENDMENT TO THE PROFESSIONAL SERVICES CONTRACT WITH LNV, INC., AND TO PAY LNV, INC. AN AMOUNT NOT TO EXCEED $143,210.00 FOR ADDITIONAL ENGINEERING SERVICES; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, the San Antonio Water System (the “System”) has entered into a Consent Decree with the United States Environmental Protection Agency, the United States Department of Justice, and the State of Texas which outlines activities to be undertaken to reduce SSOs; and

WHEREAS, on June 4, 2019, by Resolution No. 19-124, the System’s Board of Trustees awarded a professional services contract to LNV, Inc. (the “Contract”), and approved funds in the amount of $989,563.00 in connection with Multiple Sewershed Package 15 (Railroad) Project; and

WHEREAS, due to the deteriorated condition of the two pipe segments discovered during design, a portion of the project is being expedited as a separate project and funds for that purpose were taken from the existing Contract, thereby requiring additional funds in order to complete the remaining work within the Multiple Sewershed Package 15 (Railroad) Project; and

WHEREAS, additional funding to the existing professional services contract with LNV, Inc. in an amount not to exceed $143,210.00 are required for LNV, Inc. to provide additional professional engineering services; and

WHEREAS, additional funding in the amount of $143,210.00 is available from the Project Fund; and

WHEREAS, the San Antonio Water System Board of Trustees desires (i) to approve additional funds to the existing professional services contract with LNV, Inc. in an amount
not to exceed $143,210.00 in connection with the Multiple Sewershed Package 15 (Railroad) Project, (ii) to make available an amount not to exceed $143,210.00 from the Project Fund, and (iii) to authorize the President/Chief Executive Officer or his duly appointed designee to execute an amendment to the professional services contract with LNV, Inc., and to pay LNV, Inc. an amount not to exceed $143,210.00 for the additional engineering services; now, therefore:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That Resolution No. 19-124 is hereby amended by approving additional funds to the existing professional services contract with LNV, Inc. in an amount not to exceed $143,210.00 in connection with the Multiple Sewershed Package 15 (Railroad) Project.

2. That an amount not to exceed $143,210.00 is hereby made available and to be expended from the Project Fund for the additional engineering services.

3. That the President/Chief Executive Officer or his duly appointed designee is hereby authorized to execute an amendment to the professional services contract with LNV, Inc. and to pay LNV, Inc. an amount not to exceed $143,210.00 for the project engineering work.

4. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

5. If any part, section, paragraph, sentence, phrase, or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid or ineffective.

6. This resolution becomes effective immediately upon its passage.

PASSED AND APPROVED this 14th day of January, 2020.

_________________________________
Berto Guerra, Jr., Chairman

ATTEST:

_________________________________
Amy Hardberger, Secretary
AGENDA ITEM NO. 8

TO: San Antonio Water System Board of Trustees

FROM: Gail A. Hamrick-Pigg, P.E., Director, Pipelines, and Andrea L.H. Beymer, P.E., Vice President, Engineering and Construction

THROUGH: Robert R. Puente, President/Chief Executive Officer

SUBJECT: AUTHORIZATION TO REIMBURSE THE CITY OF SAN ANTONIO IN CONNECTION WITH THE 2017 BOND PROGRAM PEDESTRIAN MOBILITY & STREETS PROJECTS PACKAGE 6

Board Action Date: January 14, 2020

SUMMARY AND RECOMMENDATION:

The attached resolution authorizes the President/Chief Executive Officer to reimburse the City of San Antonio (the “City”) an amount not to exceed $198,250.00 for the joint construction of water and sewer facility adjustments in connection with the 2017 Bond Program Pedestrian Mobility & Streets Projects Package 6.

- The City plans to apply this contract citywide to improve sidewalks, curbs, driveway, drainage and other items required due to site conditions to accomplish the project in connection with the 2017 Bond Program Pedestrian Mobility & Streets Projects Package 6 for Transportation and Capital Improvements. The City’s work is estimated to cost $3,625,948.50.

- Existing water valve box covers, water meter boxes, fire hydrants, manhole covers, sewer cleanouts and other impacted appurtenances within the project boundaries may require adjustment to match the final grade of the new pavement.

- Bid item quantities for the adjustments were included in the City’s bid documents. Funds for this work will be reimbursed to the City as payments to the contractor are made.

Staff recommends that the Board approve this resolution.

FINANCIAL IMPACT:

The Project Fund will finance this expenditure included in the CY 2019 Capital Improvement Program. The water work is included in the Water Delivery Core Business, Governmental – Water Category, and Governmental Water Replacements budget line item. The amount is $119,500.00 for water work. The job number is 19-5036.

The Project Fund will finance this expenditure included in the CY 2019 Capital Improvement Program. The wastewater work is included in the Wastewater Core Business, Governmental –
Wastewater Category, and Governmental Wastewater Replacements budget line item. The amount is $78,750.00 for sewer work. The job number is 19-5535.

SUPPLEMENTARY COMMENTS:

The City received three bids for this project on October 08, 2019. The lowest qualified, responsive bidder for this project is Pinnacle Concrete Construction, LLC, a local, MBE-Hispanic contractor. City Council approved the construction contract on November 14, 2019, and construction is expected to begin January 2020. Time allowed for total construction is 720 calendar days. The request for reimbursement is requested after City Council approved the award of the construction contract to ensure that the contract is awarded, to determine which contractor was awarded the project, to give the System’s staff time to review the bids and establish the reimbursement amount based on the awarded bid.

Gail A. Hamrick-Pigg, P.E.
Director
Pipelines

APPROVED:

Robert R. Puente
President/Chief Executive Officer

Andrea L.H. Beymer, P.E.
Vice President
Engineering and Construction
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES APPROVING THE EXPENDITURE OF FUNDS IN AN AMOUNT NOT TO EXCEED $198,250.00 FOR THE ADJUSTMENT OF WATER AND SEWER FACILITIES BY THE CITY OF SAN ANTONIO IN CONNECTION WITH THE 2017 BOND PROGRAM PEDESTRIAN MOBILITY & STREETS PROJECTS PACKAGE 6; APPROVING AN AMOUNT NOT TO EXCEED $198,250.00 BE MADE AVAILABLE AND EXPENDED FROM THE PROJECT FUND FOR THE PROJECT WORK; AUTHORIZING THE PRESIDENT/CHIEF EXECUTIVE OFFICER OR HIS DULY APPOINTED DESIGNEE TO PAY THE CITY OF SAN ANTONIO AN AMOUNT NOT TO EXCEED $198,250.00 FOR THE PROJECT WORK; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, the City of San Antonio (the “City”) will construct street improvements in connection with the 2017 Bond Program Pedestrian Mobility & Streets Projects Package 6; and

WHEREAS, the 2017 Bond Program Pedestrian Mobility & Streets Projects Package 6 will require the adjustment of certain water and sewer facilities (the “project work”) of the San Antonio Water System (the “System”); and

WHEREAS, the City has received a bid for the project work from Pinnacle Concrete Construction, LLC and this bidder has been determined to be the lowest responsible bidder; and

WHEREAS, System funds in an amount not to exceed $198,250.00 are required for the project work; and

WHEREAS, the amount of $198,250.00 is available from the Project Fund for the project work; and

WHEREAS, the San Antonio Water System Board of Trustees desires (i) to approve the expenditure of funds in an amount not to exceed $198,250.00 for the adjustment of water and sewer facilities by the City of San Antonio in connection with the 2017 Bond Program Pedestrian Mobility & Streets Projects Package 6, (ii) to approve and make available an amount not to exceed $198,250.00 from the Project Fund to reimburse the City of San Antonio for the project work, and (iii) to authorize the President/Chief Executive Officer or his duly appointed
designee to pay an amount not to exceed $198,250.00 to the City of San Antonio for the project work; now, therefore:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That the expenditure of funds in an amount not to exceed $198,250.00 for the adjustment of water and sewer facilities by the City in connection with the 2017 Bond Program Pedestrian Mobility & Streets Projects Package 6 is hereby approved.

2. That an amount not to exceed $198,250.00 to reimburse the City for the project work costs is hereby made available and is to be expended from the Project Fund.

3. That the President/Chief Executive Officer or his duly appointed designee is hereby authorized to pay the City an amount not to exceed $198,250.00 for the adjustment of water and sewer facilities by the City in connection with the 2017 Bond Program Pedestrian Mobility & Streets Projects Package 6.

4. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

5. If any part, section, paragraph, sentence, phrase, or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall, nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid or ineffective.

6. This resolution becomes effective immediately upon its passage.

PASSED AND APPROVED this 14th day of January, 2020.

Berto Guerra, Jr., Chairman

ATTEST:

Amy Hardberger, Secretary
TO: San Antonio Water System Board of Trustees

FROM: Gail A. Hamrick-Pigg, P.E., Director, Pipelines, and Andrea L.H. Beymer, P.E., Vice President, Engineering and Construction

THROUGH: Robert R. Puente, President/Chief Executive Officer

SUBJECT: AUTHORIZATION TO REIMBURSE THE CITY OF SAN ANTONIO IN CONNECTION WITH THE 2020 STREET REHABILITATION PACKAGE 1

Board Action Date: January 14, 2020

SUMMARY AND RECOMMENDATION:

The attached resolution authorizes the President/Chief Executive Officer to reimburse the City of San Antonio (the “City”) an amount not to exceed $141,375.00 for the joint construction of water and sewer facility adjustments in connection with the 2020 Street Rehabilitation Package 1.

- The City plans to apply this contract citywide to improve sidewalks, curbs, driveway, drainage and other items required due to site conditions to accomplish the project in connection with the 2020 Street Rehabilitation Package 1 for Transportation and Capital Improvements. The City’s work is estimated to cost $5,002,360.30.
- Existing water valve box covers, water meter boxes, fire hydrants, manhole covers, sewer cleanouts and other impacted appurtenances within the project boundaries may require adjustment to match the final grade of the new pavement.
- Bid item quantities for the adjustments were included in the City’s bid documents. Funds for this work will be reimbursed to the City as payments to the contractor are made.

Staff recommends that the Board approve this resolution.

FINANCIAL IMPACT:

The Project Fund will finance this expenditure included in the CY 2019 Capital Improvement Program. The water work is included in the Water Delivery Core Business, Governmental – Water Category, and Governmental Water Replacements budget line item. The amount is $60,375.00 for water work. The job number is 19-5037.

The Project Fund will finance this expenditure included in the CY 2019 Capital Improvement Program. The wastewater work is included in the Wastewater Core Business, Governmental – Wastewater Category, and Governmental Wastewater Replacements budget line item. The amount is $81,000.00 for sewer work. The job number is 19-5536.
SUPPLEMENTARY COMMENTS:

The City received four bids for this project on October 1, 2019. The lowest qualified, responsive bidder for this project is Clark Construction of Texas, a local, non-SMWVB contractor. City Council approved the construction contract on November 7, 2019, and construction is expected to begin January 2020. Time allowed for total construction is 150 calendar days. The request for reimbursement is requested after City Council approved the award of the construction contract to ensure that the contract is awarded, to determine which contractor was awarded the project, to give the System’s staff time to review the bids and establish the reimbursement amount based on the awarded bid.

Gail A. Hamrick-Pigg, P.E.
Director
Pipelines

APPROVED:

Robert R. Puente
President/Chief Executive Officer

Andrea L.H. Beymer, P.E.
Vice President
Engineering and Construction
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES APPROVING THE EXPENDITURE OF FUNDS IN AN AMOUNT NOT TO EXCEED $141,375.00 FOR THE ADJUSTMENT OF WATER AND SEWER FACILITIES BY THE CITY OF SAN ANTONIO IN CONNECTION WITH THE 2020 STREET REHABILITATION PACKAGE 1; APPROVING AN AMOUNT NOT TO EXCEED $141,375.00 BE MADE AVAILABLE AND EXPENDED FROM THE PROJECT FUND FOR THE PROJECT WORK; AUTHORIZING THE PRESIDENT/CHIEF EXECUTIVE OFFICER OR HIS DULY APPOINTED DESIGNEE TO PAY THE CITY OF SAN ANTONIO AN AMOUNT NOT TO EXCEED $141,375.00 FOR THE PROJECT WORK; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, the City of San Antonio (the “City”) will construct street improvements in connection with the 2020 Street Rehabilitation Package 1; and

WHEREAS, the 2020 Street Rehabilitation Package 1 will require the adjustment of certain water and sewer facilities (the “project work”) of the San Antonio Water System (the “System”); and

WHEREAS, the City has received a bid for the project work from Clark Construction of Texas and this bidder has been determined to be the lowest responsible bidder; and

WHEREAS, System funds in an amount not to exceed $141,375.00 are required for the project work; and

WHEREAS, the amount of $141,375.00 is available from the Project Fund for the project work; and

WHEREAS, the San Antonio Water System Board of Trustees desires (i) to approve the expenditure of funds in an amount not to exceed $141,375.00 for the adjustment of water and sewer facilities by the City of San Antonio in connection with the 2020 Street Rehabilitation Package 1, (ii) to approve and make available an amount not to exceed $141,375.00 from the Project Fund to reimburse the City of San Antonio for the project work, and (iii) to authorize the President/Chief Executive Officer or his duly appointed designee to pay an amount not to exceed $141,375.00 to the City of San Antonio for the project work; now, therefore:
BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That the expenditure of funds in an amount not to exceed $141,375.00 for the adjustment of water and sewer facilities by the City in connection with the 2020 Street Rehabilitation Package 1 is hereby approved.

2. That an amount not to exceed $141,375.00 to reimburse the City for the project work costs is hereby made available and is to be expended from the Project Fund.

3. That the President/Chief Executive Officer or his duly appointed designee is hereby authorized to pay the City an amount not to exceed $141,375.00 for the adjustment of water and sewer facilities by the City in connection with the 2020 Street Rehabilitation Package 1.

4. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

5. If any part, section, paragraph, sentence, phrase, or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid or ineffective.

6. This resolution becomes effective immediately upon its passage.

PASSED AND APPROVED this 14th day of January, 2020.

________________________________________
Berto Guerra, Jr., Chairman

ATTEST:

________________________________________
Amy Hardberger, Secretary
TO: San Antonio Water System Board of Trustees

FROM: Gail A. Hamrick-Pigg, P.E., Director, Pipelines, and Andrea L.H. Beymer, P.E., Vice President, Engineering and Construction

THROUGH: Robert R. Puente, President/Chief Executive Officer

SUBJECT: AUTHORIZATION TO REIMBURSE THE CITY OF SAN ANTONIO IN CONNECTION WITH THE 2020 STREET REHABILITATION PACKAGE 3

Board Action Date: January 14, 2020

SUMMARY AND RECOMMENDATION:

The attached resolution authorizes the President/Chief Executive Officer to reimburse the City of San Antonio (the “City”) an amount not to exceed $218,020.00 for the joint construction of water and sewer facility adjustments in connection with the 2020 Street Rehabilitation Package 3.

- The City plans to apply this contract citywide to improve sidewalks, curbs, driveway, drainage and other items required due to site conditions to accomplish the project in connection with the 2020 Street Rehabilitation Package 3 for Transportation and Capital Improvements. The City’s work is estimated to cost $9,588,863.50.

- Existing water valve box covers, water meter boxes, fire hydrants, manhole covers, sewer cleanouts and other impacted appurtenances within the project boundaries may require adjustment to match the final grade of the new pavement.

- Bid item quantities for the adjustments were included in the City’s bid documents. Funds for this work will be reimbursed to the City as payments to the contractor are made.

Staff recommends that the Board approve this resolution.

FINANCIAL IMPACT:

The Project Fund will finance this expenditure included in the CY 2019 Capital Improvement Program. The water work is included in the Water Delivery Core Business, Governmental – Water Category, and Governmental Water Replacements budget line item. The amount is $90,020.00 for water work. The job number is 19-5038.

The Project Fund will finance this expenditure included in the CY 2019 Capital Improvement Program. The wastewater work is included in the Wastewater Core Business, Governmental – Wastewater Category, and Governmental Wastewater Replacements budget line item. The amount is $128,000.00 for sewer work. The job number is 19-5537.
SUPPLEMENTARY COMMENTS:

The City received four bids for this project on October 8, 2019. The lowest qualified, responsive bidder for this project is J&P Paving Company, Inc., a local, MBE-Hispanic contractor. City Council approved the construction contract on November 7, 2019, and construction is expected to begin January 2020. Time allowed for total construction is 210 calendar days. The request for reimbursement is requested after City Council approved the award of the construction contract to ensure that the contract is awarded, to determine which contractor was awarded the project, to give the System’s staff time to review the bids and establish the reimbursement amount based on the awarded bid.

Gail A. Hamrick-Pigg, P.E.
Director
 Pipelines

Andrea L.H. Beymer, P.E.
Vice President
 Engineering and Construction

APPROVED:

Robert R. Puente
President/Chief Executive Officer
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES APPROVING THE EXPENDITURE OF FUNDS IN AN AMOUNT NOT TO EXCEED $218,020.00 FOR THE ADJUSTMENT OF WATER AND SEWER FACILITIES BY THE CITY OF SAN ANTONIO IN CONNECTION WITH THE 2020 STREET REHABILITATION PACKAGE 3; APPROVING AN AMOUNT NOT TO EXCEED $218,020.00 BE MADE AVAILABLE AND EXPENDED FROM THE PROJECT FUND FOR THE PROJECT WORK; AUTHORIZING THE PRESIDENT/CHIEF EXECUTIVE OFFICER OR HIS DULY APPOINTED DESIGNEE TO PAY THE CITY OF SAN ANTONIO AN AMOUNT NOT TO EXCEED $218,020.00 FOR THE PROJECT WORK; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, the City of San Antonio (the “City”) will construct street improvements in connection with the 2020 Street Rehabilitation Package 3; and

WHEREAS, the 2020 Street Rehabilitation Package 3 will require the adjustment of certain water and sewer facilities (the “project work”) of the San Antonio Water System (the “System”); and

WHEREAS, the City has received a bid for the project work from J&P Paving Company, Inc. and the bidder has been determined to be the lowest responsible bidder; and

WHEREAS, System funds in an amount not to exceed $218,020.00 are required for the project work; and

WHEREAS, the amount of $218,020.00 is available from the Project Fund for the project work; and

WHEREAS, the San Antonio Water System Board of Trustees desires (i) to approve the expenditure of funds in an amount not to exceed $218,020.00 for the adjustment of water and sewer facilities by the City of San Antonio in connection with the 2020 Street Rehabilitation Package 3, (ii) to approve and make available an amount not to exceed $218,020.00 from the Project Fund to reimburse the City of San Antonio for the project work, and (iii) to authorize the President/Chief Executive Officer or his duly appointed designee to pay an amount not to exceed $218,020.00 to the City of San Antonio for the project work; now, therefore:
BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That the expenditure of funds in an amount not to exceed $218,020.00 for the adjustment of water and sewer facilities by the City in connection with the 2020 Street Rehabilitation Package 3 is hereby approved.

2. That an amount not to exceed $218,020.00 to reimburse the City for the project work costs is hereby made available and is to be expended from the Project Fund.

3. That the President/Chief Executive Officer or his duly appointed designee is hereby authorized to pay the City an amount not to exceed $218,020.00 for the adjustment of water and sewer facilities by the City in connection with the 2020 Street Rehabilitation Package 3.

4. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Titles 4, Chapter 551, Government Code.

5. If any part, section, paragraph, sentence, phrase, or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid or ineffective.

6. This resolution becomes effective immediately upon its passage.

PASSED AND APPROVED this 14th day of January, 2020.

_________________________________
Berto Guerra, Jr., Chairman

ATTEST:

_________________________________
Amy Hardberger, Secretary
AGENDA ITEM NO.  

TO: San Antonio Water System Board of Trustees  
FROM: Gail A. Hamrick-Pigg, P.E., Director, Pipelines, and Andrea L.H. Beymer, P.E., Vice President, Engineering and Construction  
THROUGH: Robert R. Puente, President/Chief Executive Officer  
SUBJECT: APPROVING AN ADVANCE FUNDING AGREEMENT AND AUTHORIZING EXPENDITURES TO THE TEXAS DEPARTMENT OF TRANSPORTATION IN CONNECTION WITH THE FM 1535: LOOP 1604 TO SHAVANO RANCH ROAD PROJECT  

Board Action Date: January 14, 2020

SUMMARY AND RECOMMENDATION: 

The attached resolution authorizes the President/Chief Executive Officer to execute an Advance Funding Agreement with the Texas Department of Transportation (TxDOT) and authorizes expenditures to TxDOT in an amount not to exceed $447,128.44 for the joint construction of the water and sewer facility adjustments in connection with the FM 1535: Loop 1604 to Shavano Ranch Road Project.  

- TxDOT intends to widen the roadway and construct drainage improvements along FM 1535 from Loop 1604 to Shavano Ranch Road as illustrated on the attached maps. The construction cost estimate for the TxDOT roadway and drainage work is $5,495,642.00.  

- Due to the proposed TxDOT improvements within the FM 1535: Loop 1604 to Shavano Ranch Road Project, the existing water mains constructed in 2013 require adjustment to avoid conflicts with proposed TxDOT improvements.  

- The existing sewer mains require adjustment to avoid conflicts with proposed TxDOT improvements.  

- The water adjustment work will consist of approximately 21 feet of split casing and adjustment of a fire hydrant.  

- The sewer adjustment work consists of approximately 1,018 feet of 10-inch sewer main that will be upsized to a 12-inch sewer main.  

- Funds authorized for this project will be transferred to TxDOT following the San Antonio Water System’s Board of Trustees approval and execution of the Advance Funding Agreement in an amount not to exceed $447,128.44.  

- The bid opening is scheduled for February 2020.
Approval of an Advance Funding Agreement and Expenditure of Funds to the Texas Department of Transportation
FM 1535: Loop 1604 to Shavano Ranch Road Project

Staff recommends that the Board approve this resolution.

FINANCIAL IMPACT:

The Project Fund will finance this expenditure included in the CY 2019 Capital Improvement Program. The water work is included in the Water Delivery Core Business, Governmental – Water Category, and Governmental Water Adjustments budget line item. The amount is $42,400.82 for water work. The job number is 17-5129.

The Project Fund will finance this expenditure included in the CY 2019 Capital Improvement Program. The sewer work is included in the Wastewater Core Business, Governmental – Wastewater Category, and Governmental Wastewater Adjustments budget line item. The amount is $404,727.62 for sewer work. The job number is 17-5608.

Gail A. Hamrick-Pigg, P.E.
Director Pipelines

Andrea L.H. Beymer, P.E.
Vice President Engineering and Construction

APPROVED:

Robert R. Puente
President/Chief Executive Officer

Attachments:
1. Project Area Map
2. Project Site Map
SAN ANTONIO WATER SYSTEM
PROJECT AREA MAP
ATTACHMENT I

FM 1535: LOOP 1604 TO SHAVANO RANCH RD.

LEGEND
★ PROJECT SITE
EDWARDS AQUIFER RECHARGE ZONE
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES APPROVING AN ADVANCE FUNDING AGREEMENT WITH THE TEXAS DEPARTMENT OF TRANSPORTATION AND AUTHORIZING THE PRESIDENT/CHIEF EXECUTIVE OFFICER OR HIS DULY APPOINTED DESIGNEE TO EXECUTE THE ADVANCE FUNDING AGREEMENT FOR THE ADJUSTMENT OF THE WATER AND SEWER FACILITIES BY THE TEXAS DEPARTMENT OF TRANSPORTATION IN CONNECTION WITH THE FM 1535: LOOP 1604 TO SHAVANO RANCH ROAD PROJECT; AUTHORIZING THE EXPENDITURE OF FUNDS IN AN AMOUNT NOT TO EXCEED $447,128.44 FOR THE PROJECT WORK; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, the Texas Department of Transportation (TxDOT) intends to widen the roadway and construct drainage improvements on the FM 1535: Loop 1604 to Shavano Ranch Road Project; and

WHEREAS, the FM 1535: Loop 1604 to Shavano Ranch Road Project will require the adjustment of certain water and sewer facilities (the “project work”) of the San Antonio Water System (the “System”); and

WHEREAS, TxDOT has requested that the System execute an Advance Funding Agreement and advance funds for the project work costs; and

WHEREAS, System funds in an amount not to exceed $447,128.44 are required for the project work; and

WHEREAS, the San Antonio Water System Board of Trustees desires (i) to approve an Advance Funding Agreement with TxDOT for the adjustment of water and sewer facilities in connection with the FM 1535: Loop 1604 to Shavano Ranch Road Project and to authorize the President/Chief Executive Officer or his duly appointed designee to execute the Advance Funding Agreement; and (ii) to authorize the expenditure of funds in an amount not to exceed $447,128.44, for the project work; now, therefore:
BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That an Advance Funding Agreement with TxDOT is hereby approved and the President/Chief Executive Officer or his duly appointed designee is hereby authorized to execute the Advance Funding Agreement with TxDOT in connection with the FM 1535: Loop 1604 to Shavano Ranch Road Project.

2. That the expenditure of funds in an amount not to exceed $447,128.44 for the adjustment of water and sewer facilities by TxDOT in connection with the FM 1535: Loop 1604 to Shavano Ranch Road Project is hereby authorized.

3. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place, and subject matter of the public business to be conducted at such meeting, including the resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

4. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid, or ineffective.

5. This resolution becomes effective immediately upon its passage.

PASSED AND APPROVED this 14th day of January, 2020.

_________________________________________
Berto Guerra, Jr., Chairman

ATTEST:

________________________________________
Amy Hardberger, Secretary
TO: San Antonio Water System Board of Trustees

FROM: Bruce A. Haby, Manager, Corporate Real Estate, and Nancy Belinsky, Vice President and General Counsel

THROUGH: Robert R. Puente, President/Chief Executive Officer

SUBJECT: REQUESTING THE SAN ANTONIO CITY COUNCIL TO DECLARE THE SAN ANTONIO WATER C-69 SOUTH ZARZAMORA STREET SEWER UPSIZE AND RELIEF PROJECT A PUBLIC NECESSITY

Board Action Date: January 14, 2020

SUMMARY AND RECOMMENDATION:

The attached resolution requests the San Antonio City Council declare the San Antonio Water System’s (SAWS) C-69 South Zarzamora Street Sewer Upsize and Relief Project (the “Project”) a public necessity to obtain for public use, the permanent easements and temporary construction easements that are required for the Project’s construction and operation, and authorizes the General Counsel and/or designated special counsel to file eminent domain proceedings, if necessary.

- SAWS entered into a Consent Decree (“CD”) with the Environmental Protection Agency. The CD requires SAWS to plan and execute improvements to SAWS Wastewater Collection and Transportation System. SAWS is obligated by its CD to remediate field verified capacity constraints. The Project remediates a field verified capacity constraint that will be included in the capacity remedial measures plan.

- The Project consists of constructing approximately 4,000 feet of pipe. Sewer main replacement extends from Six Mile Creek 0.15 miles east from the intersection of West Ansley Road and Wilma Jean Drive to the upstream tie-in at South Zarzamora Street.

- The Project will require the acquisition of real property being a total of approximately five parcels (four permanent easements, and one temporary easement); four are privately owned.

- SAWS intends to use every effort available to obtain the required permanent and temporary easement land rights through good faith negotiations, but may require eminent domain if the negotiations fail.
C-69 South Zarzamora Street Sewer Upsize and Relief Project

- The general location of the Project is set out in Attachment I to the Resolution and description of the Route is set out in Attachment II to the Resolution, both attached hereto and incorporated herein for all purposes.

- The requested Ordinance will be presented to the San Antonio City Council as soon as possible.

Staff recommends that the Board approve this Resolution.

FINANCIAL IMPACT:

The Project Fund will finance this expenditure included in the CY 2021 Capital Improvement Program. This additional work is included in the Wastewater Core Business, Mains - Replacement project budget line.

Bruce A. Haby  
Manager  
Corporate Real Estate

Nancy Belinsky  
Vice President and General Counsel

APPROVED:

Robert R. Puente  
President/Chief Executive Officer
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM (THE “SYSTEM”) BOARD OF TRUSTEES DECLARING A PUBLIC NECESSITY FOR PUBLIC USE, THE ACQUISITION OF CERTAIN PRIVATELY OWNED REAL PROPERTY IN THE CITY OF SAN ANTONIO (THE “CITY”) BEING PERMANENT SEWER EASEMENTS AND TEMPORARY CONSTRUCTION EASEMENTS (COLLECTIVELY, THE “EASEMENTS”) FOR THE C-69 SOUTH ZARZAMORA STREET SEWER UPSIZE AND RELIEF PROJECT, WHICH CONSISTS OF REPLACING APPROXIMATELY 4,000 FEET OF EXISTING SEWER PIPE, LOCATED IN THE SOUTHWEST QUADRANT OF BEXAR COUNTY, TEXAS, WHICH EASEMENTS SHALL BE ACQUIRED BY NEGOTIATION AND/OR CONDEMNATION, IF NECESSARY FOR THE PUBLIC USE OF THE EXPANSION AND OPERATION OF THE SYSTEM THROUGH THE CONSTRUCTION OF THE PROJECT; REQUESTING THAT THE CITY COUNCIL OF THE CITY OF SAN ANTONIO (THE “CITY COUNCIL”) ADOPT AN ORDINANCE REAFFIRMING AND DECLARING THAT THE PROJECT IS FOR A PUBLIC USE AND A PUBLIC NECESSITY EXISTS FOR THE ACQUISITION OF THE EASEMENTS AND AUTHORIZING THE SYSTEM TO TAKE ALL APPROPRIATE ACTION TO ACQUIRE THE EASEMENTS BY NEGOTIATION AND/OR CONDEMNATION; FINDING THIS RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, the Project consists of replacing approximately .75 miles of existing sewer pipe; and

WHEREAS, the System has determined that acquisition of the Easements are necessary for the Project, the general location of the Project being more particularly set out in Attachment I to this Resolution, and route description of the Project being described on Attachment II to this Resolution, both attached hereto and incorporated herein for all purposes; and

WHEREAS, the System intends to use every effort available to obtain the required Easements through good faith negotiations, but may require eminent domain if the negotiations fail; and
WHEREAS, the System finds that the acquisition of such Easements for the Project is necessary for the public health, safety, welfare, and best interests of the citizens of the City and the surrounding region; and

WHEREAS, the San Antonio Water System Board of Trustees desires to (i) affirm and declare that the Project is for a public use and the acquisition of the Easements is for public use and is a public necessity for the completion of the Project, (ii) direct the System staff to negotiate the acquisition of the Easements, (iii) authorize and direct the institution and prosecution to conclusion of all necessary proceedings to condemn such Easements, in the event that the System’s staff is unable to acquire one or more parcels of the Easements by negotiation, (iv) request that the City Council adopt an ordinance to (a) reaffirm and declare that the Project is for a public use and the acquisition of the Easements is for public use and is a public necessity for the completion of the Project, (b) authorize the System to take all appropriate action to acquire the Easements by negotiation and/or condemnation, (c) declare that the conveyance of such Easements shall be to the City for the use and benefit of the System, and (d) authorize the System’s General Counsel and/or designated special counsel to file eminent domain proceedings and prosecute such proceedings through final judgment and any appeals, if deemed necessary, and (v) provide and approve funding for the acquisition of the Easements; now, therefore:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That the Project is hereby declared to be a necessary public project and a public necessity is hereby declared for the acquisition of the Easements for public use by negotiation and/or condemnation, if necessary, for the Project.

2. That a public necessity hereby exists to acquire the Easements over, under and across certain privately owned real property by negotiation and/or condemnation, if necessary, for the expansion of the public sanitary sewer system as part of the Project.

3. That the System’s staff is hereby directed to negotiate with the owner(s) of the respective parcels for the acquisition of the Easements, to execute easements and/or sales agreements or other documents acquiring the Easements from the owners of the Easements and to finalize such acquisitions on behalf of the City, for the use and benefit of the System.

4. That in the event the System’s staff is unable to acquire one or more parcels of the Easements by negotiation by reason of its inability to agree with the owners thereof as to the value of the Easements, or is unable to acquire the Easements for any other reason, the System’s General Counsel and/or designated special counsel, are hereby authorized and directed to institute and prosecute to conclusion all necessary proceedings to condemn such Easements.
5. That the City Council of the City is hereby requested to (i) adopt an ordinance to reaffirm and declare that the Project is for a necessary public use and the acquisition of the Easements is for a public use and is a public necessity for the completion of the Project, (ii) authorize the System to take all appropriate action to acquire the Easements by negotiation and/or condemnation, (iii) declare that the conveyance of such Easements shall be to the City for the use, benefit and control of the System, and (iv) authorize the System’s General Counsel and/or designated special counsel to file eminent domain proceedings and prosecute such proceedings through final judgment and any appeals, if deemed necessary.

6. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

7. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if an exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid or ineffective.

8. This resolution becomes effective immediately upon its passage.

PASSED AND APPROVED this 14th day of January, 2020.

_____________________________
Berto Guerra, Jr., Chairman

ATTEST:

_____________________________
Amy Hardberger, Secretary

Attachments:
I. Aerial Map of Project
II. Description of Project Alignment
ATTACHMENT II

Route Description

This project route is approximately three quarters of a mile in the southwest quadrant of Bexar County along a drainage channel that runs from the downstream tie-in at Six Mile Creek .15 miles east from the intersection of West Ansley Road and Wilma Jean Drive. It then proceeds upstream in a westerly direction within the drainage channel along West Ansley Road. The alignment then follows the drainage channel between Beverly Ann Street and Betty Street to the upstream tie-in at South Zarzamora Street.

Project Located In: NCB 14546, 14547, 14196, 11186, 14516, 11592, 11056, 11054, 11078
TO: San Antonio Water System Board of Trustees

FROM: Bruce A. Haby, Manager, Corporate Real Estate, and Nancy Belinsky, Vice President and General Counsel

THROUGH: Robert R. Puente, President/Chief Executive Officer

SUBJECT: AUTHORIZATION TO EXPEND FUNDS AND EXECUTE A POSSESSION AND USE AGREEMENT WITH JULIO GONZALEZ FOR POSSESSION OF PERMANENT AND TEMPORARY EASEMENTS AND A FEE SIMPLE PARCEL (COLLECTIVELY, THE “PROPERTY”) FOR THE W-6: HWY 90 TO SW MILITARY DRIVE SEWER MAIN PROJECT

Board Action Date: January 14, 2020

SUMMARY AND RECOMMENDATION:

The attached resolution authorizes the execution of a Possession and Use Agreement (the “PUA”) in the form attached as Attachment I to the attached Resolution in order to obtain possession of the Property (defined below) and the expenditure of funds in the amount of $257,100.00 to Julio Gonzalez (the “Owner”), for the W-6: Hwy 90 to SW Military Drive Sewer Main Project (the “Project”).

- The Project that is the subject of the attached resolution will, if approved, authorize work required by the Consent Decree between the San Antonio Water System (the “System”), the United States of America, and the State of Texas that was lodged in the United States District Court for the Western District of Texas on July 23, 2013.

- The System requires the acquisition of a 0.0377 acre permanent easement, a 4.584 acre temporary easement and a 0.2458 acre fee simple parcel (collectively, the “Property”), located at the NW corner of West Military Drive and Old Pearsall Road in San Antonio, Bexar County, Texas, owned by Owner, for the construction of the Project.

- The Project was declared a public necessity and the use of eminent domain was authorized by the Board by Resolution No. 19-073 on March 12, 2019, and by Ordinance No. 2019-04-18-0322 of the City of San Antonio (the “City”) on April 18, 2019.

- In connection to the Project, the construction contract is planned to be awarded in June of 2020. The System requires possession of the Property to proceed with the construction of the Project.
• By appraisal dated August 1, 2019, Eckmann Groll, Inc, the System’s appraiser for the Project, appraised the value of the Property at $257,100.00.

• The Owner, has agreed to grant the System the irrevocable right of use and possession of the Property via execution of the PUA attached to the foregoing resolution as Attachment I, and in consideration of the sum of $257,100.00.

• Execution of the PUA and payment to the Owner the sum of $257,100.00 as consideration will allow the System to take possession of the Property and timely commence construction on the Property in connection with the Project, between the System and the Owner.

• The System would receive credit for such $257,100.00 payment towards the amount of any future Special Commissioner’s award in the event that the System is unable to agree with Owner on final consideration for the Property and therefore institutes an eminent domain suit against Owner.

Staff recommends that the Board approve this resolution.

**FINANCIAL IMPACT:**

The Project Fund will incur the acquisition costs and possible legal fees associated with the acquisition of the land rights necessary for this project. Funding for these land rights are found in the 2019 and 2020 Capital Improvement Program, Wastewater Core Business, Main Replacement - Sewer Category.

Bruce A. Haby  
Manager  
Corporate Real Estate

Nancy Belinsky  
Vice President and General Counsel

Robert R. Puente  
President/Chief Executive Officer
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM (THE “SYSTEM”) BOARD OF TRUSTEES AUTHORIZING THE EXPENDITURE AND MAKING AVAILABLE FROM THE PROJECT FUND THE AMOUNT OF $257,100.00 FOR POSSESSION BY THE SYSTEM OF PERMANENT AND TEMPORARY EASEMENTS AND A FEE SIMPLE PARCEL (COLLECTIVELY, THE “PROPERTY”) FROM JULIO GONZALEZ (THE “OWNER”) IN CONNECTION WITH THE W-6: HWY 90 TO SW MILITARY DRIVE SEWER MAIN PROJECT (THE “PROJECT”); AUTHORIZING THE EXECUTION BY THE PRESIDENT/CHIEF EXECUTIVE OFFICER OR HIS DULY APPOINTED DESIGNEE OF A POSSESSION AND USE AGREEMENT FOR THE PROPERTY; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, the System has determined that acquisition of an approximately 0.0377 acre permanent easement, a 4.584 acre temporary easement and a 0.2458 acre fee simple parcel (collectively the “Property”) is necessary for the Project, the Property being more particularly described in Attachment I and depicted in Attachment II, both attached hereto and incorporated herein for all purposes; and

WHEREAS, the Project was declared a public necessity by the System’s Board by Resolution No. 19-073 on March 12, 2019, and use of eminent domain was authorized by Ordinance No. 2019-04-18-0322 of the City of San Antonio on April 18, 2019; and

WHEREAS, the System requires the acquisition of the Property from the Owner for the construction of a sewer line for the Project; and

WHEREAS, it is necessary for the System to take possession of the Property pending further proceedings in order for construction on the Property in connection with the Project to proceed in a timely manner; and

WHEREAS, the Owner has agreed to grant the System possession of the Property under the terms and conditions of the Possession and Use Agreement (“PUA”) attached hereto as Attachment I, with consideration for the PUA being the sum of $257,100.00; and

WHEREAS, the San Antonio Water System Board of Trustees desires to (i) authorize the President/Chief Executive Officer or his duly appointed designees to execute the PUA in substantially the form attached hereto as Attachment I, (ii) authorize the expenditure and
availability from the Project Fund in the amount of $257,100.00 as consideration for the PUA to allow the System to take possession of the Property pending further legal proceedings, and (iii) authorize payment of $257,100.00 to the Owner as consideration for the PUA:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That the President/Chief Executive Officer or his duly appointed designee is hereby authorized to execute the PUA in substantially the form attached hereto as Attachment I.

2. That the expenditure from the Project Fund in the amount of $257,100.00, as consideration for the PUA and the System rights therein to take possession of the Property, is hereby authorized.

3. That the amount of $257,100.00 is hereby made available to be expended from the Project Fund and authorized to be paid to the Owner as consideration for the PUA.

4. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that published notice of the time, place, and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended. Title 5, Chapter 551, Government Code.

5. If any part, section, paragraph, sentence, phrase, word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid or ineffective.

6. This resolution shall take effect immediately upon its passage.

PASSED AND APPROVED this 14th day of January, 2020.

Berto Guerra, Jr., Chairman

ATTEST:

Amy Hardberger, Secretary

Attachments:
I. Possession and Use Agreement
II. Site Area Map
NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER’S LICENSE NUMBER.

POSSSESSION AND USE AGREEMENT

This Possession and Use Agreement ("Agreement") is made by and between JULIO GONZALEZ (the "Landowner"), and CITY OF SAN ANTONIO, TEXAS, ACTING BY AND THROUGH THE SAN ANTONIO WATER SYSTEM ("SAWS").

Recitals

WHEREAS, SAWS has determined it necessary to acquire permanent sewer easements, temporary construction easements and a fee simple tract from Landowner over, under and across certain property owned by Landowner for the construction of a sewer line and all necessary appurtenances for use as a part of the operation of the SAWS wastewater system; and

WHEREAS, the 0.0377 acre permanent subsurface sewer easement area is described and depicted in Exhibits "A" and "B" attached hereto and incorporated herein (the "Subterranean Permanent Easement Property"), the surface area of the sewer easement area is referred to herein as the "Temporary Overlay Easement Property"); and

WHEREAS, the 3.584 acre temporary construction easement area is described and depicted in Exhibits "C" and "D" attached hereto and incorporated herein (the "Temporary Easement Property"); and

WHEREAS, the 0.2458 acre fee simple area is described and depicted in Exhibits "E" and "F" attached hereto and incorporated herein (the "Fee Simple Property"); and

WHEREAS, the Subterranean Permanent Easement Property, Temporary Overlay Easement Property, Temporary Easement Property and Fee Simple Property shall be collectively referred to as the "Property"; and

WHEREAS, the parties desire to enter into this Agreement, upon the terms and conditions hereinafter set forth, for the purposes of allowing SAWS to enter upon and take possession of the Property while the parties finalize the terms and conditions of a definitive agreement for the purchase and sale of the Property, or to the extent that the parties are unable to agree on the amount of compensation as provided hereinbelow, the filing of eminent domain proceedings by SAWS.
Agreements

NOW, THEREFORE, in consideration of the above-stated Recitals, which are incorporated herein for all purposes, and the sum of TWO HUNDRED FIFTY SEVEN THOUSAND ONE HUNDRED AND NO/100 DOLLARS ($257,100.00) and other good and valuable consideration to Landowner, the receipt and sufficiency of which is hereby acknowledged by Landowner, Landowner and SAWS hereby agree as follows:

1. Landowner hereby consents and agrees to allow SAWS, and its employees, agents, contractors, subcontractors, successors, and assigns to enter upon and take possession of the sub-surface of Subterranean Permanent Easement Property for the purposes of constructing, maintaining, operating and repairing a sewer line and all appurtenances thereto, as if a permanent easement to the Subterranean Permanent Easement Property had been granted by Landowner to SAWS. Notwithstanding the foregoing, SAWS agrees that all facilities constructed by SAWS in the Subterranean Permanent Easement Property shall be underground, and that, following the expiration of the temporary easement over the Temporary Overlay Easement Property, SAWS shall not have the right to access or use the surface of the Subterranean Permanent Easement Property.

2. Landowner hereby consents and agrees to allow SAWS, and its employees, agents, contractors, subcontractors, successors, and assigns the to enter upon and take possession of the Temporary Easement Property and Temporary Overlay Easement Property for the purposes of construction, storage and staging of materials and/or equipment for the sewer line and related appurtenances, together with right of ingress and egress over the Temporary Easement Property and Temporary Overlay Easement Property, as if non-exclusive temporary construction easements as to the Temporary Easement Property and Temporary Overlay Easement Property had been granted by Landowner to SAWS. SAWS rights under this Section 2 shall expire upon the completion of construction, restoration and demobilization by SAWS, but in no event shall such completion or construction, restoration, and demobilization by SAWS exceed the earlier of a) thirty-six (36) months from commencement of construction, or b) forty eight (48) months from the date of this Agreement. The rights granted herein include the right of SAWS or CPS Energy to bring temporary electrical lines and related appurtenances over and across the Temporary Easement Property and Temporary Overlay Easement Property.

3. Landowner hereby consents and agrees to allow SAWS, and its employees, agents, contractors, subcontractors, successors, and assigns to enter upon and take exclusive use and possession of the Fee Simple Property as if a special warranty deed (subject to all validly existing instruments of record in Bexar County, Texas) to the Fee Simple Property had been granted by Landowner to SAWS. The rights granted herein include the right of SAWS or CPS Energy to bring electrical lines and related appurtenances over and across the Fee Simple Property.

4. Landowner understands and agrees that SAWS and its employees, agents, contractors, subcontractors, successors, and assigns shall have the right to remove and/or relocate elsewhere any obstructions or improvements located within the Temporary Easement Property and Temporary Overlay Easement Property in connection with SAWS rights to construct the sewer
pipeline and related appurtenances.

5. SAWS agrees that after completion of construction SAWS shall, at its sole cost and expense, restore the surface of the Temporary Easement Property and Temporary Overlay Easement Property, as nearly as is reasonably possible, to the same condition in which the same was found immediately before such construction began; however, Landowner understands and agrees that vegetation and trees cleared and/or any improvements removed will not be replaced.

6. Prior to such time as SAWS’ general contractor enters the Property, SAWS shall (i) cause the general contractor to obtain a policy of commercial general liability insurance with limits of not less than $1,000,000 combined single limit and $2,000,000 in the aggregate for personal injury and property damage with contractual liability endorsements, and which policy of insurance shall name Landowner and Landowner’s lender as additional insureds, and worker’s compensation insurance in accordance with Texas law, and (ii) provide Landowner with a certificate or certificates of insurance evidencing such insurance policies. SAWS shall cause a payment bond to be obtained in connection with the initial construction project. In the event that a lien is placed on the Property or any part thereof as a result of SAWS’ construction, SAWS shall immediately notify Landowner of such lien. SAWS shall take action, at SAWS’ expense, to have any such lien removed, discharged or declared of no force and effect as against the Property within thirty (30) days after the date thereof. If SAWS shall fail to so remove, discharge or have such lien declared of no force and effect within such thirty (30) day period, Landowner may, but shall not be obligated to, discharge the same either by procuring the discharge of such lien by depositing in court bond in the amount ordered by the court or in such other judicial manner as is or may be permitted by law, and SAWS shall reimburse Landowner upon demand for all costs and expenses incurred by Landowner in respect thereof, including but not limited to reasonable attorney’s fees in connection therewith.

7. SAWS, hereby waives and releases Landowner and Landowner’s Lender from any and all claims, demands, causes of action, losses, liabilities, damages, obligations, fines, penalties, costs and expenses, including (without limitation) reasonable attorneys’ fees and disbursements (“Liabilities”) resulting from the exercise upon and possession of the Property pursuant to the terms of this Agreement or the construction thereon if arising from any theory of premises liability. THE PROVISIONS OF THIS SECTION 7 SHALL SURVIVE THE TERMINATION OF THIS AGREEMENT.

8. This Agreement and the possessory rights to SAWS granted herein are irrevocable by Landowner and their rights extend only to be compensated for the value of the rights taken over and above the $257,100.00 payment. By execution of this Agreement, Landowner waives the right to challenge SAWS’s right to condemn the necessary interests in the Property, but such waiver shall not extend to Landowner’s right to present evidence with respect to the compensation to be afforded to Landowner in connection therewith, and Landowner expressly reserves any, and all rights to pursue all compensation and claims for its damages and award in excess of the $257,100.00 payment.

9. The parties may continue to negotiate the compensation in this matter. Should the parties continue to be unable to agree on the amount of compensation through further negotiations,
SAWS will file eminent domain proceedings, and a Special Commissioners' hearing to determine such compensation shall be held at a date and time agreeable to the Special Commissioners and the parties, but no later than ninety (90) days following the appointment of the Special Commissioners, unless otherwise agreed by the Parties. Within sixty (60) days after the completion of the Special Commissioners' hearing, SAWS will deposit the amount of the award into the Registry of the Court, less the $257,100.00 amount which has been paid to the landowner, which shall constitute a credit against the award.

10. Landowner and SAWS agree that if any portion of this Agreement is deemed to be illegal, invalid, or unenforceable, such illegal, invalid, or unenforceable provision shall not affect the legality, validity, or enforceability of the remainder of this Agreement.

11. Landowner and SAWS agree that Texas law governs this Agreement and all obligations of the parties are performable in Bexar County, Texas.

12. This agreement runs with the land and will extend to and bind the heirs, devisees, executors, administrators, legal representatives, successors, and assigns of the parties. SAWS and Landowner agree that SAWS may record this Agreement in the real property records of Bexar County, Texas.

13. This Agreement may be executed in counterparts, which shall collectively constitute one original Agreement.

Signatures on following pages
Executed to be effective this 27th day of December, 2019

Landowner

[Signature]

JULIO GONZALEZ

STATE OF TEXAS

COUNTY OF BEXAR

This instrument was acknowledged before me on this 27th day of December, 2019, by Julio Gonzalez.

[Seal]

ALEX REYES, JR.
Notary Public, State of Texas
Comm. Expires 05-04-2022
Notary ID 131566244

Notary Public
SAWS

City of San Antonio by and through
its San Antonio Water System

By:
Name: Nancy Belinsky
Title: Vice President and General Counsel

STATE OF TEXAS $

COUNTY OF BEXAR $

This instrument was acknowledged before me on this________day of__________, 2019, by
Nancy Belinsky, Vice President and General Counsel of the San Antonio Water System, a municipal utility
of the City of San Antonio, on behalf of same.

[Seal]

__________________________________________
Notary Public
Exhibit "B"

A 0.0377 acre tract of land situated in the Maria F. Rodriguez Survey No. 4, Abstract 16, and being a portion of N.C.B. 15655, in the City of San Antonio, Bexar County, Texas, and being out of that called 25.682 acre tract of land conveyed to Julio Gonzalez, Estela Gonzalez, and Julio Gonzalez, Jr. and recorded in Volume 10973, Page 782 in the Official Public Records of Bexar County, Texas (O.P.R.), said 4.584 acres being more particularly described by metes and bounds as follows:

COMMENCING at a found ¾" iron rod in the southerly right-of-way (R.O.W.) line of S.W. Military Drive (State Loop 13), a 160' wide R.O.W. at this point, and for the northwest corner of said 25.682 acre tract of land and the northeast corner of that called 0.873 acre tract of land conveyed to The Trustees of The B. Edward Krueger and Joyce Krueger Living Trust and recorded in Volume 6802, Page 557 in the O.P.R. and at the beginning of a curve to the left:

THENCE: along and with the northerly line of said 25.682 acre tract, and the southerly R.O.W. line of S.W. Military Drive, and the arc of said non-tangent curve to the left having a radius of 293.93 feet, through a central angle of 02°15'00", an arc length of 115.45 feet, and a chord bearing of S70°44'16" E and a chord length of 115.44 feet to a ¾" iron rod with plastic cap stamped KFW SURVEYING for the northwest corner and POINT OF BEGINNING of the tract described herein;

THENCE: along and with the northerly line of said 25.682 acre tract of land, the southerly R.O.W. line of S.W. Military Drive, and the arc of said curve to the left having a radius of 293.93 feet, through a central angle of 02°16'46", an arc length of 115.47 feet, and a chord bearing of S72°56'09" E and a chord length of 115.62 feet to a ¾" iron rod with plastic cap stamped KFW EASEMENT (hereinafter referred to as "SET KFW-E") for the east corner of the tract described herein;

THENCE: N 87°50'16" W, into and with the said 25.682 acre tract of land, a distance of 116.84 feet to a SET KFW-E for the southwest corner of the tract described herein;

THENCE: N 19°08'13" E, a distance of 200 feet to the POINT OF BEGINNING and containing 0.0377 acre or 1,541 square feet, more or less, in the City of San Antonio, Bexar County, Texas, and being described in accordance with a survey prepared by KFW Surveying. Bearings are based on NAD83 Texas State Plane South Central Zone.

Job No.: 19-007
Prepared by: KFW Surveying
Date: 6-3-2019
Revised: June 2019
File: S:\W-6\2019-19-007 SAWS W-6 Military (DOCS\GONZALEZ PERM EASEMENT).pdf
Exhibit "D"

Project Name: W-6 Upper Segment
Highway 90 to SW Military Drive
SAWS Job No. 19-4519
SAWS Parcel No. P19-092T
BCAD ID No. 583325

DESCRIPTION FOR
A 4.584 ACRE
TEMPORARY WORKSPACE EASEMENT

A 4.584 acre tract of land situated in the Maria F. Rodriguez Survey No. 4, Abstract 16, and being a portion of N.C.B. 15655, in the City of San Antonio, Bexar County, Texas, and being out of that called 25.682 acre tract of land conveyed to Julio González, Estela González, and Julio González Jr. and recorded in Volume 10973, Page 782 in the Official Public Records of Bexar County, Texas (O.P.R.), said 4.584 acres being more particularly described by metes and bounds as follows:

COMMENCING at a found ½" iron rod in the southerly right-of-way (R.O.W.) line of S.W. Military Drive (State Loop 13), a 160' wide R.O.W. at this point, and for the northwest corner of said 25.682 acre tract of land and the northeast corner of that called 0.873 acre tract of land conveyed to The Trustees of The E. Edward Krueger and Joyce Krueger Living Trust and recorded in Volume 6802, Page 567 in the O.P.R.;

THENCE: E 99°31'50" W, along and with the common line of said 25.682 acre tract of land and said 0.873 acre tract of land, a distance of 102.13 feet to a ½" iron rod with plastic cap stamped KFW EASEMENT (hereinafter referred to as SET KFW) for the northwest corner and POINT OF BEGINNING of the tract described herein;

THENCE: S 70°51'47" E, into and across said 25.682 acre tract of land, a distance of 90.40 feet to a SET KFW;

THENCE: N 19°08'13" E, a distance of 70.38 feet to a ½" iron rod with plastic cap stamped KFW EASEMENT (hereinafter referred to as SET KFW);

THENCE: S 87°50'16" E, a distance of 116.84 feet to a SET KFW in the southerly R.O.W. line of S.W. Military Drive and at the beginning of a curve to the left;

THENCE: along and with the southerly line of said 25.682 acre tract of land, the southerly R.O.W. line of S.W. Military Drive, and a curve of said curve, tangent to the left having a radius of 2939.93 feet, through a central angle of 09°31'56", passing at an arc length of 118.80 feet a found ½" iron rod, passing at an arc length of 41.39 feet a found ½" iron rod, and continuing for a total arc length of 531.01 feet, and a chord length of 530.29 feet to a calculated point for the northeast corner of the tract described herein, whence a found ½" iron rod bears an arc length of 87.51 feet, and a chord bearing of S 85°13'38" E, and a chord length of 87.52 feet;

THENCE: E 99°56'13" W, into and across said 25.682 acre tract of land, a distance of 305.39 feet to a calculated point for the southeast corner of the tract described herein;

THENCE: N 75°47'51" W, a distance of 754.91 feet to a calculated point in the westerly line of said 25.682 acre tract of land and in the easterly line of that called 1.931 acre tract of land conveyed to Military Cove Apts., Inc. and recorded in Document No. 20180241425 in the O.P.R., for the southwest corner of the tract described herein;

THENCE: N 09°31'50" E, along and with the common line of said 25.682 acre tract of land and said 1.931 acre tract of land and said 0.873 acre tract of land, a distance of 187.71 feet to the POINT OF BEGINNING and containing 4.584 acres or 199,679 square feet, more or less, in City of San Antonio, Bexar County, Texas, and being described in accordance with a survey prepared by KFW Surveying. Bearings are based on NAD83 Texas State Plane South Central Zone.

Job No.:
Prepared by:
Date:
Revised:
File:

19-007
KFW Surveying
June 5, 2019
June 6, 2019
SA\Draw 2019\19-007 SAWW-6 Military\DOCS\GONZALEZ TEMP WORK ESMT DEC TCP 060419.doc
DESCRIPTION FOR
A 0.2458 OF AN ACRE TRACT

A 0.2458 of an acre tract of land situated in the Marla F. Rodriguez Survey No. 4, Abstract 16, and
being a portion of N.C.R. 15555, in the City of San Antonio, Bexar County, Texas, and being out of that
called 25.682 acre tract of land conveyed to Julio Gonzalez, Estela Gonzalez, and Julio Gonzalez, Jr.
and recorded in Volume 10973, Page 782 in the Official Public Records of Bexar County, Texas
(O.P.R.), said 0.2458 of an acre being more particularly described by metes and bounds as follows:

BEGINNING at a found ½” iron rod in the southerly right-of-way (R.O.W.) line of S.W. Military Drive
(State Loop 13), a 160’ wide R.O.W. at this point, and for the northwest corner of said 25.682 acre
tract of land and the northeast corner of that called 0.873 acre tract of land conveyed to The Trustees
of The B. Edward Krueger and Joyce Krueger Living Trust and recorded in Volume 6802, Page 567 in
the O.P.R.;

THENCE: along and with the northerly line of said 25.682 acre tract of land, the southerly R.O.W. line
of S.W. Military Drive, and the arc of said non-tangent curve to the left having radius of 2939.93
feet, through a central angle of 02'15"00’, an arc length of 115.45 feet, and a chord bearing of
S70°43'16"E and a chord length of 115.44 feet to a ½” iron rod with plastic cap stamped KFW
SURVEYING (hereinafter referred to as SET KFW) for the northwest corner of the tract described
herein, whence a found ½” iron rod bears an arc length of 30.03 feet, and a chord bearing of
S74°05'37"E, and a chord length of 230.57 feet;

THENCE: S 19°08'13"W, into and across said 0.2458 acre tract of land, passing at a distance of 30.07
feet a ½” iron rod with a plastic cap stamped "KFW EAST", and continuing for a total distance of
100.42 feet to a SET KFW for the southeast corner of the tract described herein;

THENCE: N 70°51'47"E, into and across said 0.2458 acre tract of land, a distance of 98.40 feet to
a SET KFW for the southwest corner of the tract described herein;

THENCE: N 09°31'50"E, along and with the easterly line of said 25.682 acre tract of land and said
0.873 acre tract of land, a distance of 102.14 feet to the POINT OF BEGINNING and containing
0.2458 of an acre, more or less, in City of San Antonio, Bexar County, Texas, and being described in accordance with the survey prepared by KFW Surveying. Bearings are based on
NAD83 Texas State Plane South Central Zone.

14 JUNE 2019

[Stamp]

Job #: 19-007
Prepared by: [Signature]
Date: [June 13, 2019]
Revised: [June 6, 2019]
File: [S:\Draw 2015\19-007 SAWS W-6 Military\DOCS\GONZALEZ PEE SIMPLE DESC TCP 06081]
TO: San Antonio Water System Board of Trustees  
FROM: Annette Duron, Director, Operations Support, and Jeffrey J. Haby, P.E., Vice President, Production and Treatment  
THROUGH: Robert R. Puente, President/Chief Executive Officer  
SUBJECT: AWARD OF CONSTRUCTION CONTRACT IN CONNECTION WITH THE 2020 ANNUAL SANITARY SEWER MAIN POINT REPAIR, MANHOLE ADJUSTMENTS AND LATERALS CONSTRUCTION CONTRACT, PACKAGE 1  
Board Action Date: January 14, 2020

SUMMARY AND RECOMMENDATION:

The attached resolution awards a construction contract to Facilities Rehabilitation, Inc., a local, MBE-Hispanic firm, in an amount not to exceed $1,475,700.00 in connection with the 2020 Annual Sanitary Sewer Main Point Repair, Manhole Adjustments and Laterals Construction Contract, Package 1.

- The San Antonio Water System (SAWS) is required under the Consent Decree to inspect small diameter gravity mains that are clay pipe installed prior to 1983, all small diameter concrete mains, and all large diameter mains over a period not to exceed four years using closed circuit television or pole cameras. SAWS is also required to visually inspect all other mains and clean all mains over a 10-year period.

- Inherent with such a program, there are occasions when pipe defects obstruct the passage of the cleaning nozzle and/or the television inspection camera, requiring point repairs to the pipe. Additionally, numerous manholes require adjustment in order to access the mains for cleaning and inspection. Repair or renewal of sewer service laterals is required when service to the customer is adversely impacted.

- This contract will supplement the Distribution and Collection Operations Group with outsourced construction services to perform the necessary point repairs, manhole adjustments and lateral work.

- The contract will allow for work orders to be issued. The work orders will be issued and managed by SAWS Distribution and Collection Operations and Sewer System Improvements staff, and will be charged against the contract as they are executed.

- The standard construction bidding process was used for this contract.

- Facilities Rehabilitation, Inc. has submitted the lowest responsible bid of $1,475,700.00.
Staff recommends that the Board approve this resolution.

**FINANCIAL IMPACT:**

Funds for these contract services to be provided during FY 2020 were included in the FY 2020 Annual Operating Budget and will be financed with revenues from the System Fund. The System Fund will finance the amount of $1,475,700.00 for contract services (Company: 1000; Accounting Unit: 5044500; Account: 511220). The SAWS job number is 20-1402 (CIP) for the renewal of any sewer laterals and 20-1403 (CIP) for the renewal of any manholes. The SAWS job number for all other work is 20-0106 (O&M).

Funds for these contract services to be provided during FY 2021 will be paid from System funds budgeted in the 2021 Budget, pursuant to and contingent upon Board approval of the 2021 budget with a line item for such expenditures. (Company: 1000; Accounting Unit: 5044500; Account: 511220).

**SUPPLEMENTARY COMMENTS:**

SAWS staff prepared the specifications for this project. The engineer’s estimated construction cost is $1,500,000.00.

The bid opening was held on December 4, 2019 at 10:00 a.m. The following bids were submitted:

<table>
<thead>
<tr>
<th>Bidder</th>
<th>Bid Amount</th>
<th>Local/SMWVB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facilities Rehabilitation, Inc.*</td>
<td>$1,475,700.00</td>
<td>Local/MBE-Hispanic</td>
</tr>
<tr>
<td>T Construction, LLC</td>
<td>$1,496,197.00</td>
<td>Non-Local/Non-SMWVB</td>
</tr>
<tr>
<td>Engineer’s Estimate</td>
<td>$1,500,000.00</td>
<td></td>
</tr>
</tbody>
</table>

*Lowest Responsible Bidder

The bid amount represents a 1 percent decrease from the engineer’s estimated construction cost.

The construction contract will remain in full force for a period of 548 calendar days from the Notice to Proceed date or until funds are exhausted from the contract.
Additionally, the overall SMWVB analysis is shown in the following table:

<table>
<thead>
<tr>
<th>SMWVB Analysis – Board Award</th>
</tr>
</thead>
<tbody>
<tr>
<td>SBE</td>
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<tr>
<td>MBE - African American</td>
</tr>
<tr>
<td>MBE - Asian</td>
</tr>
<tr>
<td>MBE - Hispanic</td>
</tr>
<tr>
<td>MBE - Other</td>
</tr>
<tr>
<td>WBE - Minority</td>
</tr>
<tr>
<td>WBE - Non-Minority</td>
</tr>
<tr>
<td>SMWVB Total</td>
</tr>
</tbody>
</table>

Annette Duron  
Director  
Operations Support

Jeffrey L. Haby, P.E.  
Vice President  
Production and Treatment

Robert R. Puente  
President/Chief Executive Officer
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES AWARDING A CONSTRUCTION CONTRACT TO FACILITIES REHABILITATION, INC. IN AN AMOUNT NOT TO EXCEED $1,475,700.00 IN CONNECTION WITH THE 2020 ANNUAL SANITARY SEWER MAIN POINT REPAIR, MANHOLE ADJUSTMENTS AND LATERALS CONSTRUCTION CONTRACT, PACKAGE 1; APPROVING AND MAKING AVAILABLE THE EXPENDITURE OF FUNDS IN AN AMOUNT NOT TO EXCEED $1,475,700.00 FROM THE SYSTEM FUND FOR THE PROJECT WORK, AND THAT THE SUBSEQUENT YEAR'S EXPENDITURES ARE PURSUANT TO AND CONTINGENT UPON BOARD APPROVAL OF THE SUBSEQUENT YEAR'S BUDGET WITH A LINE ITEM FOR SUCH EXPENDITURES; AUTHORIZING THE PRESIDENT/CHIEF EXECUTIVE OFFICER OR HIS DULY APPOINTED DESIGNEE TO EXECUTE A CONSTRUCTION CONTRACT WITH FACILITIES REHABILITATION, INC., AND TO PAY FACILITIES REHABILITATION, INC AN AMOUNT NOT TO EXCEED $1,475,700.00 FOR THE PROJECT WORK; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, the San Antonio Water System (the “System”) is required under the Consent Decree to inspect small diameter gravity mains that are clay pipe installed prior to 1983, all small diameter concrete mains, and all large diameter mains over a period not to exceed four years using closed circuit television or pole cameras; and

WHEREAS, the System requires construction services to perform the necessary point repairs, manhole adjustments and laterals work (the “project work”) related to the wastewater collection system maintenance program; and

WHEREAS, this contract will supplement Distribution and Collection Operations with outsourced construction services to perform the necessary point repairs, manhole adjustments and laterals work; and

WHEREAS, the System solicited bids for the project work; and
WHEREAS, Facilities Rehabilitation, Inc., a local, MBE-Hispanic firm, submitted a bid in the amount of $1,475,700.00 for the project work, and this bid has been determined to be the lowest responsible bid; and

WHEREAS, the total amount of $1,475,700.00 is available from the System Fund for the project work; and

WHEREAS, the San Antonio Water System Board of Trustees desires to (i) award a construction contract to Facilities Rehabilitation, Inc. in an amount not to exceed $1,475,700.00 in connection with the 2020 Annual Sanitary Sewer Main Point Repair, Manhole Adjustments and Laterals Construction Contract, Package 1, (ii) approve and make available an amount not to exceed $1,475,700.00 from the System Fund for the project work, and that the subsequent year’s expenditures are pursuant to and contingent upon Board approval of the subsequent year’s budget with a line item for such expenditures, and (iii) authorize the President/Chief Executive Officer or his duly appointed designee to execute a construction contract with Facilities Rehabilitation, Inc., and to pay Facilities Rehabilitation, Inc. an amount not to exceed $1,475,700.00 for the project work; now, therefore:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That a construction contract in an amount not to exceed $1,475,700.00 is hereby awarded to Facilities Rehabilitation, Inc., who is determined to be the lowest responsible bidder, in connection with the 2020 Annual Sanitary Sewer Main Point Repair, Manhole Adjustments and Laterals Construction Contract, Package 1.

2. That the expenditure of funds in an amount not to exceed $1,475,700.00 for the project work is hereby approved and made available from the System Fund, and that the subsequent year’s expenditures are pursuant to and contingent upon Board approval of the subsequent year’s budget with a line item for such expenditures.

3. That the President/Chief Executive Officer or his duly appointed designee is hereby authorized to execute a construction contract with Facilities Rehabilitation, Inc., and to pay Facilities Rehabilitation, Inc. an amount not to exceed $1,475,700.00 in connection with the 2020 Annual Sanitary Sewer Main Point Repair, Manhole Adjustments and Laterals Construction Contract, Package 1.

4. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

5. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective,
the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid or ineffective.

6. This resolution becomes effective immediately upon its passage.

PASSED AND APPROVED this 14th day of January, 2020.

___________________________
Berto Guerra, Jr., Chairman

ATTEST:

_____________________________
Amy Hardberger, Secretary
TO: San Antonio Water System Board of Trustees

FROM: Annette Duron, Director, Operations Support, and Jeffrey J. Haby, P.E., Vice President, Production and Treatment

THROUGH: Robert R. Puente, President/Chief Executive Officer

SUBJECT: AWARD OF CONSTRUCTION CONTRACT IN CONNECTION WITH THE 2020 ANNUAL SANITARY SEWER MAIN POINT REPAIR, MANHOLE ADJUSTMENTS AND LATERALS CONSTRUCTION CONTRACT, PACKAGE 2

Board Action Date: January 14, 2020

SUMMARY AND RECOMMENDATION:

The attached resolution awards a construction contract to T Construction, LLC, a non-local, non-SMWVB firm, in an amount not to exceed $1,484,297.00 in connection with the 2020 Annual Sanitary Sewer Main Point Repair, Manhole Adjustments and Laterals Construction Contract, Package 2.

- The San Antonio Water System (SAWS) is required under the Consent Decree to inspect small diameter gravity mains that are clay pipe installed prior to 1983, all small diameter concrete mains, and all large diameter mains over a period not to exceed four years using closed circuit television or pole cameras. SAWS is also required to visually inspect all other mains and clean all mains over a 10-year period.

- Inherent with such a program, there are occasions when pipe defects obstruct the passage of the cleaning nozzle and/or the television inspection camera, requiring point repairs to the pipe. Additionally, numerous manholes require adjustment in order to access the mains for cleaning and inspection. Repair or renewal of sewer service laterals is required when service to the customer is adversely impacted.

- This contract will supplement the Distribution and Collection Operations Group with outsourced construction services to perform the necessary point repairs, manhole adjustments and lateral work.

- The contract will allow for work orders to be issued. The work orders will be issued and managed by SAWS Distribution and Collection Operations and Sewer System Improvements staff, and will be charged against the contract as they are executed.

- The standard construction bidding process was used for this contract.

- T Construction, LLC has submitted the lowest responsible bid of $1,484,297.00.
Staff recommends that the Board approve this resolution.

**FINANCIAL IMPACT:**

Funds for these contract services to be provided during FY 2020 were included in the FY 2020 Annual Operating Budget and will be financed with revenues from the System Fund. The System Fund will finance the amount of $1,484,297.00 for contract services (Company: 1000; Accounting Unit: 5044500; Account: 511220). The SAWS job number is 20-1402 (CIP) for the renewal of any sewer laterals and 20-1403 (CIP) for the renewal of any manholes. The SAWS job number for all other work is 20-0107 (O&M).

Funds for these contract services to be provided during FY 2021 will be paid from System funds budgeted in the 2021 Budget, pursuant to and contingent upon Board approval of the 2021 budget with a line item for such expenditures. (Company: 1000; Accounting Unit: 5044500; Account: 511220).

**SUPPLEMENTARY COMMENTS:**

SAWS staff prepared the specifications for this project. The engineer’s estimated construction cost is $1,500,000.00.

The bid opening was held on December 4, 2019 at 1:30 p.m. The following bids were submitted:

<table>
<thead>
<tr>
<th>Bidder</th>
<th>Bid Amount</th>
<th>Local/SMWVB</th>
</tr>
</thead>
<tbody>
<tr>
<td>T Construction, LLC*</td>
<td>$1,484,297.00</td>
<td>Non-Local/Non-SMWV</td>
</tr>
<tr>
<td>Facilities Rehabilitation, Inc.</td>
<td>$1,486,700.00</td>
<td>Local/MBE-Hispanic</td>
</tr>
<tr>
<td>Engineer’s Estimate</td>
<td>$1,500,000.00</td>
<td></td>
</tr>
</tbody>
</table>

*Lowest Responsible Bidder

The bid amount represents a 1 percent decrease from the engineer’s estimated construction cost.

The construction contract will remain in full force for a period of 548 calendar days from the Notice to Proceed date or until funds are exhausted from the contract.
Additionally, the overall SMWVB analysis is shown in the following table:

<table>
<thead>
<tr>
<th>SMWVB Analysis – Board Award</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>SBE</td>
<td>16.57%</td>
</tr>
<tr>
<td>MBE - African American</td>
<td>0.00%</td>
</tr>
<tr>
<td>MBE - Asian</td>
<td>0.00%</td>
</tr>
<tr>
<td>MBE - Hispanic</td>
<td>0.00%</td>
</tr>
<tr>
<td>MBE - Other</td>
<td>0.00%</td>
</tr>
<tr>
<td>WBE - Minority</td>
<td>0.00%</td>
</tr>
<tr>
<td>WBE - Non-Minority</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>SMWVB Total</strong></td>
<td><strong>16.57%</strong></td>
</tr>
</tbody>
</table>

Annette Duron  
Director  
Operations Support

Jeffrey J. Haby, P.E.  
Vice President  
Production and Treatment

Robert R. Puente  
President/Chief Executive Officer
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES AWARDING A CONSTRUCTION CONTRACT TO T CONSTRUCTION, LLC IN AN AMOUNT NOT TO EXCEED $1,484,297.00 IN CONNECTION WITH THE 2020 ANNUAL SANITARY SEWER MAIN POINT REPAIR, MANHOLE ADJUSTMENTS AND LATERALS CONSTRUCTION CONTRACT, PACKAGE 2; APPROVING AND MAKING AVAILABLE THE EXPENDITURE OF FUNDS IN AN AMOUNT NOT TO EXCEED $1,484,297.00 FROM THE SYSTEM FUND FOR THE PROJECT WORK, AND THAT THE SUBSEQUENT YEAR’S EXPENDITURES ARE PURSUANT TO AND CONTINGENT UPON BOARD APPROVAL OF THE SUBSEQUENT YEAR’S BUDGET WITH A LINE ITEM FOR SUCH EXPENDITURES; AUTHORIZING THE PRESIDENT/CHIEF EXECUTIVE OFFICER OR HIS DULY APPOINTED DESIGNEE TO EXECUTE A CONSTRUCTION CONTRACT WITH T CONSTRUCTION, LLC, AND TO PAY T CONSTRUCTION, LLC AN AMOUNT NOT TO EXCEED $1,484,297.00 FOR THE PROJECT WORK; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, the San Antonio Water System (the “System”) is required under the Consent Decree to inspect small diameter gravity mains that are clay pipe installed prior to 1983, all small diameter concrete mains, and all large diameter mains over a period not to exceed four years using closed circuit television or pole cameras; and

WHEREAS, the System requires construction services to perform the necessary point repairs, manhole adjustments and laterals work (the “project work”) related to the wastewater collection system maintenance program; and

WHEREAS, this contract will supplement Distribution and Collection Operations with outsourced construction services to perform the necessary point repairs, manhole adjustments and laterals work; and

WHEREAS, the System solicited bids for the project work; and
WHEREAS, T Construction, LLC, a non-local, non-SMWVB firm, submitted a bid in the amount of $1,484,297.00 for the project work, and this bid has been determined to be the lowest responsible bid; and

WHEREAS, the total amount of $1,484,297.00 is available from the System Fund for the project work; and

WHEREAS, the San Antonio Water System Board of Trustees desires to (i) award a construction contract to T Construction, LLC in an amount not to exceed $1,484,297.00 in connection with the 2020 Annual Sanitary Sewer Main Point Repair, Manhole Adjustments and Laterals Construction Contract, Package 2, (ii) approve and make available an amount not to exceed $1,484,297.00 from the System Fund for the project work, and that the subsequent year’s expenditures are pursuant to and contingent upon Board approval of the subsequent year’s budget with a line item for such expenditures, and (iii) authorize the President/Chief Executive Officer or his duly appointed designee to execute a construction contract with T Construction, LLC, and to pay T Construction, LLC an amount not to exceed $1,484,297.00 for the project work; now, therefore:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That a construction contract in an amount not to exceed $1,484,297.00 is hereby awarded to T Construction, LLC, who is determined to be the lowest responsible bidder, in connection with the 2020 Annual Sanitary Sewer Main Point Repair, Manhole Adjustments and Laterals Construction Contract, Package 2.

2. That the expenditure of funds in an amount not to exceed $1,484,297.00 for the project work is hereby approved and made available from the System Fund, and that the subsequent year’s expenditures are pursuant to and contingent upon Board approval of the subsequent year’s budget with a line item for such expenditures.

3. That the President/Chief Executive Officer or his duly appointed designee is hereby authorized to execute a construction contract with T Construction, LLC, and to pay T Construction, LLC an amount not to exceed $1,484,297.00 in connection with the 2020 Annual Sanitary Sewer Main Point Repair, Manhole Adjustments and Laterals Construction Contract, Package 2.

4. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

5. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective,
the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid or ineffective.

6. This resolution becomes effective immediately upon its passage.

PASSED AND APPROVED this 14th day of January, 2020.

______________________________  
Berto Guerra, Jr., Chairman

ATTEST:

______________________________  
Amy Hardberger, Secretary
TO:                San Antonio Water System Board of Trustees
FROM:            Annette Duron, Director, Operations Support, and Jeffrey J. Haby, P.E., Vice President, Production and Treatment
THROUGH:        Robert R. Puente, President/Chief Executive Officer
SUBJECT:     AWARD OF CONSTRUCTION CONTRACT IN CONNECTION WITH THE 2020 SANITARY SEWER LATERALS RENEWAL AND REPAIR CONSTRUCTION CONTRACT, PACKAGE 1

Board Action Date: January 14, 2020

SUMMARY AND RECOMMENDATION:

The attached resolution awards a construction contract to Facilities Rehabilitation, Inc., a local, MBE-Hispanic firm, in an amount not to exceed $1,987,050.00 in connection with the 2020 Sanitary Sewer Laterals Renewal and Repair Construction Contract, Package 1.

- Building/Private Property Backups are defined by the Consent Decree as wastewater backups into a building that are caused by blockages, malfunctions, or flow conditions in the Wastewater Collection and Transmission (a.k.a. Sanitary Sewer) System (WCTS) owned by the San Antonio Water System (SAWS), which includes sewer laterals owned by SAWS.

- SAWS takes remedial measures to resolve Building/Private Property Backups which are a result of deficiencies in the SAWS WCTS and may include repair or replacement of the portion of the lateral owned by SAWS.

- This contract will supplement the Distribution and Collection Operations Group with outsourced construction services to perform the necessary remedial measures to renew or repair laterals owned by SAWS.

- The contract will allow for work orders to be issued and managed by SAWS staff for the renewal and repair of laterals. The work orders will be charged against the contract as they are executed.

- The standard construction bidding process was used for this contract.

- Facilities Rehabilitation, Inc. has submitted the lowest responsible bid of $1,987,050.00.

Staff recommends that the Board approve this resolution.
FINANCIAL IMPACT:

Funds for these contract services to be provided during FY 2020 were included in the FY 2020 Annual Operating Budget. The System Fund will finance the amount of $1,987,050.00 for contract services (Company: 1000; Accounting Unit: 5044500; Account 511220). The SAWS job number for the renewal of sewer laterals is 20-1402 (CIP). The SAWS job number for all other work is 20-0104 (O&M).

Funds for these contract services to be provided during FY 2021 will be paid from System funds budgeted in the 2021 Budget, pursuant to and contingent upon Board approval of the 2021 budget with a line item for such expenditures (Company: 1000; Accounting Unit: 5044500; Account: 511220).

SUPPLEMENTARY COMMENTS:

SAWS staff prepared the specifications for this project. The engineer’s estimated construction cost is $2,400,000.00.

A bid opening was held on December 3, 2019, at 10:00 a.m. The following bids were submitted:

<table>
<thead>
<tr>
<th>Bidders</th>
<th>Bid Amount</th>
<th>Local/SMWVB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facilities Rehabilitation, Inc.*</td>
<td>$1,987,050.00</td>
<td>Local/MBE-Hispanic</td>
</tr>
<tr>
<td>Texas Pride Utilities</td>
<td>$2,088,360.00</td>
<td>Local/MBE-Hispanic</td>
</tr>
<tr>
<td>Engineer’s Estimate</td>
<td>$2,400,000.00</td>
<td></td>
</tr>
<tr>
<td>Pronto Sandblasting &amp; Coating &amp; Oil Field Services Co., Inc.</td>
<td>$3,174,495.00</td>
<td>Local/MBE-Hispanic</td>
</tr>
</tbody>
</table>

* Lowest Responsible Bidder

The bid amount represents a 17.2 percent decrease from the engineer’s estimated construction cost.

The construction contract will remain in full force for a period of one year (365 calendar days) from the Notice to Proceed date or until funds are exhausted from the contract.
Additionally, the overall SMWVB analysis is shown in the following table:

<table>
<thead>
<tr>
<th>Facilities Rehabilitation, Inc.</th>
<th>SMWVB Analysis – Board Award</th>
</tr>
</thead>
<tbody>
<tr>
<td>SBE</td>
<td>0.00%</td>
</tr>
<tr>
<td>MBE - African American</td>
<td>0.00%</td>
</tr>
<tr>
<td>MBE - Asian</td>
<td>0.00%</td>
</tr>
<tr>
<td>MBE - Hispanic</td>
<td>98.99%</td>
</tr>
<tr>
<td>MBE - Other</td>
<td>0.00%</td>
</tr>
<tr>
<td>WBE - Minority</td>
<td>0.00%</td>
</tr>
<tr>
<td>WBE - Non-Minority</td>
<td>0.00%</td>
</tr>
<tr>
<td>SMWVB Total</td>
<td>98.99%</td>
</tr>
</tbody>
</table>

Annette Duron
Director
Operations Support

APPROVED:

Robert R. Puente
President/Chief Executive Officer

Jeffrey J. Haby, P.E.
Vice President
Production and Treatment
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES AWARDING A CONSTRUCTION CONTRACT TO FACILITIES REHABILITATION, INC. IN AN AMOUNT NOT TO EXCEED $1,987,050.00 IN CONNECTION WITH THE 2020 SANITARY SEWER LATERALS RENEWAL AND REPAIR CONSTRUCTION CONTRACT, PACKAGE 1; APPROVING AND MAKING AVAILABLE THE EXPENDITURE OF FUNDS IN AN AMOUNT NOT TO EXCEED $1,987,050.00 FROM THE SYSTEM FUND FOR THE PROJECT WORK, AND THAT THE SUBSEQUENT YEAR'S EXPENDITURES ARE PURSUANT TO AND CONTINGENT UPON BOARD APPROVAL OF THE SUBSEQUENT YEAR'S BUDGET WITH A LINE ITEM FOR SUCH EXPENDITURES; AUTHORIZING THE PRESIDENT/CHIEF EXECUTIVE OFFICER OR HIS DULY APPOINTED DESIGNEE TO EXECUTE A CONSTRUCTION CONTRACT WITH FACILITIES REHABILITATION, INC., AND TO PAY FACILITIES REHABILITATION, INC. AN AMOUNT NOT TO EXCEED $1,987,050.00 FOR THE PROJECT WORK; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, Building/Private Property Backups are defined by the Consent Decree to be when wastewater backups into a building that are caused by blockages, malfunctions, or flow conditions in the Wastewater Collection and Transmission (a.k.a. Sanitary Sewer) System (WCTS) owned by the San Antonio Water System (the “System”), which includes sewer laterals owned by the System; and

WHEREAS, the System requires construction services to perform the necessary remedial measures (the “project work”) to resolve condition deficiencies in the System laterals; and

WHEREAS, this contract will supplement the Distribution and Collection Operations Group with outsourced construction services to perform the necessary renewal and repair of laterals; and

WHEREAS, the System solicited bids for the project work; and
WHEREAS, Facilities Rehabilitation, Inc., a local, MBE-Hispanic firm, submitted a bid in the amount of $1,987,050.00 for the project work and has been determined to be the lowest responsible bidder; and

WHEREAS, the total amount of $1,987,050.00 is available from the System Fund for the project work; and

WHEREAS, the San Antonio Water System Board of Trustees desires to (i) award a construction contract to Facilities Rehabilitation, Inc. in an amount not to exceed $1,987,050.00 in connection with the 2020 Sanitary Sewer Laterals Renewal and Repair Construction Contract, Package 1, (ii) approve and make available an amount not to exceed $1,987,050.00 from the System Fund for the project work, and that the subsequent year’s expenditures are pursuant to and contingent upon Board approval of the subsequent year’s budget with a line item for such expenditures, and (iii) authorize the President/Chief Executive Officer or his duly appointed designee to execute a construction contract with Facilities Rehabilitation, Inc., and to pay Facilities Rehabilitation, Inc. an amount not to exceed $1,987,050.00 for the project work; now, therefore:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That a construction contract in an amount not to exceed $1,987,050.00 is hereby awarded to Facilities Rehabilitation, Inc., who is determined to be the lowest responsible bidder, in connection with the 2020 Sanitary Sewer Laterals Renewal and Repair Construction Contract, Package 1.

2. That the expenditure of funds in an amount not to exceed $1,987,050.00 for the project work is hereby approved and made available from the System Fund, and that the subsequent year’s expenditures are pursuant to and contingent upon Board approval of the subsequent year’s budget with a line item for such expenditures.

3. That the President/Chief Executive Officer or his duly appointed designee is hereby authorized to execute a construction contract with Facilities Rehabilitation, Inc., and to pay Facilities Rehabilitation, Inc. an amount not to exceed $1,987,050.00 in connection with the 2020 Sanitary Sewer Laterals Renewal and Repair Construction Contract, Package 1.

4. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

5. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid or ineffective.
6. This resolution becomes effective immediately upon its passage.

PASSED AND APPROVED this 14th day of January, 2020.

___________________________
Berto Guerra, Jr., Chairman

ATTEST:

_____________________________
Amy Hardberger, Secretary
TO: San Antonio Water System Board of Trustees
FROM: Annette Duron, Director, Operations Support, and Jeffrey J. Haby, P.E., Vice President, Production and Treatment
THROUGH: Robert R. Puente, President/Chief Executive Officer

SUBJECT: AWARD OF CONSTRUCTION CONTRACT IN CONNECTION WITH THE 2020 SANITARY SEWER LATERALS RENEWAL AND REPAIR CONSTRUCTION CONTRACT, PACKAGE 2

Board Action Date: January 14, 2020

SUMMARY AND RECOMMENDATION:

The attached resolution awards a construction contract to Texas Pride Utilities, a local, MBE-Hispanic firm, in an amount not to exceed $1,925,260.00 in connection with the 2020 Sanitary Sewer Laterals Renewal and Repair Construction Contract, Package 2.

- Building/Private Property Backups are defined by the Consent Decree as wastewater backups into a building that are caused by blockages, malfunctions, or flow conditions in the Wastewater Collection and Transmission (a.k.a. Sanitary Sewer) System (WCTS) owned by the San Antonio Water System (SAWS), which includes sewer laterals owned by SAWS.

- SAWS takes remedial measures to resolve Building/Private Property Backups which are a result of deficiencies in the SAWS WCTS and may include repair or replacement of the portion of the lateral owned by SAWS.

- This contract will supplement the Distribution and Collection Operations Group with outsourced construction services to perform the necessary remedial measures to renew or repair laterals owned by SAWS.

- The contract will allow for work orders to be issued and managed by SAWS staff for the renewal and repair of laterals. The work orders will be charged against the contract as they are executed.

- The standard construction bidding process was used for this contract.

- Texas Pride Utilities has submitted the lowest responsible bid of $1,925,260.00.

Staff recommends that the Board approve this resolution.
FINANCIAL IMPACT:

Funds for these contract services to be provided during FY 2020 were included in the FY 2020 Annual Operating Budget. The System Fund will finance the amount of $1,925,260.00 for contract services (Company: 1000; Accounting Unit: 5044500; Account 511220). The SAWS job number for the renewal of sewer laterals is 20-1402 (CIP). The SAWS job number for all other work is 20-0105 (O&M).

Funds for these contract services to be provided during FY 2021 will be paid from System funds budgeted in the 2021 Budget, pursuant to and contingent upon Board approval of the 2021 budget with a line item for such expenditures (Company: 1000; Accounting Unit: 5044500; Account: 511220).

SUPPLEMENTARY COMMENTS:

SAWS staff prepared the specifications for this project. The engineer’s estimated construction cost is $2,400,000.00.

A bid opening was held on December 3, 2019 at 2:00 p.m. The following bids were submitted:

<table>
<thead>
<tr>
<th>Bidders</th>
<th>Bid Amount</th>
<th>Local/SMWVB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Texas Pride Utilities*</td>
<td>$1,925,260.00</td>
<td>Local/MBE-Hispanic</td>
</tr>
<tr>
<td>Bartek Construction, Inc.</td>
<td>$1,949,575.00</td>
<td>Local/SBE</td>
</tr>
<tr>
<td>Facilities Rehabilitation, Inc.</td>
<td>$1,987,050.00</td>
<td>Local/MBE-Hispanic</td>
</tr>
<tr>
<td><strong>Engineer’s Estimate</strong></td>
<td><strong>$2,400,000.00</strong></td>
<td></td>
</tr>
</tbody>
</table>

* Lowest Responsible Bidder

The bid amount represents a 19.8 percent decrease from the engineer’s estimated construction cost.

The construction contract will remain in full force for a period of one year (365 calendar days) from the Notice to Proceed date or until funds are exhausted from the contract.
Additionally, the overall SMWVB analysis is shown in the following table:

<table>
<thead>
<tr>
<th>Texas Pride Utilities</th>
<th>2020 Sanitary Sewer Laterals Renewal and Repair Construction Contract, Package 2</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SMWVB Analysis – Board Award</strong></td>
<td></td>
</tr>
<tr>
<td>SBE</td>
<td>0.00%</td>
</tr>
<tr>
<td>MBE - African American</td>
<td>0.00%</td>
</tr>
<tr>
<td>MBE - Asian</td>
<td>0.00%</td>
</tr>
<tr>
<td>MBE - Hispanic</td>
<td>100.00%</td>
</tr>
<tr>
<td>MBE - Other</td>
<td>0.00%</td>
</tr>
<tr>
<td>WBE - Minority</td>
<td>0.00%</td>
</tr>
<tr>
<td>WBE - Non-Minority</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>SMWVB Total</strong></td>
<td><strong>100.00%</strong></td>
</tr>
</tbody>
</table>

Annette Duron
Director
Operations Support

APPROVED:

Jeffrey J. Hany, P.E.
Vice President
Production and Treatment

Robert R. Puente
President/Chief Executive Officer
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES AWARDING A CONSTRUCTION CONTRACT TO TEXAS PRIDE UTILITIES IN AN AMOUNT NOT TO EXCEED $1,925,260.00 IN CONNECTION WITH THE 2020 SANITARY SEWER LATERALS RENEWAL AND REPAIR CONSTRUCTION CONTRACT, PACKAGE 2; APPROVING AND MAKING AVAILABLE THE EXPENDITURE OF FUNDS IN AN AMOUNT NOT TO EXCEED $1,925,260.00 FROM THE SYSTEM FUND FOR THE PROJECT WORK, AND THAT THE SUBSEQUENT YEAR’S EXPENDITURES ARE PURSUANT TO AND CONTINGENT UPON BOARD APPROVAL OF THE SUBSEQUENT YEAR’S BUDGET WITH A LINE ITEM FOR SUCH EXPENDITURES; AUTHORIZING THE PRESIDENT/CHIEF EXECUTIVE OFFICER OR HIS DULY APPOINTED DESIGNEE TO EXECUTE A CONSTRUCTION CONTRACT WITH TEXAS PRIDE UTILITIES, AND TO PAY TEXAS PRIDE UTILITIES AN AMOUNT NOT TO EXCEED $1,925,260.00 FOR THE PROJECT WORK; FUNDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, Building/Private Property Backups are defined by the Consent Decree to be when wastewater backups into a building that are caused by blockages, malfunctions, or flow conditions in the Wastewater Collection and Transmission (a.k.a. Sanitary Sewer) System (WCTS) owned by the San Antonio Water System (the “System”), which includes sewer laterals owned by the System; and

WHEREAS, the System requires construction services to perform the necessary remedial measures (the “project work”) to resolve condition deficiencies in the System laterals; and

WHEREAS, this contract will supplement the Distribution and Collection Operations Group with outsourced construction services to perform the necessary renewal and repair of laterals; and

WHEREAS, the System solicited bids for the project work; and
WHEREAS, Texas Pride Utilities, a local, MBE-Hispanic firm, submitted a bid in the amount of $1,925,260.00 for the project work, and has been determined to be the lowest responsible bidder; and

WHEREAS, the total amount of $1,925,260.00 is available from the System Fund for the project work; and

WHEREAS, the San Antonio Water System Board of Trustees desires to (i) award a construction contract to Texas Pride Utilities in an amount not to exceed $1,925,260.00 in connection with the 2020 Sanitary Sewer Laterals Renewal and Repair Construction Contract, Package 2, (ii) approve and make available an amount not to exceed $1,925,260.00 from the System Fund for the project work, and that the subsequent year’s expenditures are pursuant to and contingent upon Board approval of the subsequent year’s budget with a line item for such expenditures, and (iii) authorize the President/Chief Executive Officer or his duly appointed designee to execute a construction contract with Texas Pride Utilities, and to pay Texas Pride Utilities an amount not to exceed $1,925,260.00 for the project work; now, therefore:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That a construction contract in an amount not to exceed $1,925,260.00 is hereby awarded to Texas Pride Utilities, who is determined to be the lowest responsible bidder, in connection with the 2020 Sanitary Sewer Laterals Renewal and Repair Construction Contract, Package 2.

2. That the expenditure of funds in an amount not to exceed $1,925,260.00 for the project work is hereby approved and made available from the System Fund, and that the subsequent year’s expenditures are pursuant to and contingent upon Board approval of the subsequent year’s budget with a line item for such expenditures.

3. That the President/Chief Executive Officer or his duly appointed designee is hereby authorized to execute a construction contract with Texas Pride Utilities, and to pay Texas Pride Utilities an amount not to exceed $1,925,260.00 in connection with the 2020 Sanitary Sewer Laterals Renewal and Repair Construction Contract, Package 2.

4. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

5. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid or ineffective.
6. This resolution becomes effective immediately upon its passage.

PASSED AND APPROVED this 14th day of January, 2020.

___________________________
Berto Guerra, Jr., Chairman

ATTEST:

_____________________________
Amy Hardberger, Secretary
TO: San Antonio Water System Board of Trustees

FROM: Darren Thompson, Director, Water Resources and Donovan Burton, Vice President, Water Resources, Conservation and Governmental Relations

THROUGH: Robert R. Puente, President/Chief Executive Officer

SUBJECT: AWARD OF A PROFESSIONAL SERVICES CONTRACT FOR SPECIALIZED WATER LOSS CONTROL CONSULTANT SERVICES

Board Action Date: January 14, 2020

SUMMARY AND RECOMMENDATION:

The attached resolution awards a professional services contract to Water Systems Optimization, Inc., (WSO), a non-local, non-SMWVB firm, for a period of three years in an amount not to exceed $300,000.00 with the option for two, one-year extensions for $100,000.00 each in connection with specialized Water Loss Control consulting services.

- Water utilities across the globe are challenged with efficiently producing, transporting, and delivering water to their customers. San Antonio Water System (SAWS) is no different. Water loss control is a complex issue with no single solution. In order to develop, implement, and manage a water loss control program, a utility must have a detailed understanding of their production and distribution system. Staff, with assistance of a water loss control consultant, has spent the last six years collecting and analyzing relevant information to develop a water loss control plan that is both cost effective and implementable. Water loss control consultants provide a specialized skillset crucial to the successful development and implementation of a cost effective water loss control program.

- A Request for Qualifications was issued on October 7, 2019 to firms for specialized water loss control services. Two statements of interest were received by SAWS. A two-tier selection format was utilized to determine the most qualified consultant.

- WSO was selected to provide professional services under the contract, beginning upon execution in 2020.
  - WSO is a premier, nationally recognized consulting firm focused solely on water loss control. They work with water utilities across the United States developing water loss control programs through the use of analytics, education, and field services. In addition, they perform and publish their own research to advance the water loss control industry.

- The consulting services related to this contract award will be on an as-needed task order basis to address issues and concerns that arise requiring specialized professional services. Professional water loss control services include, but are not limited to the following:
professional planning, statistically valid sampling and data collection design, water meter testing data analysis and procedures development assistance, advise on best business practices, involvement for continued auditing validation, loss control strategy intervention(s) evaluations, reporting to support cost effective water loss control, and development of water loss control plan.

Staff recommends that the Board approve this resolution.

**FINANCIAL IMPACT:**

Services will be paid from the System Fund in a not to exceed amount of $100,000.00 annually for water loss control support activities over the initial three-year period for a total contract amount not to exceed $300,000.00, and up to two, one-year extensions in the amount of $100,000.00 each. Subsequent expenditures are made pursuant to and contingent upon Board approval of future years’ budgets with a line item for such expenditures (Company: 1000, Accounting Unit: 5006000, Account Code: 511312, Total amount: $300,000.00).

Funds for subsequent years of the contract’s extension periods shall be pursuant to the appropriations made in annual budgets and are contingent upon Board approval of the annual budget with a line item for such expenditures.

<table>
<thead>
<tr>
<th>YEAR</th>
<th>Water Resources O&amp;M Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>$100,000.00</td>
</tr>
<tr>
<td>2021</td>
<td>$100,000.00</td>
</tr>
<tr>
<td>2022</td>
<td>$100,000.00</td>
</tr>
<tr>
<td>2023 (Option)</td>
<td>$100,000.00</td>
</tr>
<tr>
<td>2024 (Option)</td>
<td>$100,000.00</td>
</tr>
<tr>
<td>Total</td>
<td><strong>$500,000.00</strong></td>
</tr>
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</table>

**SUPPLEMENTARY COMMENTS:**

The firms that provided interest statements for this project are listed below:

<table>
<thead>
<tr>
<th>Name of Firm</th>
<th>Local/SMWVB</th>
</tr>
</thead>
<tbody>
<tr>
<td>M.E. Simpson, Inc.</td>
<td>Non-Local/Non-SMWVWB</td>
</tr>
<tr>
<td><strong>Water Systems Optimization, Inc.</strong>*</td>
<td><strong>Non-Local/Non-SMWVWB</strong></td>
</tr>
</tbody>
</table>

*Selected Firm

WSO, Inc. proposes to use the following sub-consultant for services on this contract:

<table>
<thead>
<tr>
<th>Name of Firm</th>
<th>Percent of Fee</th>
<th>Local/SMWVB</th>
</tr>
</thead>
<tbody>
<tr>
<td>A-1 Engineering, LLC</td>
<td>10.00%</td>
<td>Local/MBE-Hispanic</td>
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</tbody>
</table>
Additionally, the overall SMWVB analysis is shown in the following table:

<table>
<thead>
<tr>
<th>Specialized Water Loss Control Consultant Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>WSO, Inc.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SMWVB Analysis – Board Award</th>
</tr>
</thead>
<tbody>
<tr>
<td>SBE</td>
</tr>
<tr>
<td>MBE – African American</td>
</tr>
<tr>
<td>MBE – Asian</td>
</tr>
<tr>
<td>MBE – Hispanic</td>
</tr>
<tr>
<td>MBE – Other</td>
</tr>
<tr>
<td>WBE – Minority</td>
</tr>
<tr>
<td>WBE – Non–Minority</td>
</tr>
<tr>
<td>SMWVB Total</td>
</tr>
</tbody>
</table>

**APPROVED:**

Darren Thompson  
Director  
Water Resources

Donovan S. Burton  
Vice President  
Water Resources and Governmental Relations

Robert R. Puente  
President/Chief Executive Officer
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES AWARDING A PROFESSIONAL SERVICES CONTRACT TO WATER SYSTEMS OPTIMIZATION, INC. FOR A PERIOD OF THREE YEARS IN AN AMOUNT NOT TO EXCEED $300,000.00 WITH TWO, ONE-YEAR EXTENSION OPTIONS FOR $100,000.00 EACH IN CONNECTION WITH THE SPECIALIZED WATER LOSS CONTROL SERVICES; APPROVING THE EXPENDITURE OF FUNDS IN AN AMOUNT NOT TO EXCEED $300,000.00 FROM THE SYSTEM FUND FOR THE INITIAL THREE-YEAR TERM, PURSUANT TO AND CONTINGENT UPON BOARD APPROVAL OF SUBSEQUENT YEARS' ANNUAL BUDGETS WITH A LINE ITEM FOR SUCH EXPENDITURES; AUTHORIZING THE PRESIDENT/CHIEF EXECUTIVE OFFICER OR HIS DULY APPOINTED DESIGNEE TO EXECUTE A PROFESSIONAL SERVICES CONTRACT WITH WATER SYSTEMS OPTIMIZATION, INC., AND TO PAY WATER SYSTEMS OPTIMIZATION, INC. AN AMOUNT NOT TO EXCEED $300,000.00 FOR THE PROFESSIONAL SERVICES CONTRACT; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, the San Antonio Water System (the “System”) has a need for Specialized Water Loss Control Consultant services to support the System’s efforts to develop, implement, and manage a water loss control program; and

WHEREAS, the System has solicited Qualification Statements for the required services in connection with this work; and

WHEREAS, Water Systems Optimization, Inc., a non-local, non-SMWVB firm, has been determined to be the most qualified provider of the required Specialized Water Loss Control Consultant Services on the basis of demonstrated competence and qualifications; and

WHEREAS, the consulting services related to this contract award will be on an as-needed task order basis to address issues and concerns that arise requiring specialized professional services. The professional water loss control services include, but are not limited to the following: professional planning, statistically valid sampling and data collection design, water meter testing data analysis and procedures development assistance, advise on best business practices, involvement for continued auditing validation, loss control strategy intervention(s) evaluations,
reporting to support cost effective water loss control, and development of water loss control plan; and

WHEREAS, the San Antonio Water System Board of Trustees desires (i) to award a professional services contract to Water Systems Optimization, Inc. in an amount not to exceed $300,000.00 for a period of three years with two, one-year extension options in the amount of $100,000.00 in connection with the Specialized Water Loss Control Consultant Services, (ii) to approve the expenditure of funds in an amount not to exceed $300,000.00 from the System Fund for the initial three-year term, and that subsequent expenditures are made pursuant to and contingent upon Board approval of subsequent years’ budgets with a line item for such expenditures, and (iii) to authorize the President/Chief Executive Officer or his duly appointed designee to execute a professional services contract with Water Systems Optimization, Inc., and to pay Water Systems Optimization, Inc. an amount not to exceed $300,000.00 for the water loss control consultant services work in connection with the Specialized Water Loss Control Consultant Services; now, therefore:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That a professional services contract is hereby awarded to Water Systems Optimization, Inc. in an amount not to exceed $100,000.00 annually for a period of three years with two, one-year extension options in connection with the Specialized Water Loss Control Consultant Services.

2. That an amount not to exceed $300,000.00 is hereby made available and is to be expended from the System Fund for the initial three-year term, and that subsequent expenditures are made pursuant to and contingent upon Board approval of subsequent years’ budgets with a line item for such expenditures.

3. That the President/Chief Executive Officer or his duly appointed designee is hereby authorized to execute a professional services contract with Water Systems Optimization, Inc., and to pay Water Systems Optimization, Inc. an amount not to exceed $300,000.00 for the initial three-year term in connection with the Specialized Water Loss Control Consultant Services contract.

4. It is officially found, determined, and declared that the meeting at which this resolution is adopted was open to the public, and that the public notice of the time, place, and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

5. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid or ineffective.
6. This resolution becomes effective immediately upon its passage.

PASSED AND APPROVED this 14th day of January, 2020.

_____________________________
Berto Guerra, Jr., Chairman

ATTEST:

______________________________
Amy Hardberger, Secretary
AGENDA ITEM NO. 19

TO: San Antonio Water System Board of Trustees

FROM: Darren Thompson, Director, Water Resources, and Donovan Burton, Vice President, Water Resources and Governmental Relations

THROUGH: Robert R. Puente, President/Chief Executive Officer

SUBJECT: REAPPOINTING RETURNING MEMBERS FOR A TERM EXPIRING DECEMBER 31, 2021, AND APPOINTING THE CHAIRPERSON TO THE CITIZENS ADVISORY PANEL FOR A ONE-YEAR TERM EXPIRING DECEMBER 31, 2020

Board Action Date: January 14, 2020

SUMMARY AND RECOMMENDATION:

The attached resolution reappoints members for a two-year term and appoints a Chairperson for a one-year term to the Citizens Advisory Panel (CAP) beginning 2020. The CAP provides input to the Board regarding water resource policies, plans, and projects.

- The CAP was created by Resolution No. 98-141 on June 16, 1998, which established the charge for the committee and appointed its initial members. Bylaws governing membership goals and structure were created by the CAP and approved by the Board through Resolution No. 07-382 on November 6, 2007, and subsequently amended by the Board through Resolution No. 10-113 on March 2, 2010, and through Resolution 18-209 on September 11, 2018.

- The CAP is charged with supporting the development of long-term water resource plans and periodic updates to those plans, and providing feedback to staff as to how well the proposed policies, plans, and projects respond to citizen concerns.

- During 2020, CAP members will conduct a review of their scope with the goal of establishing an expanded organizational scope focused throughout SAWS functional areas.

- CAP members are currently selected to be a representative of the community, in terms of expertise, geography, and interests. Criteria for selection include interest and knowledge of water resource issues, commitment to a consensus-building approach to solving water resource issues, willingness to participate in meetings, and absence of any conflict of interest among other items.

- The Chairperson will assist the membership with developing goals and critical milestones for the year, conduct monthly meetings, and work with SAWS staff to review organizational policies, plans, and projects.
• The CAP may hold up to 10 general membership meetings per calendar year and the meetings are generally held on the third Tuesday of the month.

• Staff recommends the reappointment of Javier Garcia, Melinda Lechuga, Denise Ojeda, Matthew Scott, and Robert Werner for a two-year term to commence 2020.

• Staff recommends the reappointment of Robert Sheldon as Chairperson of the CAP for a one-year term commencing 2020. Robert Sheldon has served on the CAP since 2015, Vice Chair in 2017 and 2018, and served as Chair in 2019

Staff recommends that the Board approve this resolution.

**FINANCIAL IMPACT:**

There is no financial impact associated with this resolution.

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**APPROVED:**

Robert R. Puente  
President/Chief Executive Officer
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES REAPPOINTING RETURNING MEMBERS FOR A TERM EXPIRING DECEMBER 31, 2021, AND APPOINTING THE CHAIRPERSON TO THE CITIZENS ADVISORY PANEL FOR A ONE-YEAR TERM EXPIRING DECEMBER 31, 2020; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, the San Antonio Water System (the “System”) Board of Trustees (the “Board”) is committed to community involvement in major water resource policies, plans, and projects; and

WHEREAS, in order to achieve this goal, the System created the Citizens Advisory Panel (the “CAP”) on June 16, 1998, by Resolution No. 98-141; and

WHEREAS, the purpose of the CAP is to involve the community in water resource policies; and

WHEREAS, the System’s Board desires to reappoint returning members for a term of two years, and a Chairperson for the calendar year 2020; and

WHEREAS, the San Antonio Water System Board of Trustees desires (i) to reappoint Javier Garcia, Melinda Lechuga, Denise Ojeda, Matthew Scott, and Robert Werner as returning CAP members identified in Attachment I, for a two-year term expiring December 31, 2021, and (ii) to reappoint Robert Sheldon as Chairperson of the Citizens Advisory Panel for a one-year term expiring December 31, 2020; now, therefore:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That Javier Garcia, Melinda Lechuga, Denise Ojeda, Matthew Scott, and Robert Werner as returning CAP members identified on Attachment I hereto, are hereby reappointed to serve a two-year term expiring December 31, 2021.


3. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place and subject matter of the
public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

4. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid, or ineffective.

5. This resolution takes effect immediately upon its passage.

PASSED AND APPROVED this 14th day of January, 2020.

______________________________
Berto Guerra, Jr., Chairman

ATTEST:

______________________________
Amy Hardberger, Secretary

Attachment:
I. Citizens Advisory Panel Member Terms - 2020
<table>
<thead>
<tr>
<th>Name</th>
<th>Represents</th>
<th>First Appointed</th>
<th>Current Term</th>
<th>First Term</th>
<th>Second Term</th>
<th>Final Term</th>
</tr>
</thead>
</table>

*Chair reappointment*

*Members seeking reappointment*
AGENDA ITEM NO. 20

TO: San Antonio Water System Board of Trustees

FROM: Stacey Isenberg, CPA, Chief of Internal Audit

THROUGH: Robert R. Puente, President/Chief Executive Officer

SUBJECT: APPROVAL OF THE 2020 ANNUAL INTERNAL AUDIT PLAN AND DIRECTING THAT THE PLAN BE IMPLEMENTED

Board Action Date: January 14, 2020

SUMMARY AND RECOMMENDATION:

The attached resolution authorizes the approval of the proposed 2020 Annual Internal Audit Plan of the San Antonio Water System (SAWS) and further directs the Internal Audit Department to implement the plan.

- The Chief of Internal Audit is charged with developing and implementing an internal audit risk assessment and annual audit plan. This plan provides the Audit Committee, the Board of Trustees and SAWS internal management with Internal Audit’s proposed plan of work.

- The proposed 2020 Annual Internal Audit Plan was developed by collaborating with the Executive Management Team to obtain input regarding the perceived risks in their respective functional areas. Input was also obtained from the Audit Committee members.

- The proposed 2020 Annual Internal Audit Plan consists of projects designed to provide audit coverage across the entirety of the organization. The plan focuses on the risk areas as identified during the risk assessment process.

- The risk assessment and proposed plan were reviewed by the Audit Committee during their meeting held on December 17, 2019.

Staff recommends that the Board approve this resolution.

FINANCIAL IMPACT:

The cost of implementing the 2020 Annual Internal Audit Plan is included in the 2020 SAWS budget.

Stacey Isenberg, CPA
Chief of Internal Audit
APPROVED:

[Signature]

Robert R. Puente
President/Chief Executive Officer
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES APPROVING THE 2020 ANNUAL INTERNAL AUDIT PLAN; DIRECTING THE INTERNAL AUDIT DEPARTMENT TO IMPLEMENT THE PLAN; FURTHER AUTHORIZING THE CHIEF OF INTERNAL AUDIT TO MODIFY THE PLAN, IF NECESSARY; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, the Chief of Internal Audit is charged with developing and implementing an internal audit risk assessment and annual audit plan; and

WHEREAS, the plan provides the Audit Committee, the Board of Trustees, and executive management with Internal Audit’s plan of work; and

WHEREAS, the proposed 2020 Annual Internal Audit Plan was developed by collaborating with the Executive Management Team to obtain input regarding the perceived risks in their respective functional areas; and

WHEREAS, the proposed 2020 Annual Internal Audit Plan consists of projects designed to provide audit coverage across the entirety of the organization and focuses on the risk areas identified during the risk assessment process; and

WHEREAS, the risk assessment and audit plan for 2020 was reviewed by the Audit Committee during their regular meeting held on December 17, 2019; and

WHEREAS, the San Antonio Water System Board of Trustees desires (i) to approve the 2020 Annual Internal Audit Plan, (ii) to direct the Internal Audit Department to implement the Plan; and (iii) further authorizes the Chief of Internal Audit to modify the plan, if necessary; now, therefore:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That the 2020 Annual Internal Audit Plan of the San Antonio Water System is hereby approved and attached as Exhibit A.

2. That the Internal Audit Department is hereby directed to implement the Plan.

3. That the Chief of Internal Audit may modify the 2020 Annual Internal Audit Plan, if necessary, with concurrence by the Audit Committee and the President/CEO.
4. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

5. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid or ineffective.

6. This resolution becomes effective immediately upon its passage.

PASSED AND APPROVED this 14th day of January, 2020.

_______________________________
Berto Guerra, Jr., Chairman

ATTEST:

_______________________________
Amy Hardberger, Secretary

Attachment:
Exhibit A - 2020 Annual Internal Audit Plan
## San Antonio Water System

**Proposed 2020 Internal Audit Plan**

| Project # | Strategic Focus Area | Owner | EMT Member | Auditable Area | Risk Rating (1-5) | Risk Level | Last Audited | Last Audit Opinion | Budgeted Hours |
|-----------|----------------------|-------|------------|----------------|------------------|------------|--------------|-------------------|----------------|----------------|
| 1         | Operational Excellence | Sewer System Imp/Engineering | Haby | Beymer | Consent Decree Compliance | 4.8 | High | 2015 | Adequate | 300 |
| 2         | Operational Excellence | Production & Treatment | Haby | | Treatment Operations | 4.2 | High | 2016 | Adequate | 260 |
| 3         | Water Stewardship | Resource Protection | Burton | | Aquifer Protection Program | 3.8 | High | 2016 | Requires Improvement | 300 |
| 4         | Operational Excellence | Production & Treatment/Distribution & Collection | Haby/Brinkmann | | Sewer Cleaning & Inspections | 3.4 | Med-High | 2014 | Adequate | 300 |
| 5         | Operational Excellence | All Departments, Functions and Activities | All | | Contract Management | 3.4 | Med-High | - | - | 260 |
| 6         | Operational Excellence | Engineering & Construction | Beymer | | Design Management | 3.4 | Med-High | - | - | 240 |
| 7         | Financial Efficiency/Affordability | Engineering & Construction | Beymer | | Impact Fee Assessment & Credits | 3.4 | Med-High | 2013 | Requires Improvement | 240 |
| 8         | Customer Service/Community Accountability | Customer Care | Bailey | | Customer Account Establishment | 3.2 | Med-High | - | - | 240 |
| 9         | Operational Excellence | Purchasing | Evanson | | Supply | 3.2 | Med-High | 2018 | Advisory | 240 |
| 10        | Employee Engagement | Safety | De La Garza | | Employee Safety | Medium | 2010 | Adequate | 240 |
| 11        | Operational Excellence | Distribution & Collection | Brinkmann | | Water & Sewer Repairs and Replacements (Oversized) | 2.8 | Medium | - | - | 240 |
| 12        | Operational Excellence | Information Systems | Pulapaka | | Hardware & Software Inventory Management | 2.2 | Medium | 2017 | Advisory | 200 |
| 13        | Water Stewardship | Distribution & Collection/Customer Care | Brinkmann/Bailey | | Meter Testing, Repairs & Assets | 2.2 | Medium | 2014 | Requires Improvement | 200 |
| 14        | Operational Excellence | Real Estate | Belinsky | | Property Easements & Rights of Entry | 2.0 | Low | 2013 | Adequate | 240 |
| 15        | Operational Excellence | Operations Support | Clouse | | Facilities Management | 1.8 | Low | - | - | 240 |
| 16        | Operational Excellence | Operations Support | Clouse | | EPA Contract | 2.4 | Medium | 2019 | Inadequate | 160 |
| 17        | Operational Excellence | Information Systems | Pulapaka | | Cybersecurity | 4.0 | High | 2019 | - | 160 |
| 18        | Operational Excellence | Security | Fazio | | Risk and Resilience Assessment | 3.0 | Medium | - | - | 160 |
| 19        | Key Initiative | Water Resources | Burton | | Vista Ridge Supply Contract | 3.4 | Med-High | - | - | 240 |
| 20        | Operational Excellence | Resource Production & Compliance | Burton | | Dead End Main Flushing | 2.4 | Medium | - | - | 160 |

### Contingency Audits

<table>
<thead>
<tr>
<th>Project #</th>
<th>Strategic Focus Area</th>
<th>Owner</th>
<th>EMT Member</th>
<th>Auditable Area</th>
<th>Risk Rating (1-5)</th>
<th>Risk Level</th>
<th>Last Audited</th>
<th>Last Audit Opinion</th>
<th>Budgeted Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>21</td>
<td>Customer Service/Community Accountability</td>
<td>Resource Protection/Accounting</td>
<td>Burton/Evanson</td>
<td></td>
<td>Significant Industrial User (S/IU) Program &amp; Billing</td>
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<td>Low</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>22</td>
<td>Operational Excellence</td>
<td>Risk Management</td>
<td>De La Garza</td>
<td></td>
<td>Insurance Coverage</td>
<td>1.6</td>
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<td>2012</td>
<td>Adequate</td>
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<tr>
<td>23</td>
<td>Water Stewardship</td>
<td>Conservation</td>
<td>Ramos</td>
<td></td>
<td>Commercial Custom Rebate Program</td>
<td>1.4</td>
<td>Low</td>
<td>2011</td>
<td>Adequate</td>
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<tr>
<td>24</td>
<td>Customer Service/Community Accountability</td>
<td>Customer Care/Treasury</td>
<td>Bailey/Evanson</td>
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<td>Customer Refunds</td>
<td>1.2</td>
<td>Low</td>
<td>-</td>
<td>-</td>
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### INTERNAL AUDIT PROJECTS

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<tr>
<th>Project #</th>
<th>Strategic Focus Area</th>
<th>Owner</th>
<th>EMT Member</th>
<th>Auditable Area</th>
<th>Risk Rating (1-5)</th>
<th>Risk Level</th>
<th>Last Audited</th>
<th>Last Audit Opinion</th>
<th>Budgeted Hours</th>
</tr>
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<tbody>
<tr>
<td>25</td>
<td>Risk Assessment and Annual Audit Plan</td>
<td>All Departments, Functions and Activities</td>
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<td></td>
<td></td>
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<td>26</td>
<td>Upgrade Audit Software</td>
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<td>Internal Audit</td>
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<tr>
<td>27</td>
<td>Internal Audit Self Assessment</td>
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<td></td>
<td>Internal Audit</td>
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**Total Hours 6,000**
TO: San Antonio Water System Board of Trustees

FROM: Karen L. Guz, Director, Conservation and Gavino Ramos, Vice President, Communications & External Relations

THROUGH: Robert R. Puente, President/Chief Executive Officer

SUBJECT: APPOINTING THE 2020 CCC CHAIRMAN FOR A ONE-YEAR TERM EXPIRING DECEMBER 31, 2020, AND APPOINTING NEW AND RETURNING MEMBERS TO THE COMMUNITY CONSERVATION COMMITTEE FOR A TWO-YEAR TERM EXPIRING DECEMBER 31, 2021

Board Action Date: January 14, 2020

SUMMARY AND RECOMMENDATION:

The attached resolution appoints new and returning members for a two-year term to the Community Conservation Committee (CCC) beginning 2020. It also appoints the 2020 CCC Chairman for a one-year term in 2020. The CCC provides input to the Board of Trustees (the “Board”) regarding water conservation policies, plans, and projects.

• The CCC was created by Resolution No. 97-031 on February 4, 1997, which established the charge for the committee and appointed its initial members. Bylaws created by the CCC and approved by the Board through Resolution No. 07-381 on November 6, 2007, and subsequently amended by the Board through Resolution No. 18-209 on September 11, 2018, govern membership goals and CCC structure. Article 2 of the bylaws describes the procedures to fill vacancies.

• The purpose of the CCC is to involve the community in water conservation. The CCC serves as a forum for the community to share ideas with San Antonio Water System concerning water conservation. The CCC endeavors to keep the community informed concerning the need to conserve water and it provides support and resources for implementing community-based water conservation programs.

• CCC members are selected to be a representative of the community, in terms of expertise, geography, and interests. Criteria for selection include interest/knowledge of water conservation issues, commitment to a consensus-building approach to solving water conservation issues, willingness to participate in meetings, and absence of any conflict of interest, among other items.

• The Chairperson will assist the membership with developing goals and critical milestones for the year, conduct monthly meetings, and work with Water Conservation Department staff to review water conservation policies, plans, and projects.
The CCC may hold up to ten general membership meetings per calendar year, and the meetings shall be generally held on the second Wednesday of each month.

Staff recommends the appointment of TBD as the 2020 CCC Chairperson for a one-year term to commence from the date of this meeting until December 31, 2020.

Staff recommends the reappointment of Ernest Vara, Rebecca Saldivar, Scott Kertesz, and Alejandro Soto for a two-year term to commence from the date of this meeting until December 31, 2021.

Staff recommends the appointment of new CCC members named Patsy Lett, George Lynn Britton, Brandon Karam, and Alan Montemayor for a two-year term to commence from the date of this meeting until December 31, 2021.

Staff recommends that the Board approve the attached resolution.

FINANCIAL IMPACT:

There is no financial impact associated with this resolution.

Karen L. Guz,  
Director  
Conservation

Gavino Ramos,  
Vice President  
Communications & External Relations

APPROVED:

Robert R. Puente  
President/Chief Executive Officer
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES APPROVING THE COMMUNITY CONSERVATION COMMITTEE 2020 CHAIRMAN FOR A ONE-YEAR TERM; APPOINTING THE COMMUNITY CONSERVATION COMMITTEE NEW AND RETURNING MEMBERS FOR A TWO-YEAR TERM EXPIRING DECEMBER 31, 2021; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, it is the goal of San Antonio Water System (the “System”) to ensure that the community is informed of the importance and need to conserve water and to provide support and resources for implementing water savings programs; and

WHEREAS, in order to achieve this goal, the System created the Community Conservation Committee (CCC) on February 4, 1997, by Resolution No. 97-031; and

WHEREAS, the purpose of the CCC is to involve the community in water conservation; and

WHEREAS, the CCC is composed of residential, commercial, industrial, and institutional water users who assist in the development and/or modification of effective conservation programs, is responsible for the review of the proposed annual conservation budget, and provides conservation program and policy recommendations to the System’s Board of Trustees; and

WHEREAS, the San Antonio Water System Board of Trustees desires (i) to approve the 2020 Chairman for a one-year term to the Community Conservation Community, and (ii) appoint the new and reappoint returning members identified in Attachment I to the Community Conservation Committee for a two-year term expiring December 31, 2021; now, therefore:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That the 2020 Chairman is hereby appointed to a one-year term expiring December 31, 2020.

2. That the new and returning CCC members identified on Attachment I hereto are hereby appointed to serve for a two-year term expiring December 31, 2021.
3. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

4. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid, or ineffective.

5. This resolution takes effect immediately upon its passage.

PASSED AND APPROVED this 14th day of January, 2020.

Berto Guerra, Jr., Chairman

ATTEST:

Amy Hardberger, Secretary
### ATTACHMENT I

#### COMMUNITY CONSERVATION COMMITTEE MEMBERSHIP TERMS - 2020

<table>
<thead>
<tr>
<th>Name</th>
<th>Represents</th>
<th>First Appointed</th>
<th>Current Term</th>
<th>First Term</th>
<th>Second Term</th>
<th>Final Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name</td>
<td>Position</td>
<td>Years</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-----------------------</td>
<td>-----------------------------------------------</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brice Moczygemba</td>
<td>Registered Professional Engineer</td>
<td>2019-2020</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Carlos Otterbach</td>
<td>Manufacturing - Steel Flow Corp.</td>
<td>2019-2020</td>
<td></td>
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</tr>
<tr>
<td>David Eastman</td>
<td>Home Builder - Eastman Homes</td>
<td>2019-2020</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Michael Berger</td>
<td>Realtor - Kuper Sotheby's International Realty</td>
<td>2019-2020</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Brandon Karam</td>
<td>Small Business Owner - Pristine Sprays</td>
<td>2020-2021</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alan Montemayor</td>
<td>Sierra Club</td>
<td>2020-2021</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Patsy Lett</td>
<td>Retired Kindergarten Teacher</td>
<td>2020-2021</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>George Lynn Britton</td>
<td>District 4 Office/Retired High School Math Teacher</td>
<td>2020-2021</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
TO: San Antonio Water System Board of Trustees

FROM: Tracey B. Lehmann, P.E., Director, Development, and Andrea L.H. Beymer, P.E., Vice President, Engineering and Construction

THROUGH: Robert R. Puente, President/Chief Executive Officer

SUBJECT: UTILITY SERVICE AGREEMENTS FOR WATER AND/OR WASTEWATER SERVICES FOR TRACTS REQUIRING THE SAN ANTONIO WATER SYSTEM’S FINANCIAL PARTICIPATION IN THE DEVELOPMENT OF INFRASTRUCTURE THROUGH OVERSIZING AND/OR IMPACT FEE CREDITS AND/OR ARE LOCATED OUTSIDE THE SAN ANTONIO WATER SYSTEM WATER AND/OR WASTEWATER CERTIFICATE OF CONVENIENCE AND NECESSITY

Board Action Date: January 14, 2020

SUMMARY AND RECOMMENDATION:

The attached resolution approves Utility Service Agreements (USA) to provide water and/or wastewater services to specified tracts of land requiring the San Antonio Water System’s (the “System”) financial participation in the development of infrastructure through oversizing and/or impact fee credits, and/or are located outside the System’s water and/or wastewater Certificate of Convenience and Necessity (CCN).

- This board item consists of three tracts, which total 373.90 acres; 430 water Equivalent Dwelling Units (EDUs); and 151 wastewater EDUs.

- Board approval is required since the tracts require the System’s financial participation in the development of infrastructure through oversizing and/or impact fee credits and/or are located outside the System’s water and/or wastewater CCN.

- The Christ Mission College Tract is located outside the City of San Antonio Extra Territorial Jurisdiction, inside the System’s water CCN and outside the wastewater CCN. The USA provides 163 EDUs of water and 151 EDUs of wastewater services.

- The Hoffman Property Tract is located outside the City of San Antonio Extra Territorial Jurisdiction, partially outside the System’s water CCN and outside the wastewater CCN. The USA provides six EDUs of water and zero EDUs of wastewater services.

- The Pecan Springs Tract is located inside the City of San Antonio Extra Territorial Jurisdiction, partially outside the System’s water CCN and outside the wastewater CCN. The USA provides 261 EDUs of water and zero EDUs of wastewater services.
Utility Service Agreements to the Specified Tracts Requiring Oversizing And/or Outside the System’s Water and/or Wastewater CCN

- The Developer is required to install all necessary on-site facilities in accordance with the Board’s regulations and at the Developer’s total cost.

- The Developer is responsible for the construction and engineering costs associated with all required water and/or wastewater mains to serve the tract (on-site and off-site).

Staff recommends that the Board approve this resolution.

<table>
<thead>
<tr>
<th>No.</th>
<th>Tract Name</th>
<th>Developer</th>
<th>Acres</th>
<th>W EDUs</th>
<th>WW EDUs</th>
<th>CoSA / CoSA ETJ / Outside</th>
<th>EARZ / CZ</th>
<th>JBSA</th>
<th>Board Reason</th>
<th>W CCN</th>
<th>WW CCN</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>Christ Mission College Tract</td>
<td>Christ Mission College</td>
<td>40.11</td>
<td>163</td>
<td>151</td>
<td>OUTSIDE</td>
<td>OUTSIDE</td>
<td>N</td>
<td>CCN INSIDE</td>
<td>OUTSIDE</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Hoffman Property Tract</td>
<td>Kathy Wells</td>
<td>88.17</td>
<td>6</td>
<td>0</td>
<td>OUTSIDE</td>
<td>OUTSIDE</td>
<td>N</td>
<td>CCN OUTSIDE</td>
<td>OUTSIDE</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Pecan Springs Tract</td>
<td>Pecan Springs Development Company, LLC</td>
<td>245.62</td>
<td>261</td>
<td>0</td>
<td>CoSA ETJ</td>
<td>INSIDE</td>
<td>Y</td>
<td>CCN OUTSIDE</td>
<td>OUTSIDE</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
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<td>373.90</td>
<td>430</td>
<td>151</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Acronyms:
- EARZ Edwards Aquifer Recharge Zone
- ETJ Extraterritorial Jurisdiction
- CZ Edwards Aquifer Contributing Zone
- CCN Certificate of Convenience and Necessity
- CoSA City of San Antonio limits
- IFC Impact Fee Credits
- OVR Oversizing
- WW Wastewater
- JBSA Joint Base San Antonio Buffer Zone

EXTENT AND CONDITIONS OF UTILITY SERVICE AGREEMENTS:

Upon approval by the System of this USA, the Developer Customer has 36 months to complete the required utility master plan and to start construction. If the Developer Customer fails to complete these requirements within the 36-month period, the USA will expire and a request for a new agreement must be submitted to the System. During the effective term of this USA, capacity in the System’s water and wastewater systems will be set aside. The Developer Customer is not guaranteed capacity until all required off-site infrastructure is built by the Developer, accepted by the System, and all impact fees are paid.

FINANCIAL IMPACT:

In compliance with the System’s Board of Trustees water extension policy, Developer Customer applicants are responsible for financing all required local benefit facilities and for payment of all applicable impact fees. The Developers will contribute all impact fees in effect at the time of plat
Utility Service Agreements to the Specified Tracts Requiring Oversizing And/or Outside the System’s Water and/or Wastewater CCN

recordation or the latest date allowable by law for each subdivision unit. The fees to be collected by the System will be recorded in the Service Recovery Account and are estimated as follows, based on current charges and full build out of the tracts:

<table>
<thead>
<tr>
<th>No.</th>
<th>Tract Name</th>
<th>Water Impact Fees</th>
<th>Wastewater Impact Fees</th>
<th>Total Impact Fees</th>
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<tbody>
<tr>
<td>1</td>
<td>Christ Mission College Tract</td>
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<td>$521,101.00</td>
<td>$1,321,105.00</td>
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<td>2</td>
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<td>$28,494.00</td>
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<td>$1,330,317.00</td>
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<td></td>
<td><strong>Total</strong></td>
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<td><strong>$521,101.00</strong></td>
<td><strong>$2,679,916.00</strong></td>
</tr>
</tbody>
</table>

The System is responsible for providing access to existing general benefit facilities and/or financing the construction of additional general benefit facilities.

Tracey B. Lehmann, P.E.  
Director  
Development

Andrea L.H. Beymer, P.E.  
Vice President  
Engineering and Construction

APPROVED:

Robert R. Puente  
President/Chief Executive Officer

Attachments: Table 1, Tract Information
<table>
<thead>
<tr>
<th>No.</th>
<th>Tract Name</th>
<th>Developer</th>
<th>Principal</th>
<th>CoSA / CoSA ETJ / Outside</th>
<th>EARZ / CZ</th>
<th>JBSA</th>
<th>PZ</th>
<th>Acres</th>
<th>Water EDU</th>
<th>WW EDU</th>
<th>Watershed</th>
<th>Board Reason</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Christ Mission College Tract</td>
<td>Christ Mission College</td>
<td>Randolph V. Brown</td>
<td>OUTSIDE</td>
<td>OUTSIDE</td>
<td>N</td>
<td>1170</td>
<td>40.11</td>
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<td>151</td>
<td>Upper Culebra Creek</td>
<td>CCN</td>
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<tr>
<td>2</td>
<td>Hoffman Property Tract</td>
<td>Kathy Wells</td>
<td>Kathy Wells</td>
<td>OUTSIDE</td>
<td>OUTSIDE</td>
<td>N</td>
<td>830</td>
<td>88.17</td>
<td>6</td>
<td>0</td>
<td>Post Oak Creek-Elm Creek and Town of Somerset-Elm Creek</td>
<td>CCN</td>
</tr>
<tr>
<td>3</td>
<td>Pecan Springs Tract</td>
<td>Pecan Springs Development Company, LLC</td>
<td>Taylor Dreiss</td>
<td>CoSA ETJ</td>
<td>INSIDE</td>
<td>Y</td>
<td>1633 &amp; 1610</td>
<td>245.62</td>
<td>261</td>
<td>0</td>
<td>Headwaters Leon Creek</td>
<td>CCN</td>
</tr>
</tbody>
</table>

**Total** 373.90 430 151

**Acronyms:**

EARZ = Edwards Aquifer Recharge Zone  
OVR = Oversizing  
IFC = Impact Fee Credits  
CZ = Edwards Aquifer Contributing Zone  
WW = Wastewater  
PZ = Pressure Zone  
CoSA = City of San Antonio limits  
ETJ = Extraterritorial Jurisdiction  
JBSA = Joint Base San Antonio Buffer Zone
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES APPROVING UTILITY SERVICE AGREEMENTS TO PROVIDE WATER AND/OR WASTEWATER SERVICES TO THE SPECIFIED TRACTS OF LAND REQUIRING THE SAN ANTONIO WATER SYSTEM’S FINANCIAL PARTICIPATION IN THE DEVELOPMENT OF INFRASTRUCTURE THROUGH OVERSIZING AND/OR IMPACT FEE CREDITS AND/OR ARE LOCATED OUTSIDE THE SAN ANTONIO WATER SYSTEM’S WATER AND/OR WASTEWATER CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN), SUBJECT TO THE EXPIRATION OF SUCH AGREEMENT IF NOT EXERCISED IN THIRTY-SIX MONTHS; FINDING THE RESOLUTION TO HAVE BEEN CONSIDERED PURSUANT TO THE LAWS GOVERNING OPEN MEETINGS; PROVIDING A SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, the Developer Customer, specified in the table below, has requested the San Antonio Water System (the “System”) to provide water and/or wastewater service(s), and has satisfied the requirements of the Board’s Regulation for Developer Customer Applicant; and

<table>
<thead>
<tr>
<th>No.</th>
<th>Tract Name</th>
<th>Developer</th>
<th>Acres</th>
<th>W EDUs</th>
<th>WW EDUs</th>
<th>CoSA / CoSA ETJ / Outside</th>
<th>EARZ / CZ</th>
<th>JBSA</th>
<th>Board Reason</th>
<th>W CCN</th>
<th>WW CCN</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Christ Mission College Tract</td>
<td>Christ Mission College</td>
<td>40.11</td>
<td>163</td>
<td>151</td>
<td>OUTSIDE</td>
<td>OUTSIDE</td>
<td>N</td>
<td>CCN</td>
<td>INSIDE</td>
<td>OUTSIDE</td>
</tr>
<tr>
<td>2</td>
<td>Hoffman Property Tract</td>
<td>Kathy Wells</td>
<td>88.17</td>
<td>0</td>
<td>0</td>
<td>OUTSIDE</td>
<td>OUTSIDE</td>
<td>N</td>
<td>CCN</td>
<td>OUTSIDE</td>
<td>OUTSIDE</td>
</tr>
<tr>
<td>3</td>
<td>Pecan Springs Development Company, LLC</td>
<td>Pecan Springs Development Company, LLC</td>
<td>245.62</td>
<td>261</td>
<td>0</td>
<td>CoSA ETJ</td>
<td>INSIDE</td>
<td>Y</td>
<td>CCN</td>
<td>OUTSIDE</td>
<td>OUTSIDE</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td></td>
<td><strong>373.90</strong></td>
<td><strong>430</strong></td>
<td><strong>151</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

WHEREAS, the Developer Customer’s provisions to acquire water and/or wastewater services within the System’s jurisdiction is generally illustrated in the attached Project Site Maps; and

WHEREAS, the Developer Customer is obligated to pay the prescribed fees and to comply with other applicable requirements as set forth in the Regulations for Water and/or Wastewater Service; and

WHEREAS, the San Antonio Water System Board of Trustees desires (i) to approve the Utility Service Agreements and to provide water and/or wastewater services to tracts
of land requiring the System’s financial participation in the development of infrastructure through oversizing and/or impact fee credits and/or are located outside the System’s water and/or wastewater Certificate of Convenience and Necessity, and (ii) to provide that the Utility Service Agreement will be honored for a period of thirty-six months, and that if not exercised during this period, the Utility Service Agreement will expire; now, therefore:

BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That the System hereby approves the Utility Service Agreements and agrees to provide water and/or wastewater services to tracts of land requiring the System’s financial participation in the development of infrastructure through oversizing and/or impact fee credits and/or are located outside the System’s water and/or wastewater Certificate of Convenience and Necessity as generally illustrated in the attached Project Site Maps hereto, on a Developer Customer basis as provided for in the Board's Regulations, applicable amendments to the Regulations, and any other applicable federal, state or local regulations.

2. That the Utility Service Agreement shall be honored for a period of thirty-six months, and if not exercised during this thirty-six-month period, the Utility Service Agreement will expire.

3. It is officially found, determined and declared that the meeting at which this resolution is adopted was open to the public, and that public notice of the time, place and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

4. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective, the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid or ineffective.

5. This resolution becomes effective immediately upon its passage.

PASSED AND APPROVED this 14th day of January, 2020.

__________________________________
Berto Guerra, Jr., Chairman

ATTEST:

___________________________________
Amy Hardberger, Secretary

Attachments:
Location Map
Project Site Maps
Utility Service Agreements outside of SAWSS water or wastewater CCN and/or with oversized infrastructure and/or impact fee credits

<table>
<thead>
<tr>
<th>Board Approved USA</th>
<th>Acreage</th>
<th>Water EDUs</th>
<th>Wastewater EDUs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Items Total:</td>
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<td>430</td>
<td>151</td>
</tr>
<tr>
<td>Year-to-Date Total:</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>
Attachment III:
USA-22473
Christ Mission College Tract
Proposed Water Infrastructure Map
40.11 Acres

San Antonio Water System

Legend

Existing Water Main
USA Tract
Parcels
Proposed Water Main

Christ Mission College
163 Water EDUs
151 Sewer EDUs
40.11 Acres
USA-22473

Proposed 12-inch main
Attachment III: USA-22473
Christ Mission College Tract
Proposed Sewer Infrastructure Map
40.11 Acres

Legend
- Existing Sewer Main
- USA Tract
- Parcels
- Proposed 8-inch main (Phase I)
- Proposed 12-inch main (Phase II)
- SAWS CCN

Project Location

Job No. 1604
Replace existing 8-inch main with a 12-inch main

Job No. 02-1599

Christ Mission College
163 Water EDUs
151 Sewer EDUs
40.11 Acres
USA-22473
Tract is Located:
- Over the Edwards Aquifer Contributing Zone
- Partially Within the 5-Mile Camp Bullis Awareness Zone
- Partially Within the 5-Mile JBSA Buffer Zone

Phase II
Proposed 12-inch Main

Phase I
Proposed 12-inch Main

PZ 1610
Job No 11-100

PZ 1636
Job No 07-1304

PZ 1636
Job No 04-1301

Legend
- Existing Water Main
- USA Tract
- Parcels Update
- Proposed Phase I Water Main
- Proposed Phase II Water Main
- Proposed Division Valve
- SAWS CCN

Project Location

Attachment III:
USA-22713
"Pecan Springs" Tract
Proposed Water Infrastructure Map
245.62 Acres
AGENDA ITEM NO. ___

TO: San Antonio Water System Board of Trustees

FROM: Donovan S. Burton, Vice President, Water Resources and Governmental Relations

THROUGH: Robert R. Puente, President/Chief Executive Officer

SUBJECT: APPROVING THE FOURTH AMENDMENT TO THE WATER TRANSMISSION AND PURCHASE AGREEMENT (“WTPA”), AND OTHER ACTION RELATED TO THE SELECTION OF AND PAYMENT TO THE PANELISTS FOR THE VISTA RIDGE O&M BUDGET PANEL.

Board Action Date: January 14, 2020

SUMMARY AND RECOMMENDATION:

The attached resolution approves and authorizes the execution of a Fourth Amendment to the Water Transmission and Purchase Agreement (the “Fourth Amendment”) between Vista Ridge LLC (the “Project Company”) and the San Antonio Water System (“SAWS”).

The resolution also authorizes the execution of a Contract Administration Memorandum (“CAM”) by SAWS and the Project Company to formalize the selection of O&M Budget Panelists Bill Davis, Jun Chang, and Elisa Speranza. The resolution also authorizes service contracts between SAWS and the Panelists and funds in an amount not to exceed $457,500.00 for the services of the Budget Panel pursuant thereto.

The WTPA provides for an independent O&M Budget Panel, who will, among other things, determine the allowable operating costs for the Project, which are paid for by SAWS as a pass through. Under current WTPA provisions, O&M Budget Panel is to be made up of five (5) members selected as follows: SAWS and Project Company each select a panelist, Panelists 1 and 2, those panelists select Panelists 3 and 4, and Panelists 3 and 4 select a fifth panelist who serves as the Panel Chairman. SAWS staff and Project Company desire to amend, pursuant to the Fourth Amendment to the WTPA, certain WTPA provisions regarding the O&M Budget Panel, reducing the number of panelists serving on the O&M Budget Panel from five (5) to three (3), eliminating the panel chairman position, and participating in a mutual selection process for the “third” panelist.

Under the Fourth Amendment, SAWS and Project Company will mutually select the three (3) initial panelists. Thereafter, SAWS will select the replacement for the first panelist, Project Company will select the replacement for the second panelist, and the parties will endeavor to mutually select the replacement for the third panelist (with the remaining panelists to select this third panelist if SAWS and Project Company cannot agree). All panelists must meet all of the qualifications required by the WTPA.

SAWS and the Project Company, embarked on a process to seek the most qualified industry experts to serve on the O&M Budget Panel. After interviews and negotiations, SAWS and the
Project Company have agreed on Bill Davis, Jun Chang, and Elisa Speranza to serve as the initial O&M Budget Panel. SAWS staff recommends approving the proposed initial O&M Budget Panelists and authorizing execution of (i) the CAM to formalize the selection of the O&M Budget Panel between SAWS and the Project Company, and (ii) service contracts for these panelists in an amount not to exceed $457,500.00 in the aggregate for all three (3) Panelists (under the WTPA, SAWS pays the costs of the O&M Budget Panel).

The WTPA currently provides for Project Operating Budgets to be approved through the O&M Budget Panel process. After discussions with the Project Company, SAWS and Project Company went through a process of reviewing and discussing the proposed 2020 Operating Budget and have agreed on a 2020 Operating Budget which is consistent with the amounts included in SAWS approved 2020 Annual Budget. The initial Operating Budget approved by the parties is included in the Fourth Amendment. The 2020 Operating Budget remains subject to a WTPA reconciliation process, overseen by the O&M Budget Panel, in which actual expenses will be reconciled against the Operating Budget, and may result in an adjustment payment to either SAWS or Project Company.

Additionally, the Fourth Amendment makes certain other changes to the WTPA to clarify contract terms, otherwise increase Project efficiency and stability, and ensure that SAWS ultimately receives, over the term of the Project, the full volume of contracted-for water, namely:

- Revisions to Article 10 of the WTPA concerning “Water Made Available” to provide:
  - Failures of mechanical equipment of the Project Company are an excused supply shortfall, instead of an unexcused supply shortfall treatment in the current WTPA. This will decrease the need by the Project Company to maintain excessive operational oversight and inventory on hand to mitigate any risks of repair outages.
  - Clarifying language for the determination of Supply Shortfall Units and calculation of simultaneous demand and supply shortfalls.
  - Allowing for Supply Shortfalls in the winter months to be offset by certain limited “Winter Month Excess Units”.
  - Defining the 30 day average Daily Delivered Water Units computed during the Performance Testing to the average of “Event 2” which is more reflective of the Project Company’s performance during testing.

- Amending the WTPA to move Project Company Substantial Completion Requirements from prior to Performance Testing to 30 days prior to Commercial Operation, as well as ensuring that Performance Testing may occur without SAWS Interconnection
Improvements being fully completed in a manner to take all the Product Water into the distribution system.

- Amending the WTPA to allow modifications to the Performance Testing requirements if agreeable to both parties.

- Clarification that SAWS will directly pay the electrical service providers directly for the Project electrical usage instead of SAWS paying for the cost as a “pass-through” to the Project Company.

The Fourth Amendment is subject to review and approval by the Project Company’s Lenders and the Central Texas Regional Water Supply Corporation. The Resolution authorizes execution of the documents in substantially the form as attached. Any substantive changes requested will be brought back to the SAWS Board for consideration.

SAWS staff recommends (i) approval of and authorization to execute the Fourth Amendment in substantially the form attached, (ii) the selection of O&M Budget Panelists Bill Davis, Jun Chang, and Elisa Speranza, and approval of the CAM memorializing the selection of the foregoing panelists, and (iii) authorization to enter into service contracts with the approved panelists and authorization of funds for the services of the Budget Panel pursuant thereto in an amount not to exceed $457,500.00.

**FINANCIAL IMPACT:**

Expenditures will be funded with revenues from the System Fund with O&M budgets from 2020-2022. Services will be paid from the Vista Ridge Water Supply Project (Company: 1000, Accounting Unit: 5046500, Account Code: 511312, Total amount: $457,500.00).

Compensation for the O&M Budget Panel includes $40,000.00 for each member annually, plus $2,500.00 each for each meeting at SAWS Headquarters to cover travel expenses. The requested funds assume three (3) trips per panel member in 2020, and four (4) trips per panel member annually for 2021 through 2022. The summary for the requested amount not to exceed is as follows:

- 2020 - $157,500.00 - $45,000.00 per panel member plus $7,500.00 per panel member for travel, assuming three trips.
- 2021 through 2022 - $40,000.00 per panel member annually, plus $10,000.00 per panel member annually for travel, assuming four trips annually.

The Fourth Amendment also details the 2020 Operating Budget for the Project (attached) in the amount of $7,677,149.00. These fees are included in the 2020 Annual Operations and Maintenance Budget (Company: 1000, Accounting Unit Number: 5046500, Account: 511312).
Approval of 4th Amendment and CAM for O&M Budget Panel for Vista Ridge Project

Marty Jones, P.E.
Manager
Water Resources Engineering

Donovan Burton
Vice President
Water Resources and Governmental Relations

APPROVED:

Robert R. Puente
President/Chief Executive Officer
RESOLUTION NO.

OF THE SAN ANTONIO WATER SYSTEM ("SAWS")
BOARD OF TRUSTEES APPROVING AND AUTHORIZING
THE EXECUTION OF A FOURTH AMENDMENT TO THE
WATER TRANSMISSION AND PURCHASE AGREEMENT;
CONSENTING TO THE SELECTION OF THE PANELISTS
FOR THE VISTA RIDGE PROJECT O&M BUDGET PANEL
AND APPROVAL OF A CONTRACT ADMINISTRATION
MEMORANDUM MEMORIALIZING SAME; APPROVING
AND AUTHORIZING EXECUTION OF AGREEMENTS
BETWEEN THE O&M BUDGET PANELISTS AND SAWS
AND THE EXPENDITURE OF FUNDS IN AN AMOUNT
NOT TO EXCEED $457,500.00 FROM THE SYSTEM FUND
FOR THE SERVICES OF THE BUDGET PANEL; FINDING
THE RESOLUTION TO HAVE BEEN CONSIDERED
PURSUANT TO THE LAWS GOVERNING OPEN
MEETINGS; PROVIDING A SEVERABILITY CLAUSE;
AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, the City Council (the “City Council”) of the City of San Antonio,
Texas (the “City”) previously established a component unit of the City known as the San Antonio
Water System for the purpose of operating and maintaining the City’s water and wastewater utility
system, which component unit is under the management and control of the Board of Trustees (the
“Board”) established and created pursuant to the provisions of Ordinance No. 75686 adopted by
the City Council on April 30, 1992; and

WHEREAS, the City, acting by and through the Board, and Vista Ridge LLC
(formerly known as Abengoa Vista Ridge and referred to herein as the “Project Company”) are
parties to that certain Water Transmission and Purchase Agreement, dated as of November 4, 2014,
as amended on June 10, 2015, November 2, 2016, and April 5, 2017 respectively (such agreement,
as amended, the “WTPA”), to facilitate development of a pipeline that will connect to SAWS’
distribution system in northern Bexar County for the delivery of water (“Project Water”, and such
project being referred to herein as the “Project”); and

WHEREAS, the initial execution of the WTPA, as well as the amendments thereto,
have been approved by requisite action of the City Council (Ordinance No. 2014-10-30-0818
adopted on October 30, 2014 (the “Ordinance”) and the Board (by Resolution No. 14-269 adopted
on September 29, 2014, Resolution No. 14-274 adopted on October 15, 2014, Resolution No. 16-
138 adopted on May 18, 2016, Resolution No. 16-277 adopted on November 1, 2016, and
Resolution No. 17-095 adopted on April 4, 2017), which respective actions of the City Council
and the Board are hereafter referred to as the “Prior Authorization”; and

WHEREAS, the WTPA provides for an independent O&M Budget Panel, who
will, among other things, determine the allowable operating costs for the Project, which are paid
by SAWS as a pass through; and
WHEREAS, SAWS staff and Project Company desire to amend, pursuant to a Fourth Amendment to the WTPA (the “Fourth Amendment”), certain WTPA provisions regarding the O&M Budget Panel, reducing the number of O&M Budget panelists (each, a “Panelist”) from five (5) to three (3) and making certain other process changes to the manner of appointment of the initial and subsequent Panelists; and

WHEREAS, SAWS staff and Project Company additionally desire to amend, via the Fourth Amendment, certain WTPA provisions relating to supply and demand shortfall calculations, payments to electrical providers, and performance testing of the Project, in order to increase Project efficiency and stability and ensure that SAWS will receive the full volume of contracted-for water through the Project term; and

WHEREAS, SAWS staff and Project Company have, through a coordinated process, agreed on Bill Davis, Jun Chang, and Elisa Speranza to serve as Panelists; and

WHEREAS, SAWS staff has, together with the Project Company, developed a form of service agreement (each a “Services Agreement”) for Panelists that defines duties, term limits, and compensation for Panelists; and

WHEREAS, per the WTPA, SAWS is responsible for the costs of conducting the O&M Budget Panel’s business, including compensation to the Panelists; and

WHEREAS, SAWS and Project Company have agreed, to the 2020 “Operating and Maintenance Budget” for the operation of the Project, to be operated through the Project Company by the Operating Service Provider, EPCOR USA. The 2020 Operating and Maintenance Budget is consistent with the amounts included in SAWS approved 2020 Annual Budget and remains subject to a WTPA reconciliation process, overseen by the O&M Budget Panel, in which actual expenses will be reconciled against the Operating Budget, and may result in an adjustment payment to either SAWS or Project Company; and

WHEREAS, the initial Operating Budget approved by the parties is included in the Fourth Amendment; and

WHEREAS, the amount, not to exceed $457,500.00 is available from the System Fund for the services under the Services Agreement; and

WHEREAS, no amendments or modifications effectuated pursuant to the Fourth Amendment constitute a Reserved Amendment (as such term is defined in Resolution No. 16-138 of the Board previously incorporated by reference herein); and

WHEREAS, the Board hereby finds and determines that the adoption of this Resolution is in the best interests of the residents of the City and SAWS’ customers; now, therefore:
BE IT RESOLVED BY THE SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES:

1. That pursuant to, in accordance with and under the authority provided in the WTPA and the Ordinance, (i) the Fourth Amendment in substantially the form attached hereto as Attachment I; (ii) the selection of O&M Budget Panelists Bill Davis, Jun Chang, and Elisa Speranza, and the WTPA Contract Administration Memorandum (“CAM”) memorializing the selection of the foregoing panelists in substantially the form attached hereto as Attachment II; and (iii) the Services Agreements in substantially the form attached hereto as Attachment III with the approved Panelists and authorization of expenditure of funds in an amount not to exceed $457,500.00 for the services pursuant thereto, are all hereby approved by the Board.

2. That funds in an amount not to exceed $457,500.00 for the services of the Budget Panel pursuant to the Services Agreements are hereby authorized to be expended in connection with the Project and paid to the Panelists under the Services Agreements.

3. That the President/Chief Executive Officer or his duly appointed designee (any of the foregoing, an “Authorized Official”) is hereby authorized to take such action, including the authority to execute any necessary documentation (being the agreements and other documentation identified and/or referenced in Sections 1 and 2 above) to effectuate the authorizations and directives of the Board herein made. Any action taken by an Authorized Official to effectuate such provisions, including (without limitation) execution of agreements and other documentation on behalf of the Board, shall serve as evidence of the act and deed of the Board for any and all purposes.

4. That the Board hereby affirms its position that the Project Water to be made available pursuant to the WTPA is necessary and essential to the present and future operation and planning of SAWS in order to produce water resources to meet the current and projected needs of SAWS’ customers.

5. That all resolutions and ordinances, or parts thereof, which are in conflict or inconsistent with any provision of this Resolution are hereby repealed to the extent of such conflict, and the provisions of this Resolution shall be and remain controlling as to the matters resolved herein.

6. That the recitals contained in the preamble hereof are hereby found to be true, and such recitals and other statements therein are hereby made a part of this Resolution for all purposes and are adopted as a part of the judgment and findings of the Board.

7. It is officially found, determined, and declared that the meeting at which this resolution is adopted was open to the public, and that the public notice of the time, place, and subject matter of the public business to be conducted at such meeting, including this resolution, was given to all as required by the Texas Codes Annotated, as amended, Title 5, Chapter 551, Government Code.

8. If any part, section, paragraph, sentence, phrase or word of this resolution is for any reason held to be unconstitutional, illegal, inoperative or invalid, or if any exception to or limitation upon any general provision herein contained is held to be unconstitutional, illegal, invalid or ineffective,
the remainder of this resolution shall nevertheless stand effective and valid as if it had been enacted without the portion held to be unconstitutional, illegal, invalid or ineffective.

9. This resolution becomes effective immediately upon its passage.

PASSED AND APPROVED this 14th day of January, 2020.

_____________________________
Berto Guerra, Jr., Chairman

ATTEST:

______________________________
Amy Hardberger, Secretary

Attachments:
Attachment I: Fourth Amendment to WTPA
Attachment II: Contract Administration Memorandum
Attachment III: Form of Services Agreement
FOURTH AMENDMENT TO THE
VISTA RIDGE REGIONAL SUPPLY PROJECT
WATER TRANSMISSION AND PURCHASE AGREEMENT

THIS FOURTH AMENDMENT TO THE VISTA RIDGE REGIONAL SUPPLY PROJECT WATER TRANSMISSION AND PURCHASE AGREEMENT (this “Amendment”) is made and dated as of [__], 2020, between the City of San Antonio, Texas (the “City”) acting by and through the San Antonio Water System Board of Trustees, established pursuant to the provisions of City Ordinance Number 75686, Texas Local Government Code Sections 552.141 et seq. and Chapter 1502, as amended, Texas Government Code (“SAWS”), and Vista Ridge LLC, a limited liability company organized and existing under the laws of the State of Delaware (the “Project Company”).

RECITALS

WHEREAS, the City acting by and through SAWS and the Project Company have entered into the Vista Ridge Regional Supply Project Water Transmission and Purchase Agreement, dated as of November 4, 2014, as amended (the “Water Transmission and Purchase Agreement”), whereby the Project Company has agreed to produce, transport, make available and sell to SAWS potable water on a long term basis, all as more particularly described therein; and

WHEREAS, the Water Transmission and Purchase Agreement was amended on June 10, 2016, in connection with the acquisition by Garney P3 LLC of a majority interest in the Project Company and SAWS consent thereto; and

WHEREAS, the Water Transmission and Purchase Agreement was further amended on November 2, 2016, in connection with the Project Company’s financing of the water supply project;

WHEREAS, the Water Transmission and Purchase Agreement was further amended on April 5, 2017, in connection with the conveyance by the Project Company to SAWS of certain interests in the Transmission Pipeline Terminus Site; and

WHEREAS, the City acting by and through SAWS and the Project Company desire to further amend the Water Transmission and Purchase Agreement to make changes in connection with performance testing and achieving the Commercial Operation Date.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties hereto, intending to be legally bound, agree as follows:

SECTION 1. DEFINITIONS. All capitalized terms used and not otherwise defined herein have the meanings set forth in the Water Transmission and Purchase Agreement.

SECTION 2. AMENDED WATER TRANSMISSION AND PURCHASE AGREEMENT PROVISIONS. The Water Transmission and Purchase Agreement is hereby amended by inserting or deleting, as applicable, the marked changes set forth on the blacklines attached hereto as Attachment A.

SECTION 3. CONFORMED WATER TRANSMISSION AND PURCHASE AGREEMENT. Promptly following the execution of this Amendment, the parties shall execute a Contract Administration Memorandum which will contain a conforming Water Transmission and Purchase Agreement reflecting the changes contained herein for the administrative purposes of the parties.
SECTION 4. OTHER TERMS OF WATER TRANSMISSION AND PURCHASE AGREEMENT REMAIN IN EFFECT. All terms and conditions of the Water Transmission and Purchase Agreement which are not expressly modified or deleted by the terms of this Amendment shall remain in effect.

SECTION 5. INTERPRETATION. The interpretation provisions set forth in Section 1.2 of the Water Transmission and Purchase Agreement will apply, mutatis mutandis, to any interpretation of this Amendment.

SECTION 6. BINDING EFFECT. This Amendment shall inure to the benefit of, and shall be binding upon, the respective successors and assigns of the parties.

SECTION 7. NO REFERENCE REQUIRED. All notices, communications, agreements, certificates, documents or other instruments executed and delivered after the execution and delivery of this Amendment may refer to the Water Transmission and Purchase Agreement without making specific reference to this Amendment, but nevertheless all such references shall include this Amendment unless the context requires otherwise.

SECTION 8. COUNTERPARTS. This Amendment may be executed in counterparts, which together shall constitute one and the same instrument.

SECTION 9. DUE AUTHORIZATION, EXECUTION AND DELIVERY. This Amendment has been duly authorized, executed and delivered by all necessary action of each party.

[Signature Page Follows]
IN WITNESS WHEREOF, the parties have caused this Fourth Amendment to the Vista Ridge Regional Supply Project Water Transmission and Purchase Agreement to be executed by their duly authorized representatives as of the date first set forth above.

THE CITY OF SAN ANTONIO, TEXAS
ACTING BY AND THROUGH THE
SAN ANTONIO WATER SYSTEM
BOARD OF TRUSTEES

By: ___________________________
Name: [_________]
Title: [_________]

VISTA RIDGE LLC

By: ___________________________
Name: [_________]
Title: [_________]

[Signature Page to Fourth Amendment to the Water Transmission and Purchase Agreement]
ATTACHMENT A

Attached are blacklines showing only the revised pages of the following Articles of the Water Transmission and Purchase Agreement and Appendices to the Water Transmission and Purchase Agreement that were modified pursuant to this Amendment. Items that are not listed below or attached hereto remain unchanged pursuant to this Amendment.

1. Cover Page of the Water Transmission and Purchase Agreement
2. Recitals of the Water Transmission and Purchase Agreement
3. Article 1 of the Water Transmission and Purchase Agreement
4. Article 6 of the Water Transmission and Purchase Agreement
5. Article 8 of the Water Transmission and Purchase Agreement
6. Article 9 of the Water Transmission and Purchase Agreement
7. Article 10 of the Water Transmission and Purchase Agreement
8. Article 16 of the Water Transmission and Purchase Agreement
9. Article 17 of the Water Transmission and Purchase Agreement
10. Appendix 4 to the Water Transmission and Purchase Agreement
11. Appendix 5 to the Water Transmission and Purchase Agreement
12. Appendix 17 to the Water Transmission and Purchase Agreement
13. Appendix 19 to the Water Transmission and Purchase Agreement
VISTA RIDGE REGIONAL SUPPLY PROJECT
WATER TRANSMISSION AND PURCHASE AGREEMENT

between

THE CITY OF SAN ANTONIO, TEXAS
ACTING BY AND THROUGH
THE SAN ANTONIO WATER SYSTEM
BOARD OF TRUSTEES

and

VISTA RIDGE LLC

Dated
November 4, 2014
As Amended on
June 10, 2016,
November 2, 2016
and April 5, 2017
and [___], 2020
VISTA RIDGE REGIONAL SUPPLY PROJECT
WATER TRANSMISSION AND PURCHASE AGREEMENT

This VISTA RIDGE REGIONAL SUPPLY PROJECT WATER TRANSMISSION AND PURCHASE AGREEMENT is entered into on November 4, 2014, and amended on June 10, 2016, November 2, 2016, and April 5, 2017, and [____], 2020, between the City of San Antonio, Texas (the “City”), acting by and through the San Antonio Water System Board of Trustees established pursuant to the provisions of City Ordinance Number 75686, Texas Local Government Code Sections 552.141 et seq. and Chapter 1502, as amended, Texas Government Code (“SAWS”), and Vista Ridge LLC, a limited liability company organized and existing under the laws of the State of Delaware (the “Project Company”).

RECITALS

WHEREAS, the City and SAWS have determined that it is in the City’s and SAWS’ best interests to contract with a private entity to supplement and diversify SAWS’ existing and projected water inventory; and

WHEREAS, the water supply project will consist of the production, treatment, delivery and sale to SAWS of up to 50,000 acre-feet per year of potable water on a long term basis, based on the acquisition of water rights and the design, construction, financing, operation and maintenance of new production wells, pumping stations, raw water collection and transmission pipelines, storage tanks and appurtenant facilities; and

WHEREAS, pursuant to Section 252.021 of the Texas Local Government Code, SAWS issued on January 14, 2011, Solicitation No. P-11-003-DS entitled Request for Competitive Sealed Proposals Regarding the Provision and Delivery of Alternative Water Supplies for the purpose of bringing SAWS’ future water supply needs to the marketplace and inviting proposals for potential non-Edwards Aquifer supplies to be compared, selected or rejected on a competitive basis; and

WHEREAS, SAWS received nine responses to the solicitation on July 22, 2011, from a variety of public and private vendors, including a response submitted by Abengoa Water USA, an Affiliate of the Project Company; and

WHEREAS, on March 8, 2013, SAWS issued Addendum #1 to the solicitation and received revised proposals in response to Addendum #1; and

WHEREAS, SAWS engaged in a comprehensive evaluation of the competing proposals in accordance with the criteria of the solicitation; and

WHEREAS, at its July 1, 2014 meeting, the Board of Trustees accepted the proposal by the Project Company in response to the solicitation on the basis that it was the most advantageous to SAWS and the City considering the evaluation factors set forth in the solicitation, subject to the negotiation of an acceptable contract and receipt of required support from the City Council; and

WHEREAS, in July, 2014 negotiations were initiated with the Project Company, which negotiations have concluded with this Water Transmission and Purchase Agreement; and

WHEREAS, on September 29, 2014 and October 15, 2014, the Board of Trustees adopted Resolution Number 14-269 and 14-274, respectively, authorizing the execution and
delivery of this Water Transmission and Purchase Agreement and requesting its approval by the San Antonio City Council; and

WHEREAS, on October 30, 2014, by Ordinance, the San Antonio City Council approved this Water Transmission and Purchase Agreement; and

WHEREAS, SAWS desires to purchase and take delivery of, and the Project Company desires to produce, transport, make available and sell potable water in accordance with this Water Transmission and Purchase Agreement; and

WHEREAS, the Project Company intends to cause a Texas non-profit water supply corporation to be formed in a manner consistent with Texas Water Code 49.222(a) for the purpose of acquiring easements, rights of way and other interests necessary to construct and own a transmission line for the transportation of potable water to SAWS for the public use of the citizens of San Antonio and regional communities; and

WHEREAS, payment of the monthly water purchase payments and all other amounts payable hereunder by SAWS to the Project Company will be made solely from revenues of SAWS available thereto under City Ordinance No. 75686, and shall not be an obligation of the City’s general fund, any other City enterprise fund or any other asset or revenue of the City; and

WHEREAS, this Water Transmission and Purchase Agreement was amended on June 10, 2016, in connection with the acquisition by Garney P3 LLC of a majority interest in the Project Company and SAWS consent thereto;

WHEREAS, this Water Transmission and Purchase Agreement was further amended on November 2, 2016, in connection with the Project Company’s financing of the water supply project; and

WHEREAS, this Water Transmission and Purchase Agreement was further amended on April 5, 2017, in connection with the conveyance by the Project Company to SAWS of certain interests in the Transmission Pipeline Terminus Site; and

WHEREAS, this Water Transmission and Purchase Agreement was further amended on [____], 2020, in connection with performance testing and achieving the Commercial Operation Date.

NOW, THEREFORE, in consideration of the mutual covenants herein, the parties hereto, intending to be legally bound, covenant and agree as follows:
“Financial Closing Date Conditions” has the meaning set forth in Section 4.1(B) (Financial Closing Date Conditions Defined).

“Financial Closing Longstop Date” has the meaning set forth in Section 4.3(B) (Financial Closing Longstop Date Defined).

“Fitch” means Fitch Ratings Ltd., or any of its successors and assigns. If such corporation is dissolved or liquidated or no longer performs the functions of a securities rating agency, “Fitch” shall be deemed to refer to any other nationally-recognized securities rating agency designated by SAWS.

“Fixed Compensable Costs” has the meaning set forth in Section 17.3(B) (Determination of Compensable Costs).

“Flow Curtailment Tank Level” has the meaning specified in Section 10.3(B) (Flow Curtailment Tank Level).

“Flow Rate” means the rate of flow of Product Water delivered to SAWS measured at the Project Flow Meter, and expressed in GPM.

“Flow Shutdown Tank Level” has the meaning specified in Section 10.3(C) (Flow Shutdown Tank Level).

“Force Majeure Event” has the meaning set forth in Section 5.2(D) (Force Majeure Events).

“Fourth Contract Amendment” means the fourth amendment to this Water Transmission and Purchase Agreement to make changes in connection with performance testing and achieving the Commercial Operation Date.

“Fourth Contract Amendment Date” means [____], 2020, the date on which this Water Transmission and Purchase Agreement was amended by the Fourth Contract Amendment.

“GAAP” means generally accepted accounting principles in effect and consistently applied in the United States (including the accounting recommendations published in the Handbook of the American Institute of Certified Public Accountants).

“Garney Change-in-Control” has the meaning set forth in subsection 24.6(A) (Garney Change-in-Control Defined).

“Garney Companies, Inc.” means Garney Companies, Inc., a corporation organized and existing under the laws of the State of Missouri.

“Garney Holding Company” means Garney Holding Company, a corporation organized and existing under the laws of the State of Missouri.

“Garney P3 LLC” means Garney P3 LLC, a limited liability company organized and existing under the laws of the State of Missouri.

“Good Engineering and Construction Practice” means those methods, techniques, standards and practices which, at the time they are to be employed and in light of the circumstances known or reasonably believed to exist at such time, are generally recognized
Project Condition Requirements). The Independent Evaluator may be an engineer or other technical professional competent to perform such services.

“Index Linked” means, with respect to an amount at any time, that the amount is increased as of January 1 of each Contract Year (commencing on January 1 of the Contract Year ending on December 31, 2016) by adding to it (1) an amount equal to such amount, multiplied by (2) the percentage representing the increase in the Inflation Index from (a) the Inflation Index for the last six months of the Contract Year ending on December 31, 2014, to (b) the Inflation Index for the last six months of the Contract Year immediately preceding the Contract Year for which a determination is to be made.

“Inflation Index” means, with respect to items related to the Operating Work, the Consumer Price Index, All Urban Consumers (CPI-U) (1982-84 = 100) for the San Antonio MSA South Region published by the Bureau of Labor Statistics of the United States Department of Labor; provided, however, that if such Consumer Price Index shall cease to exist or is changed, then the term “Inflation Index” shall mean such other or similar index or formula as the parties reasonably select.

“Initial Senior Debt” means the Senior Debt issued at Financial Close.

“Insurance Proceeds” means the amount of any insurance proceeds received by a person in respect of a claim made under any policy of insurance required to be maintained by the Project Company under this Water Transmission and Purchase Agreement.

“Insurance Receivables” means Insurance Proceeds which a person is entitled to receive but which have not been received.

“Insurance Requirement” means any rule, regulation, code, or requirement issued by any insurer that has issued a policy of Required Insurance under this Water Transmission and Purchase Agreement, as in effect during the Term, compliance with which is a condition to the effectiveness of such policy.

“Intellectual Property” means any trade secrets, proprietary rights, patents, copyrights, or trademarks recognized under Applicable Law.

“Interim Operations Approval” has the meaning set forth in Section 8.2(A) (Authorization of Operation and Water Introduction).

“Joint Inspection and Survey” has the meaning set forth in Section 11.7(C) (Transfer Condition Survey and Work Plan).

“Key Individuals” has the meaning set forth in Appendix 14 (Project Company and Project Contractors Information).

“Legal Proceeding” means every action, suit, litigation, arbitration, administrative proceeding, and other legal or equitable proceeding having a bearing upon this Water Transmission and Purchase Agreement, and all appeals therefrom.

“Lien” means any and every lien against the Project, including mechanics’, materialmen’s, laborers’ and lenders’ liens.

“Loss-and-Expense” means, and is limited to (in each case subject to Section 19.6 (No Special, Consequential or Punitive Damages)), any and all actual loss, liability, forfeiture, obligation, damage, fine, penalty, judgment, deposit, charge, assessment, Tax, cost
“SAWS-Requested Capital Modification Financing” means a financing by the Project Company of permitting, design and construction costs resulting from a SAWS-Requested Capital Modification effected pursuant to Section 7.2(A) (Financing SAWS-Requested Capital Modification Capital Costs).

“SAWS-Requested Design Requirement Change” has the meaning set forth in Section 5.8 (SAWS-Requested Design Requirements Changes).

“SAWS Storage Tank” means the storage tank(s) to be constructed by SAWS on Terminus Site Lot 3 as part of the SAWS Interconnection Improvements, as generally described in Appendix 13 (SAWS Interconnection Improvements).

“SCADA” means supervisory control and data acquisition.

“Scheduled Company Shutdown Hours” has the meaning set forth in Section 10.7(B)(1) (Project Company Scheduled Maintenance).

“Scheduled Connection Availability Date” shall mean February 2, 2019, the date by which the Project Company shall make the flange connection available to SAWS for connecting the Project Company Storage Tank to the SAWS Distribution System.

“Scheduled Grading Completion Date” shall mean February 27, 2018, the date by which the Project Company shall complete grading Terminus Site Lot 2 as required under Appendix 13 (SAWS Interconnection Improvements).

“Scheduled SAWS Interconnection Improvements Completion Date” has the meaning set forth in Section 6.2(B)(Scheduled SAWS Interconnection Improvements Completion Date).

“Scheduled SAWS Shutdown Hours” has the meaning set forth in Section 10.7(B)(2) (SAWS Scheduled Maintenance).

“Scheduled Utility Shutdown Hours” has the meaning set forth in Section 10.7(B)(3) (Electric Utility Maintenance).

“Security Plan” has the meaning set forth in Section 9.7 (Security).

“Senior Debt” means debt or other obligations issued or incurred by the Project Company under the Senior Debt Financing Agreements (including debt or other obligations issued or incurred in connection with a Refinancing) secured by a first lien on all or substantially all of the revenues and assets of the Project Company, including the Initial Senior Debt.

“Senior Debt Creditors” means the lenders, bondholders or other parties (including any hedge or swap providers), as the case may be, and their respective agents and trustees holding Senior Debt under the Senior Debt Financing Agreements.

“Senior Debt Discharge Date” means the date on which the Obligations (as defined in the Credit Agreement) have been paid in full in accordance with the terms of the Credit Agreement and the Secured Parties (as defined in the Credit Agreement) have released the Liens granted pursuant to the Security Documents (as defined in the Credit Agreement), in each case other than in connection with a Refinancing thereof and, if all or any portion of the Senior Debt has been Refinanced, all obligations and liabilities arising under or in connection with such Refinanced Senior Debt have been paid in full (including any hedge or swap...
“Water Transmission and Purchase Agreement” means this Water Transmission and Purchase Agreement; all Water Transmission and Purchase Agreement Amendments, including the Conforming Contract Amendment, the Financial Close Contract Amendment and, the Third Contract Amendment and the Fourth Contract Amendment; and the Appendices.

“Water Transmission and Purchase Agreement Amendment” has the meaning set forth in Section 26.7 (Water Transmission and Purchase Agreement Amendments).

“Water Transportation Agreement” means the Amended and Restated Water Transportation Agreement between the Project Company and the Water Supply Corporation executed and delivered by the parties thereto on the Financial Closing Date.

“Well Field Facilities” means the facilities and roads to be constructed on the Well Field Facilities Site for the production, collection, treatment, storage and pumping of Raw Groundwater, consisting of the Wells and the Collection Pipelines.

“Well Field Facilities Site” means the land upon which the Well Field Facilities are to be constructed, including approximately 50,000 acres located in Burleson County, Texas, near the intersection of SH 21 and FM 696, approximately eight miles from the City of Caldwell, Texas. The Well Field Facilities Site is more particularly described in Appendix 1 (Description of the Project).

“Well Field Facilities Site Real Property Interests” means (1) a fee simple absolute interest in the Well Sites, and (2) permanent easements for the Collection Pipelines Rights-of-Way.

“Well Field Meters” has the meaning set forth in Section 10.12(C) (Well Field Meters).

“Well Sites” means each of the sites of approximately two-acres upon which the Wells are to be constructed.

“Winter Month Excess Units” has the meaning set forth in Section 10.4(F) (Winter Month Deliveries).

SECTION 1.2. INTERPRETATION.

This Water Transmission and Purchase Agreement shall be interpreted according to the following provisions, except to the extent the context or the express provisions of this Water Transmission and Purchase Agreement otherwise require.

(A) Plurality. Words importing the singular number mean and include the plural number and vice versa.

(B) Persons. Words importing persons include individuals, legal personal representatives, firms, companies, associations, joint ventures, general partnerships, limited liability companies, limited liability partnerships, limited liability companies, trusts, business trusts, corporations, governmental bodies, and other legal entities.
Interconnection Improvements in any manner it chooses, whether consistent or inconsistent with Appendix 13, so long as the SAWS Interconnection Improvements have the capacity to take delivery of Product Water in volumes and in a manner consistent with SAWS’ Product Water purchase obligations under this Water Transmission and Purchase Agreement.

(B) Scheduled SAWS Interconnection Improvements Completion Date. SAWS shall cause construction of the SAWS Interconnection Improvements to be substantially complete, and capable of taking delivery of Product Water for purposes of commencing the Performance Test as described in Appendix 5 (Performance Test Procedures and Standards), by January 16, 2020 (the “Scheduled SAWS Interconnection Improvements Completion Date”). SAWS shall regularly apprise the Project Company as to the progress of construction.

(B) Completion Delay. A delay or failure by SAWS for any reason to complete construction of the SAWS Interconnection Improvements, to any extent or by any date, shall not be a breach of this Water Transmission and Purchase Agreement or a SAWS Event of Default. The parties acknowledge and agree, however, that a delay or failure by SAWS to complete the SAWS Interconnection Improvements may impede the ability of the Project Company on a timely basis to commence and complete the Performance Test or to achieve the Commercial Operation Date. Accordingly, subject to subsection (D) of this Section (Project Company Mitigation Measures) and to Section 26.4(A)(Mitigation by the Project Company):

(1) For each day during the period (a) commencing on the Scheduled SAWS Interconnection Improvements Completion Date January 16, 2020 and (b) ending on the day that the SAWS Interconnection Improvements are completed to the level required to allow the Project Company to begin, continue and complete the Performance Test, and on which the Project Company has achieved Substantial Completion and is prepared to commence the Performance Test, SAWS shall pay the Project Company, as a Direct Payment, an amount equal to the daily general conditions costs reasonably incurred by the Design Build Contractor attributable to the delay in beginning, continuing and completing the Performance Test; and

(2) For each day during the period (a) commencing on the day that the Project Company would have achieved the Commercial Operation Date and been able to make available Product Water but for the failure of SAWS for any reason to have completed construction of the SAWS Interconnection Improvements by the Scheduled SAWS Interconnection Improvements Completion Date January 16, 2020 to the level required to allow the Project Company to begin, continue and complete the Performance Test (but not earlier than April 15, 2020), and (b) ending on the Commercial Operation Date, Product Water in a volume up to the Baseline Daily Volume shall be deemed to have been made available, and SAWS shall pay the Project Company (1) the Capital and Raw Groundwater Unit Price, multiplied by (2) the Baseline Daily Volume (or, in the event restrictions are imposed on the production or transportation of Raw Groundwater or Product Water by any Governmental Body or under any Governmental Approval, such lesser number of Units as the Project Company has lawful authority to produce, transport and make available to SAWS).

(C) Project Company Mitigation and Other Measures. In the event the Project Company fails to complete the mitigation, site preparation and other measures required to be undertaken by the Project Company under Appendix 13 (SAWS Interconnection Improvements) in a timely manner as provided therein, including acquisition of other land that may be required to satisfy endangered species or other mitigation requirements, SAWS shall be relieved of its payment obligations under subsection (C) of this Section to the extent that any delay in, stoppage of, or failure to complete construction of the SAWS Interconnection

Third Amendment, April 5, 2017

Fourth Amendment, April 5, 2020

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Improvements in the time required is reasonably attributable to such failure. Notwithstanding any provision to the contrary, in no event shall an Uncontrollable Circumstance extend the Scheduled Grading Completion Date and the Scheduled Connection Availability Date.

(D) Expected Partial Delay in Completion of SAWS Interconnection Improvements as of the Fourth Contract Amendment Date. SAWS has advised the Project Company that, as of the Fourth Contract Amendment Date, only a portion of the SAWS Interconnection Improvements will be completed as of January 16, 2020. Notwithstanding such partial delay, the parties acknowledge and agree that the full completion of the SAWS Interconnection Improvements is not required for the Project Company to begin, continue and complete the Performance Test, to achieve the Commercial Operation Date, to commence delivery of Product Water to the SAWS Distribution System and to make available to SAWS the Baseline Annual Volume. Accordingly, the Project Company acknowledges and agrees that the completion delay described in this paragraph will not give rise to any claim by the Project Company under subsection (B) of this Section, and the Project Company waives all such claims. Further, SAWS acknowledges and agrees that SAWS’ obligation under Section 10.5 (SAWS Obligation to Take Delivery of and Purchase Product Water) and under Section 17.1(A) (Monthly Water Purchase Payments following the Commercial Operation Date) shall apply notwithstanding SAWS’ delay in completing the entirety of the SAWS Interconnection Improvements as described in this subsection.

(E) Operation, Maintenance, Repair and Replacement. SAWS shall use reasonable efforts to operate, maintain, repair and replace the SAWS Interconnection Improvements during the Term so as to permit the delivery of Product Water to the SAWS Distribution System in accordance with this Water Transmission and Purchase Agreement.

SECTION 6.3. SAWS INTERFACE CABINET.

The parties shall cooperate to assure the timely installation and testing by SAWS of the SAWS Interface Cabinet at the Project.

SECTION 6.4. NOTICE OF SHUTDOWNS AND CLOSURES.

(A) Notice. SAWS shall give notice as soon as practicable of any shutdown or closure of the SAWS Distribution System that may prevent or limit SAWS from receiving Product Water. SAWS’ notice shall include a written report:

(1) Describing the shutdown or closure;

(2) Stating the date on which the shutdown or closure began and its estimated duration, to the extent known; and

(3) Summarizing the likely consequences of the shutdown or closure of SAWS’ ability to take delivery of Product Water under this Water Transmission and Purchase Agreement.

(B) Updates. SAWS shall provide the Project Company with weekly updates, together with further details and supporting documentation, as it receives or develops additional information pertaining to the shutdown or closure. In particular, SAWS shall notify the Project Company as soon as the shutdown or closure has ceased and of the time when it reasonably expects to be again capable of receiving Product Water.
of which is required for the safe operation of all or any part of the Project during the Performance Test.

(D) **Conditions to Commencement of the Performance Test.** The Project Company shall not commence the Performance Test until the following events have occurred:

1. The requirements of Section 8.3(C) (Notice of Commencement of the Performance Test) have been met;
2. If required by Applicable Law, TCEQ has approved the Performance Test plan proposed by the Project Company;
3. **Substantial Completion has occurred;**
4. The Project Company Public Water Supplier Designation or an Interim Operations Approval has been issued by TCEQ, and contains sufficient authorization to permit the Performance Test and post-Performance Test operations to be conducted in accordance herewith;
5. All Utilities specified or required under this Water Transmission and Purchase Agreement to be arranged for by the Project Company are connected and functioning properly;
6. The Project Company has met with SAWS at least 60 days prior to the scheduled Performance Test to provide a forecast of expected Product Water production and availability, described the intended management of Product Water and Off-Specification Product Water, and reviewed such forecast and intended management with SAWS staff responsible for the introduction of water into the SAWS Distribution System;
7. The requirements of Section 5.2 (Performance Testing Prerequisites) of Appendix 5 (Performance Test Procedures and Standards) have been met; and
8. The Project Company and SAWS have verified that the instrumentation and SCADA control systems on the Project Company Storage Tank are fully functional and can be observed by both the Project Company and SAWS.

(E) **Conduct of the Performance Test.** The Performance Test shall consist of the operation of the Project as a whole, as described in Appendix 5 (Performance Test Procedures and Standards), for the time period mentioned therein, in compliance with the Contract Standards. The parties may agree from time to time, each in its discretion, as to modifications to the Performance Test requirements. Achievement of Acceptance will be determined in accordance with the criteria set forth in Appendix 5 (Performance Test Procedures and Standards) and this Water Transmission and Purchase Agreement. SAWS shall designate and make available qualified and authorized representatives to observe the Performance Test and to monitor the taking of measurements to determine the level of achievement of the Performance Guarantees, all in accordance with this Water Transmission and Purchase Agreement. The SAWS Engineer shall have the right to observe the Performance Test and the taking of measurements discussed in the preceding sentence. Neither SAWS nor the SAWS Engineer shall interfere with the conduct of the Performance Test. The Project Company's election and report of Performance Test results shall be made in accordance with the requirements defined in Appendix 5 (Performance Test Procedures and Standards).
(F) Test Report. Within 45 days following the last day of any Performance Test, the Project Company shall furnish the SAWS Engineer and SAWS with five copies of a written Performance Test report consistent with the requirements specified in Appendix 5 (Performance Test Procedures and Standards). The Performance Test results will be calculated in accordance with the Contract Standards. Within 20 days after SAWS’ and SAWS Engineer’s receipt of the Performance Test results, SAWS shall provide written notice to the Project Company either acknowledging that the Performance Test report is complete and correct or specifying the deficiencies of the Performance Test. In the latter instance the foregoing procedure will be repeated or the report withdrawn; provided, that if such notice specifying deficiencies is provided more than 10 Business Days after receipt of the Performance Test results, the Commercial Operation Longstop Date shall be extended for each day from the 10th Business Day from receipt of the Performance Test results until the day such notice is provided to the Project Company.

SECTION 8.4. PRODUCT WATER DELIVERIES PRIOR TO THE COMMERCIAL OPERATION DATE.

(A) Performance Tests. During any Performance Test, the Project Company shall notify SAWS of the volumes of Product Water to be made available to the Project Flow Meter at least one day in advance of such availability. The cost of all Performance Test activities, including any repetition of the Performance Tests, has been priced in the Monthly Water Purchase Payments. If repeated Performance Tests are required due to the failure of the Project Company to achieve Acceptance, the Project Company shall reimburse SAWS for reasonable costs and expenses incurred in monitoring and reviewing the results of any such repeated Performance Tests.

(B) Interim Operations. If TCEQ issues the Project Company Public Water Supplier Designation, or an Interim Operations Approval, prior to the Commercial Operation Date, SAWS shall take delivery of Product Water made available by the Project Company, subject to the following:

(1) SAWS shall have completed the SAWS Interconnection Improvements;

(2) SAWS and the Project Company, acting reasonably, shall have agreed on a schedule of Flow Rates and provision of electrical service for the delivery and receipt of such Product Water;

(3) The Product Water meets the Product Water Quality Guarantee;

(4) SAWS may, on reasonable notice to the Project Company, terminate its obligation to take delivery of such Product Water if the Project Company fails to make available Product Water substantially in accordance with the agreed-upon delivery schedule;

(5) SAWS’ obligation to take delivery of Product Water under this Section shall terminate upon earlier of (a) the expiration or termination of any authority to operate the Project under an Interim Operations Approval, or (b) the termination of this Water Transmission and Purchase Agreement, whether under Section 8.7 (Failure to Achieve the Commercial Operation Date by the Commercial Operation Longstop Date) or otherwise hereunder.

SAWS shall have no obligation to compensate the Project Company for any Product Water delivered during interim operations or otherwise prior to the Commercial Operation Date.
(C) **Other Obligations of the Parties During Interim Operations.** During interim operations, the Operating Period shall not have commenced. The parties shall, however, comply with all of their respective obligations hereunder during interim operations as if the Operating Period had commenced, except that: (1) the Project Company’s right to make available Product Water shall be as described in Section 8.4(B) (Interim Operations); (2) SAWS shall have no obligation to pay the Monthly Water Purchase Payments; and (3) Product Water shall comply at all times with the requirements of Applicable Law. Nothing in this Section shall be construed to limit SAWS obligations under Section 6.2(B) (Completion Delay).

(D) **Water Disposal and Disinfection Required by Curtailments.** The Project Company shall be responsible for SAWS’ actual costs of any required disposal of stagnant water in and disinfection of water at the SAWS Interconnection Improvements, resulting from the Project Company’s curtailment of Performance Testing or interim operations for any reason other than SAWS Fault or at the direction of SAWS.

**SECTION 8.5. ACCEPTANCE.**

(A) **Conditions.** The following conditions shall constitute the “Acceptance Conditions,” each of which shall be and remain satisfied in all material respects by the Project Company in order to achieve Acceptance and establish the Commercial Operation Date:

1. **Substantial Completion.** Substantial Completion has been achieved (and all conditions of Substantial Completion continue to be satisfied) and all equipment and facilities necessary for the operation of the Project have been properly constructed, installed, erected, insulated and protected where required, and correctly adjusted;

2. **Achievement of the Minimum Performance Criteria.** A Performance Test shall have been conducted demonstrating that the Project has achieved the Minimum Performance Criteria and complied with the Contract Standards, and a Performance Test report shall have been delivered to SAWS and the SAWS Engineer validating such achievement, certified as correct and complete by the Project Company;

3. **Design Build Contractor Letter of Confirmation.** The Design Build Contractor shall have delivered a letter to SAWS and the SAWS Engineer confirming the matters stated in (2) (Achievement of Minimum Performance Criteria);

4. **Operating Governmental Approvals.** All Governmental Approvals required under Applicable Law, including the Project Company Public Water Supplier Designation, which are required to be obtained by the Project Company as of the Commercial Operation Date for the performance of the Operating Work shall have been duly obtained by the Project Company and shall be in full force and effect. True and correct copies of all such Governmental Approvals, to the extent not in SAWS’ possession, shall have been delivered to SAWS to the extent required by Section 5.5(B) (Copies) and Section 9.8(E) (Copies of Operating Governmental Approvals);

5. **No Encumbrances.** There are no Encumbrances registered or recorded on the Project Sites or any part of the Project other than Permitted Encumbrances;

6. **Governmental Body Readiness Confirmations.** To the extent required under Applicable Law, all other Governmental Bodies having
jurisdiction have confirmed (and issued all pertinent Governmental Approvals or other documents in respect thereof) that all buildings and structures comprising the Project on the Project Sites are ready for use and occupancy;

(7) Required Operating Period Insurance. The Project Company has obtained and submitted to SAWS endorsements and certificates of insurance for all Required Insurance specified in Section 7.2 (Insurance During the Operating Period) of Appendix 7 (Insurance Requirements); and

(8) Final Electronic Operation and Maintenance Manuals. The Project Company has delivered to SAWS the final Electronic Operation and Maintenance Manual, including a complete electronic operation and maintenance manual for the Project Company Storage Tank acceptable to SAWS acting reasonably.

(9) Warranties. The Project Company has made all equipment manufacturer’s equipment warranties available on-site.

(10) Cathodic Protection Tests. The Project Company has delivered to SAWS the cathodic protection system testing results in reports signed by the Cathodic Protection Engineer.

(B) Notice and Report of Acceptance. When the Project Company believes that it has achieved Acceptance, it shall deliver to SAWS and the SAWS Engineer a notice thereof (the “Notice of Acceptance”). The Notice of Acceptance shall not be delivered earlier than 30 days following the achievement of Substantial Completion as provided in subsection 8.1(F) (Achievement of Substantial Completion). The Notice of Acceptance shall contain a report in a form acceptable to SAWS, and with sufficient detail to enable SAWS to determine that Acceptance has been achieved. The date upon which the Notice of Acceptance is delivered to SAWS and the SAWS Engineer shall be the “Notice of Acceptance Date.”

(C) Achievement of Acceptance. SAWS and the SAWS Engineer shall, within 30 days following receipt of the Notice of Acceptance, inspect the Project and all Construction Work and either (a) deliver a certificate to the Project Company certifying that the requirements under clauses (1) through (10) of Section 8.5(A) (Conditions) have been satisfied, or (b) notify the Project Company in writing that Acceptance has not been achieved, stating in detail the reasons therefor. In the event that Acceptance has not been achieved, the Project Company shall promptly take such action or perform such Construction Work to effect compliance with Acceptance, and shall issue to SAWS and the SAWS Engineer another Notice of Acceptance pursuant to Section 8.5(B) (Notice and Report of Acceptance). Such procedure shall be repeated as necessary until Acceptance has been achieved. Any expense incurred by SAWS in any such repeated inspections and reviews shall promptly be reimbursed by the Project Company as a Direct Payment.

SECTION 8.6. ACHIEVEMENT OF ACCEPTANCE AND COMMERCIAL OPERATION DATE.

(A) Acceptance. The Project Company shall achieve Acceptance by the Commercial Operation Longstop Date.

(B) Commercial Operation Longstop Date Defined. The “Commercial Operation Longstop Date” is April 10, 2021, as such Commercial Operation Longstop Date may be extended as provided in Section 8.6(C) (Extension for Uncontrollable Circumstances).
shall remove such Chief Operator as soon as reasonably practicable, but in no event later than 60 days.

(B) Communications and Meetings. On or before the Commercial Operation Date, the Project Company shall provide SAWS with contact information for the Chief Operator and senior management representatives of the Project Company. SAWS shall furnish to the Project Company comparable communications information with respect to the Contract Administrator. The Project Company shall meet with SAWS each month to review the contents of the monthly operations reports required to be prepared pursuant to Section 9.11 (Periodic Reports). The Chief Operator (or other senior representative of the Operating Services Provider acceptable to SAWS) and, if requested by SAWS, a senior management representative of the Project Company each shall personally attend the monthly operations meetings with SAWS, and all special meetings which SAWS may reasonably request from time to time, to review management, operational, performance and planning matters arising with respect to the Project and this Water Transmission and Purchase Agreement. The Project Company shall have the right to have a representative present at all such meetings. Any issue in dispute which the parties are unable to resolve at such monthly and special meetings may be referred to Non-Binding Mediation in accordance with Section 18.2 (Non-Binding Mediation), and the resolution of any issues resolved at such meetings or through Non-Binding Mediation shall be reflected in a Contract Administration Memorandum or a Water Transmission and Purchase Agreement Amendment, as applicable.

(C) Complaints and Communications. The Project Company shall respond in a timely and effective manner to all complaints and communications received by the Project Company or received by SAWS and forwarded to the Project Company regarding the treatment and distribution of water, odor and air emissions, noise, light emissions, construction or any other matter related to the Operating Work to which there is a Contract Standard, to the extent required by the following sentence. The Project Company shall investigate each such complaint and communication and, if it has a valid basis, the Project Company shall promptly respond to or rectify the matter, as applicable; provided, however, that the Project Company shall have no obligation to respond to or rectify a matter raised in a complaint or communication if the Project Company is in compliance with the Contract Standards with respect to the matter. The Project company shall respond to complaints and communications concerning (1) emergencies related to the Project within one hour; (2) material spillages, leaks, breaks, noise, light, and emissions relating to the Project as soon as reasonably possible; and (3) other material communications within two Business Days. All such complaints and communications shall be immediately logged and responded to in writing, faxed or sent via e-mail to SAWS on a daily basis, and reported to SAWS as part of the monthly operations reports delivered pursuant to Section 9.11 (Periodic Reports). The Project Company shall establish, maintain and make publicly known a telephone number, e-mail address and mailing address to which customer or citizen complaints and communications may be directed.

SECTION 9.3. STAFFING AND PERSONNEL.

(A) Staffing Generally. The Project Company shall staff (or cause the Operating Service Provider to staff) the Project during the Term in accordance with the Contract Standards with qualified personnel who meet the licensing and certification requirements of the State. The Project staff, taken as a whole, shall be trained, experienced and proficient in the management and operation of water treatment systems using treatment processes similar to the Project. The Project Company shall (or shall cause the applicable Project Contractor to) appropriately discipline or replace, as appropriate, any employee of the Project Company or any Subcontractor engaging in unlawful, unruly or objectionable conduct. The Project Company shall notify SAWS of any material change in staffing levels and positions from time to time, and shall not make any such material change if the new staffing level would
adversely materially and adversely affect the ability of the Project Company to provide the Operating Work in accordance with the Contract Standards.

(B) Key Operations Staff. Collectively, the Chief Operator and those reporting directly to the Chief Operator shall have experience with all of the technologies and practices utilized in the Project sufficient to operate and maintain the Project and perform the Contract Services in accordance with the Contract Standards.

(C) Training. The Project Company shall be responsible for training the Chief Operator, operations supervisors and other Project Company personnel. No later than the Commercial Operation Date, the Project Company shall prepare a personnel training program which the Project Company proposes to institute in order to ensure that the Project is managed and operated by qualified personnel throughout the Term and in accordance with this Water Transmission and Purchase Agreement. Such personnel training program shall include the personnel training guidelines, policies and procedures established (1) by the TCEQ and the EPA; (2) in any Governmental Approval or operator’s certificate required or issued by any Governmental Body; and (3) in any other Applicable Law.

SECTION 9.4. UTILITIES.

(A) General. The Project Company shall arrange for and establish the supply of gas, water, sewer and other utility service required for the Project in accordance with the Design Requirements, except that electric service during the Operating Period shall be arranged for and established by SAWS as provided in Section 9.4(B) (SAWS Payment of Project Electricity Costs During the Operating Period).

(B) SAWS Payment of Project Electricity Costs During the Operating Period. SAWS shall have the exclusive right and obligation during the Operating Period to enter into contracts or other arrangements for the supply of electricity to the Project (not later than such time as is necessary to enable the Performance Test to be performed in a timely manner in accordance with the Performance Test Protocol), to determine the electricity supplier, and to negotiate and establish electric rates with the electricity supplier, subject to the approval of the Project Company, acting reasonably, all as set forth in greater detail in Appendix 9 (Guaranteed Maximum Electrical Utilization and Demand); provided, however, that the Project Company shall cause all Well Field electric service easements that may be required by any electric utility that provides electric service to the Well Field Facilities to be provided and conveyed to the electric utility service provider. The Project Company shall cooperate with and assist SAWS in making such arrangements. The Project Company shall give reasonable consideration to any requests and recommendations made by the Project Company as to the terms and conditions of electricity supply. SAWS shall pay all electricity bills directly to the electric utility service provider during or related to the Operating Period in a timely manner, subject to annual reimbursement by the Project Company as part of the Annual Settlement Statement process set forth in Section 17.11 (Annual Settlement) in the event that the Guaranteed Maximum Annual Electricity Costs are exceeded as provided in Section 17.11(B) (Annual Settlement of Electricity Costs). Notwithstanding the preceding sentence, the Project Company shall reimburse SAWS on a monthly basis in an amount equal to all fines and penalties imposed by the electricity provider resulting from the Project Company’s failure to operate in accordance with the Contract Standards. The Project Company shall operate the Project in a manner which minimizes, to the maximum extent reasonably practicable in light of its obligation to provide the Operating Work, charges for electricity use, demand, transmission and distribution which are payable by SAWS hereunder.

(C) No SAWS Liability. In no event, notwithstanding SAWS role in the selection of any electricity supply, shall SAWS have any liability or responsibility for the performance or non-performance of any electricity supplier, including any failure to supply...
under Article 19 (Remedies of the Parties), Article 20 (Project Company Events of Default), and Article 22 (Termination).

(G) Reporting Off-Specification Product Water and Unacceptable Product Water. The Project Company shall report to SAWS the making available to SAWS of any Off-Specification Product Water and Unacceptable Product Water immediately upon having actual knowledge of any such circumstance.

(H) Indemnity for Loss-and-Expense from Non-Complying Product Water. In the event that SAWS takes delivery of any Product Water that fails to comply with the Product Water Quality Guarantee, the Project Company shall indemnify, defend and hold harmless SAWS and SAWS Indemnites in accordance with Section 25.1 (Project Company’s Obligation to Indemnify) from any Loss-and-Expense resulting from the supply of such non-complying Product Water to third parties. This indemnity shall extend to any liability resulting from property loss or damage or death or personal injury suffered or alleged to be suffered by any party from exposure to or as a result of using or consuming such non-complying Product Water based on any theory of recovery, including theories of product liability, toxic tort or environmental impairment. The Loss-and-Expense relating to such liabilities to third parties to which the indemnity provided in this Section extends shall include any special, incidental, consequential, punitive and other similar damages awarded to such third parties, notwithstanding waivers contained with respect to such damages in Section 19.6 (No Special, Consequential or Punitive Damages).

(I) No Uncontrollable Circumstances Relief. In no event shall an Uncontrollable Circumstance excuse the Project Company from its obligation to comply with the Product Water Quality Guarantee. No Unacceptable Product Water taken delivery of by SAWS shall constitute Daily Delivered Water Units irrespective of the occurrence of an Uncontrollable Circumstance.

SECTION 10.3. PRODUCT WATER SUPPLY AND DEMAND DEFINITIONS.

(A) Definitions used in this Water Transmission and Purchase Agreement:

1) **Advance Project Company Make-Up Units.** “Advance Project Company Make-Up Units” has the meaning set forth in Section 10.4(D)(2) (Supply of Make-Up Units).

2) **Baseline Annual Volume.** “Baseline Annual Volume” means 50,000 Acre Feet.

3) **Baseline Daily Volume.** “Baseline Daily Volume” means 137.0 Units.

4) **Daily Delivered Water Units.** “Daily Delivered Water Units” means, for any day, the number of Units actually made available by the Project Company and taken delivery of by SAWS at the Product Water Delivery Point, up to the Daily Maximum Volume.

5) **Daily Maximum Volume.** “Daily Maximum Volume” means (a) 137 Units of Product Water on any day in the months of November, December, January and February, and (b) 149.2 Units on any day in all other months (all subject to the Baseline Annual Volume).
(6) **Delivery Tank** “Delivery Tank” has the meaning set forth in Section 10.1(C) (Delivery Tank).

(7) **Demand Shortfall Units.** “Demand Shortfall Units” means the number of Units, if any, by which the number of Daily Delivered Water Units is less than the number of Units that the Project Company has made available on such day as determined under Section 10.4(C) (Determination of Water Made Available), up to the Daily Maximum Volume. Demand Shortfall Units shall not, however, include any Tank Structural Failure Units. In no event shall Demand Shortfall Units be deemed to have been created on any day during which the Product Water level in the Delivery Tank was lower than the Flow Shutdown Tank Level throughout the entire day, unless and only to the extent that SAWS has directed the Project Company in writing to curtail or shut down Product Water flow into the Delivery Tank.

(8) **Excess Product Water.** “Excess Product Water” means, for any Contract year, the number of Daily Delivered Water Units for such Contract Year that is in excess of 50,000 Units.

(9) **Excused Supply Shortfall Units.** “Excused Supply Shortfall Units” means the sum of (a) the number of Supply Shortfall Units which the Project Company did not make available due to an Uncontrollable Circumstance or an event described in paragraph (15) of subsection 5.2(F) (Other Circumstances), and (b) the number of Tank Structural Failure Units. The Project Company shall be allowed seven days for scheduled maintenance of the Project Improvements in each Contract Year and accordingly on each day on which the Project Improvements are shut down for any such scheduled maintenance, the Project Company shall be credited with 137.0 Excused Supply Shortfall Units. A Tank Structural Failure Unit is an Excused Supply Shortfall Unit.

(10) **Flow Curtailment Tank Level** “Flow Curtailment Tank Level” has the meaning set forth in Section 10.3(B) (Flow Curtailment Tank Level).

(11) **Flow Shutdown Tank Level** “Flow Shutdown Tank Level” has the meaning set forth in Section 10.3(C) (Flow Shutdown Tank Level).

(12) **Make-Up Units.** “Make-Up Units” means the number of Units made available by the Project Company at the Product Water Delivery Point that exceeds 137.0 Units on any day.

(13) **Supply Shortfall Units.** “Supply Shortfall Units” means the number of Units by which the volume of Product Water made available by the Project Company at the Product Water Delivery Point Daily Delivered Water Units is less than the Baseline Daily Volume and not attributable to events creating Demand Shortfall Units.

(14) **Tank Structural Failure Units.** “Tank Structural Failure Units” means for any day the number of Units that SAWS, after reasonable efforts to comply with its mitigation obligations through the use of the SAWS Storage Tank as the Delivery Tank and other appropriate measures, did not take delivery of on account of a structural failure of the Project Company Storage Tank that prevented its continued use due to operational or regulatory requirements and occurred due to the Project Company’s failure to build the Project Company
Storage Tank in accordance with the requirements of this Water Transmission and Purchase Agreement.

(15) Unexcused Supply Shortfall Units. “Unexcused Supply Shortfall Units” means the number of Supply Shortfall Units which the Project Company did not make available that was not due to an Uncontrollable Circumstance or an event described in paragraph (15) of subsection 5.2(F) (Other Circumstances).

(B) Flow Curtailment Tank Level. Promptly following substantial completion of the Project design, the parties shall negotiate and establish the level in the Delivery Tank (expressed in feet above mean sea level) at which a skilled operator applying Good Management Practice should begin to curtail the flow of Product Water to the Delivery Tank in order to avoid the risk of the Product Water level in the Delivery Tank reaching the Flow Shutdown Tank Level in a two-hour period if Product Water were to continue to flow into the Delivery Tank at the rate of 33,000 GPM with no Product Water drawdown by SAWS from the Delivery Tank during such two-hour period. The agreed-upon level shall be the “Flow Curtailment Tank Level”, and shall be reflected in a Contract Administration Memorandum. Until and unless the parties agree otherwise pursuant to this subsection, the Flow Curtailment Tank Level shall be 1070 MSL.

(C) Flow Shutdown Tank Level. Promptly following completion of the Project design and in conjunction with the establishment of the Flow Curtailment Tank Level, the parties shall negotiate and establish the level in the Delivery Tank (expressed in feet above mean sea level) at which a skilled operator applying Good Management Practice should shut down the supply of Product Water to the Delivery Tank in order to avoid the possibility that the Product Water level in the Delivery Tank will reach a level that would overflow the Delivery Tank. The agreed-upon level shall be the “Flow Shutdown Tank Level”, and shall be reflected in a Contract Administration Memorandum. Until and unless the parties agree otherwise pursuant to this subsection, the Flow Shutdown Tank Level shall be 1079 MSL.

(D) Records and Tracking Accounts. The Project Company shall record the Daily Delivered Water Units, the Excused Supply Shortfall Units, the Unexcused Supply Shortfall Units, the Demand Shortfall Units, the Make-Up Units and the Advance Make-Up Units on a daily basis (rounding the number of Units in each to the nearest one-tenth of one Acre Foot), and keep tracking accounts for all such Units by Category.

SECTION 10.4. PROJECT COMPANY RIGHT TO SUPPLY PRODUCT WATER.

(A) Supply Prior to Commercial Operation Date. The Project Company shall have the right, commencing on January 16, 2020, to deliver Product Water for purposes of conducting the Performance Test. SAWS shall take delivery of such Product Water to the extent that the SAWS Interconnection Improvements are completed and permit Product Water delivery. No compensation shall be payable by SAWS for any Product Water of which it takes delivery prior to the Commercial Operation Date.

(B) Supply Following Commercial Operation Date. The Project Company shall have the right, commencing on the Commercial Operation Date (but not earlier than April 15, 2020) and throughout the Term, to make available a maximum of 50,000 Acre Feet of Product Water each Contract Year at the Product Water Delivery Point (except as provided in Section 10.4(D)(2) (Supply of Make-Up Units) with respect to the delivery of Project Company Make-Up Units). Product Water shall be supplied and made available in accordance with the following terms and conditions:
(1) In the first and second months of March and the first and second
months of April following the Commercial Operation Date, the Project Company
may not supply more than 137.0 Units on any day;

(2) The Project Company may not supply Project Water on any day in
excess of the Daily Maximum Volume applicable to such day subject to the
provisions of Section 10.4(F) (Winter Month Deliveries);

(3) In the event of an extended Project shutdown, the Project
Company may not supply Project Water except in accordance with the
requirements of Section 6.6.2 (Extended Shutdowns) of Appendix 6 (Operating
and Maintenance Standards);

(4) Whenever the Product Water level in the Delivery Tank reaches
the Flow Curtailment Tank Level, the Project Company shall curtail the Flow
Rate to a rate not in excess of 31,000 GPM; and

(5) Whenever the Product Water level in the Delivery Tank reaches
the Flow Shutdown Tank Level, the Project Company shall shut down the flow of
Product Water to the Delivery Tank.

(C) Determination of Water Made Available. Product Water shall be deemed
to have been made available on any day:

(1) In the first 30 days after the Commercial Operation Date, in a
volume equal to the average daily volume of Product Water successfully
produced by the Project Company and supplied to SAWS during Event 2 of the
Performance Test, up to the Baseline Daily Volume applicable in such 30-day
period; and

(2) Thereafter, in a volume equal to the average daily number of Daily
Delivered Water Units in the 30-day period immediately preceding such day,
subject to the following:

(a) If on any day in such 30-day period Product Water has not been
taken delivery of by SAWS for any reason (including due to a curtailment or
shutdown under Section 10.4(B)(4) or (5) above), such average daily volume shall
be calculated by using only the days within such 30-day period on which SAWS
has taken delivery of all Product Water made available by the Project Company.
For example, if during such a 30-day period, SAWS did not take delivery of any
Product Water in whole or in part on three days, the daily average shall be
calculated over the 27 days on which SAWS did take delivery of all Product
Water made available by the Project Company; and

(b) If on any day in such 30-day period the Project Company is not
capable of delivering Product Water in volumes up to the Baseline Daily Volume,
whether due to physical operating capacity constraints or due to limitations
under Governmental Approvals or other Applicable Law (including regulatory
reductions in permitted production or transportation volumes), then Product
Water shall be deemed to have been made available only in a volume up to the
volume that the Project Company was operationally capable of delivering under

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Applicable Law on that day. In the event the average daily volume calculated under item (C)(2) above is less than the volume that the Project Company was operationally capable of delivering under Applicable Law on such day, such lesser average daily volume shall be deemed to be the volume of Product Water made available.

(D) Supply of Make-Up Units. Subject to the Daily Maximum Volume:

(1) On any day when there are Excused Supply Shortfall Units standing to the account of the Project Company or Demand Shortfall Units standing to the account of SAWS, the Project Company shall have the right to make available Product Water constituting Make-Up Units so long as the volume of Product Water made available on any day does not exceed the Daily Maximum Volume; and

(2) On any day when there are no Excused Supply Shortfall Units standing to the account of the Project Company or Demand Shortfall Units standing to the account of SAWS, the Project Company shall have the right to make available Product Water constituting Make-Up Units ("Advance Project Company Make-Up Units") up to a maximum of 3,000 Advance Project Company Make-Up Units at any time outstanding, which Advance Project Company Make-Up Units shall be available for application whenever Excused Supply Shortfall Units subsequently occur.

Make-Up Units supplied pursuant to this subsection (D) shall be so identified and recorded as such on a daily basis in the appropriate tracking account, and used as appropriate for monthly and annual tracking and reconciliation purposes.

(F) Simultaneous shortfalls. In the event of supply shortfalls and demand shortfalls occurring on the same day, the sum of (1) Daily Delivered Water Units, plus (2) Supply Shortfall Units, plus (3) Demand Shortfall Units, shall equal the greater of Baseline Daily Volume and the amount of Product Water deemed to have been made available pursuant to subsection 10.4(C)(2). If initially determined number of Supply Shortfall Units for such day results in the sum of (1) Daily Delivered Water Units, plus (2) Supply Shortfall Units, plus (3) Demand Shortfall Units being less than the greater of Baseline Daily Volume and the amount of Product Water deemed to have been made available pursuant to subsection 10.4(C)(2), additional Supply Shortfall Units shall be awarded to the Project Company in an amount to make up such formula deficit. For example, if on a given day, (1) the 30-day average of Daily Delivered Water Units is 140 Units, (2) there are 100 Daily Delivered Water Units, (3) there are 10 initially determined Supply Shortfall Units, and (4) there are 20 Demand Shortfall Units, then 10 additional Supply Shortfall Units shall be imputed so that the sum of Daily Delivered Water Units, Supply Shortfall Units and Demand Shortfall Units equals the then-applicable 30-day average of 140 Units (i.e., the greater of the Baseline Daily Volume and the 30-day average of Daily Delivered Water Units). To the extent that additional Supply Shortfall Units are awarded to the Project Company to make up such formula deficit under this subsection, such additional Supply Shortfall Units shall be deemed Excused Supply Shortfall Units pursuant to subsection 10.3(A)(9).

(F) Winter Month Deliveries. Notwithstanding subsection 10.3(A)(4) (Daily Delivered Water Units), for the purposes of allowing minor variations in the flow of Product Water during the winter months, the Project Company may, during the months of November, December, January and February, and subject to the limitations contained herein, deliver up to 141 Units per day, and such deliveries in excess of Baseline Daily Volume shall be known as "Winter Month Excess Units". At any given time in an applicable month, the Project Company may not have more than 12 Winter Month Excess Units outstanding, and no compensation
shall be owed by SAWS for any units delivered in excess of such amounts. Winter Month Excess Units shall be used to offset Excused Supply Shortfall Units generated during such month. For example: (i) if the Project Company has generated 12 Winter Month Excess Units, and on the following day the Project Company generates four Excused Supply Shortfall Units, then the outstanding Winter Month Excess Unit balance shall be reduced to eight (per the limits set forth in this Section, such balance cannot exceed 12 Winter Month Excess Units at any given time); and (ii) if the Project Company generates 20 Excused Supply Shortfall Units in a month and generates 10 Winter Month Excess Units in the same month, then the total Excused Supply Shortfall Units for such month shall be 10. Winter Month Excess Units outstanding at the end of each month shall expire and shall not count towards the Daily Delivered Water Units for which SAWS pays the Project Company as part of the Monthly Water Purchase Payment, e.g., in no event shall Winter Month Excess Units increase the amount of water for which SAWS is obligated to pay above (1) the pre-existing winter monthly limits of Baseline Daily Volume, multiplied by (2) the number of days in such month. Winter Month Excess Units shall not be included as part of the Daily Delivered Water Units for purposes of calculating the average daily volume of water made available over a given 30-day period pursuant to Section 10.4(C) (Determination of Water Made Available).

(C) Effect of Opportunities. In the event SAWS exercises its rights under Section 26.5 (Opportunities), the parties shall negotiate and reflect in a Contract Administration an appropriate adjustment to the Product Water Delivery Point and to the terms and conditions of this Section in order to give effect to SAWS’ exercise of such rights in a manner that does not adversely affect any of the Project Company’s rights hereunder.

SECTION 10.5. SAWS OBLIGATION TO TAKE DELIVERY OF AND PURCHASE PRODUCT WATER.

(A) SAWS Obligation to Take Delivery and Purchase Product Water Following the Commercial Operation Date. Following the Commercial Operation Date, SAWS shall take delivery of and purchase all Product Water made available by the Project Company, subject to and in accordance with the limits set forth in Section 10.4(B) (Supply Following Commercial Operation Date) and the terms and conditions of this Water Transmission and Purchase Agreement.

(B) SAWS Obligation to Pay for Demand Shortfall Units Following the Commercial Operation Date. To the extent that in any Billing Period following the Commercial Operation Date there are any Demand Shortfall Units that have not been made up by SAWS Make-Up Units, SAWS shall pay the Unit Price for such Demand Shortfall Units even though SAWS has not taken delivery of the Product Water made available by the Project Company that would have constituted Daily Delivered Water Units. The failure of SAWS to take delivery of any Product Water to any degree or for any reason shall not constitute a breach of this Water Transmission and Purchase Agreement or the basis for a SAWS Event of Default.

(C) Off-Specification Product Water and Unacceptable Product Water. Any SAWS failure to take delivery of Product Water pursuant to the exercise of rights under Section 10.2(D) (Remedies for Breach of Product Water Quality Guarantee – Off-Specification Product Water) and Section 10.2(E) (Remedies for Breach of Product Water Quality Guarantee – Unacceptable Product Water) shall not constitute a breach of Section 10.5(A) (SAWS Obligation to Take Delivery and Purchase Product Water Following the Commercial Operation Date), and any Product Water not taken delivery of on account of such exercise of rights shall not constitute Demand Shortfall Units.

(D) Measurement. The volume of Product Water of which SAWS has taken delivery shall be measured by the Project Flow Meter.
(1) The Commercial Operation Longstop Date shall be extended as and to the extent provided in Section 8.6(C) (Extension for Uncontrollable Circumstances); and

(2) Except as provided in Section 10.9 (Extension of Term), the occurrence of a SAWS Fault shall not operate to extend the Expiration Date, and accordingly shall not extend the period of time during which the Project Company is obligated to perform the Contract Obligations or SAWS is obligated to take delivery of and purchase Product Water.

(B) Compensation Relief for SAWS Fault Occurring Prior to the Commercial Operation Date. If a SAWS Fault occurs prior to the Commercial Operation Date:

(1) Except as provided in Section 6.2(C), Section 6.2(B) (Completion Delay), the Project Company shall not be entitled to any adjustment to the Unit Price or other compensation with respect thereto prior to the Commercial Operation Date, nor any adjustment to the Unit Price or other compensation at all if the Commercial Operation Date never occurs for any reason; and

(2) If the Commercial Operation Date occurs, the Project Company shall be compensated as provided in Section 16.3(C) (Compensation Relief for Changes On or After the Commercial Operation Date), such compensation to be reflected in the Unit Price.

(C) Compensation Relief for Changes On or After the Commercial Operation Date. If a SAWS Fault occurs on or after the Commercial Operation Date (or, as provided in Section 16.3(B)(2)), occurs prior to the Commercial Operation Date and the Project subsequently achieves the Commercial Operation Date),

(1) The Unit Price shall be:

(a) Reduced by an amount equal to Avoidable Costs; and

(b) Increased by an amount necessary to compensate the Project Company for any increase in the cost to the Project Company of performing the Contract Obligations in compliance with Applicable Law, to the extent resulting from the SAWS Fault.

SECTION 16.4. PROJECT COMPANY RELIEF DUE TO UNCONTROLLABLE CIRCUMSTANCES.

(A) Performance and Schedule Relief. Except with respect to the Product Water Quality Guarantee, the Project Company shall be relieved from its obligation to perform the Contract Obligations, and from the schedule to perform the Contract Obligations, to the extent that any such failure results from an Uncontrollable Circumstance. Such relief shall be available irrespective of whether an obligation under this Water Transmission and Purchase Agreement expressly states that it is excused by an Uncontrollable Circumstance. With respect to schedule relief:

(1) The Commercial Operation Longstop Date shall be extended, as and to the extent provided in Section 8.6(C) (Extension for Uncontrollable Circumstances); and

(2) The Project Company shall have the right to deliver Project Company Make-Up Units to replace the Excused Supply Shortfall Units caused
by the Uncontrollable Circumstance, as and to the extent provided in Section 10.6(A) (Project Company Make-Up Units); and

(3) The Expiration Date shall be extended, as and to the extent provided in Section 10.9 (Extension of Term).

(B) No Compensation Relief. If an Uncontrollable Circumstance occurs,

(1) The Unit Price shall not be increased, nor shall any other compensation be payable, on account of the occurrence of the Uncontrollable Circumstance;

(2) SAWS shall continue to have the right to impose Deductions for any failure to meet the Product Water Quality Guarantee; and

(3) The Project Company shall bear all costs resulting from the occurrence of the Uncontrollable Circumstance, except as provided in Section 17.3 (Operating and Maintenance Costs) and except, further, that nothing in this Section 16.4(B)(3) (No Compensation Relief) shall limit the Project Company’s entitlement to payment in the circumstances described in Section 6.2(C) (Completion Delay).
ARTICLE 17
MONTHLY WATER PURCHASE PAYMENTS

SECTION 17.1. PAYMENTS GENERALLY.

(A) Monthly Water Purchase Payments Following the Commercial Operation Date. From and after the Commercial Operation Date and through the Termination Date, SAWS shall pay the Project Company Monthly Water Purchase Payments in accordance with the terms hereof.

(B) Limitation on Payments. Other than the payments expressly provided for herein, the Project Company shall have no right to any further compensation from SAWS in connection with the delivery of Product Water, the performance of the Contract Obligations, or otherwise in connection with the Project.

(C) Operating Expenses. SAWS and the Project Company represent and covenant that, with respect to payments to be made by SAWS to the Project Company pursuant to Section 17.2 (Capital and Raw Groundwater Unit Price) and Section 17.3 (Operating and Maintenance Costs), such payments shall constitute reasonable and necessary “operating expenses” (as defined in Chapter 1502, as amended, Texas Government Code) of the SAWS Distribution System and that all such payments will be made solely from the revenues of SAWS derived from ownership and operation of the SAWS Distribution System. SAWS represents and has determined that the Product Water is absolutely necessary and essential to SAWS' present and future operation of the SAWS Distribution System and that SAWS’ entering into this Water Transmission and Purchase Agreement represents a long-term plan for making available potable water to meet current and projected needs for the present and future customers of the SAWS Distribution System. Accordingly, the payments required by this Water Transmission and Purchase Agreement to be made by SAWS to the Project Company shall constitute reasonable and necessary operating expenses of the SAWS Distribution System as described above, with the effect that under City Ordinance Number 75686 such payments from revenues of the SAWS Distribution System shall be deducted from gross revenues of the SAWS Distribution System in the same manner as other SAWS Distribution System operating expenses for purposes of determining net revenues available to pay bonds or other similar obligations heretofore or hereafter issued by SAWS, which obligations are payable from and secured by a pledge of the revenues of the SAWS Distribution System after deduction of its operating expenses, and (2) shall be taken into account in establishing and maintaining rates and charges for facilities and services afforded by the SAWS Distribution System.

(D) Limited Source of Payment. The sole source of any payment made or to be made by SAWS in satisfaction of any obligations assumed by it or imposed on it under and by virtue of this Water Transmission and Purchase Agreement shall be limited solely and exclusively to the revenues derived by SAWS from the ownership and operation of the SAWS Distribution System. As further provided in Section 17.18 (No Recourse to City’s General Fund, General Credit or Ad Valorem Taxes) the Project Company (including its successors in legal interest, assigns, or Affiliates), shall never have the right to demand payment from any other source of revenue or fund of the City, including (but not limited to) funds raised or to be raised by taxes. The obligations of SAWS under this Water Transmission and Purchase Agreement shall never be construed to be a debt of any kind or for any purpose, including for the purpose of requiring that the City levy and collect a tax to discharge any such obligation.
SECTION 17.2. CAPITAL AND RAW GROUNDWATER UNIT PRICE.

The “Capital and Raw Groundwater Unit Price” for each Contract Year shall be $1,606 per Acre Foot, and shall remain fixed for the Term.

SECTION 17.3. OPERATING AND MAINTENANCE COSTS.

(A) General Principles. It is the intent of the parties that (1) the Project Company be compensated for the reasonable and necessary costs of operating, maintaining, repairing and replacing the Project Improvements, except insofar as such costs result from any Project Company failure to properly operate, maintain, repair and replace the Project Improvements, and (2) that a standing panel determine on a definitive basis the proper level of compensation for such work. Compensable operating, maintenance repair and repair costs (“Compensable Costs”) are described in Section 19.1 of Appendix 19 (Compensable Costs and O&M Budget Panel Administration). The composition and functioning of the standing panel (the “O & M Budget Panel”) are described in Section 19.9 of Appendix 19 (Compensable Costs and O&M Budget Panel Administration). Compensable Costs shall be subject to Cost Substantiation.

(B) Determination of Compensable Costs. The SAWS and the Project Company have agreed on the estimated Compensable Costs for the Contract Year ending December 31, 2020, as set forth in Attachment 19A (Contract Year 2020 Budget) of Appendix 19 (Compensable Costs and O & M Budget Panel). Subject to the foregoing, the O & M Budget Panel shall determine for each Contract Year throughout the Term following the Commercial Operation Date the amount of Compensable Costs properly payable to the Project Company for operating, maintaining, repairing and replacing the Project Improvements in that Contract Year. Compensable Costs shall be characterized by the O & M Budget Panel as fixed or variable. Fixed Compensable Costs (“Fixed Compensable Costs”) shall be Compensable Costs that must be paid irrespective of the volume of Product Water made available to SAWS. Variable Compensable Costs (“Variable Compensable Costs”) are Compensable Costs that vary with the volume of Product Water made available to SAWS. Compensable Costs for major repairs and replacements (“Major Repair and Replacement Compensable Costs”) shall be determined by the O & M Budget Panel separately from other Compensable Costs.

(C) Budgeted Annual Compensable Costs. Not for the Compensable Costs for all Contract Years following the Contract Year ending December 31, 2020, not later than June 1 in the Contract Year preceding each Contract Year, the Project Company shall submit to the O & M Budget Panel and to SAWS a detailed estimate and explanation of estimated Compensable Costs for the upcoming Contract Year. The O & M Budget Panel, not later than July 1 of such preceding Contract Year, shall make its determination as to estimated Compensable Costs for the upcoming Contract Year (“Budgeted Compensable Costs”). In making its determination, the O & M Budget Panel shall take into account the Project Company’s estimate and the Five Year Capital Plan and annual updates thereto prepared by the Project Company pursuant to Section 6.2.20 of Appendix 6 (Operating and Maintenance Standards). The determination of the O & M Budget Panel as to Budgeted Compensable Costs shall be final and non-appealable.

(D) Payment of Budgeted Fixed Compensable Costs. Budgeted Fixed Compensable Costs shall be payable to the Project Company as part of the Monthly Water Purchase Payments as provided in Section 17.5(3) (Monthly Water Purchase Payments).

(E) Budgeted Variable Compensable Costs Unit Price. Budgeted Variable Compensable Costs shall be used in determining the Variable Compensable Cost Unit Price. The “Variable Compensable Costs Unit Price” for each Contract Year shall be an amount
constitute the “Direct Payment” and, except to the extent payable following any termination of this Water Transmission and Purchase Agreement, applied as a credit or debit in calculating the Monthly Water Purchase Payment:

1. Section 4.4(C) (Project Assumption Fee);
2. Section 5.15 (Project Company Storage Tank Warranties);
3. Section 6.2 (SAWS Interconnection Improvements);
4. Section 8.5(C) (Achievement of Acceptance);
5. Section 8.8(C) (Achievement of Final Completion);
6. Section 9.4(B) (SAWS Payment of Project Electricity Costs During the Operating Period);
7. Section 10.2(D) (Remedies for Breach of Product Water Quality Guarantee – Off-Specification Product Water);
8. Section 10.2(E) (Remedies for Breach of Product Water Quality Guarantee – Unacceptable Product Water);
9. Section 10.16 (Administrative Obligations);
10. Section 12.4(A) (Preparation Costs);
11. Section 14.1(E) (Failure to Provide Insurance Coverage);
12. Section 17.3(F) (Payment of Major Repair and Replacement Compensable Costs);
13. Section 17.6 (Deductions Credit);
14. Section 17.11(B) (Annual Settlement of Electricity Costs);
15. Section 17.12(B) (Taxes Imposed by a Discriminatory Change in Tax Law and a Specified Change in Tax Law);
16. Article 19 (Remedies of the Parties);
17. Section 23.8 (Project Company to Cooperate);
18. Appendix 7 (Insurance Requirements) (Section 7.2.10), with respect to any additional insurance coverage requested by SAWS;
obligations under Section 17.14 (Cost Substantiation) and mitigation obligations under Section 26.4(A) (Mitigation by the Project Company).

SECTION 17.13. RISK OF ADVERSE TAX OR ACCOUNTING TREATMENT.

Except with respect to Discriminatory Changes in Tax Law and Specified Changes in Tax Law as provided herein, there shall be no adjustment of the Monthly Water Purchase Payments or any other amount payable to, and no relief from any obligation of, the Project Company hereunder on account of:

(1) Any change in any provision of Income Tax law to take effect after the Conforming Contract Amendment Date pertaining to the transactions contemplated hereby which affects the Project Company or any other person (including, without limitation, any provisions thereof pertaining to Income Tax rates or to the Income Tax treatment of the Monthly Water Purchase Payments or any other payment between the parties), notwithstanding any assumptions made by the Project Company in entering into this Water Transmission and Purchase Agreement or any Project Contract as to the provisions of Income Tax law which would be applicable to this transaction or their effect on the Project Company or such other person,

(2) Any administrative or judicial determination which is adverse to the Project Company or any other person as to any Income Tax treatment or consequence arising in connection herewith, including any such determination made with respect to depreciation, amortization or credits with respect to equity invested in the Project or with respect to the exclusion of interest on any obligation issued to finance the Project where such interest was intended to be excludable from taxpayer gross income,

(3) Any inability of the Project Company or other person to fully utilize any Income Tax benefits which may have been assumed to accrue on account of the transactions contemplated hereby, or

(4) Any application of or change in accounting standards to the transactions contemplated hereby which may be inconsistent with the accounting standards or application thereof which may have been assumed by the Project Company or any other person in connection with such transactions.

SECTION 17.14. COST SUBSTANTIATION.

(A) General. The Project Company shall substantiate all costs for which it claims compensation hereunder other than costs that are part of the Capital and Raw Groundwater Unit Price, including compensation (1) on account of Project Company Reimbursable Costs, (2) on account of Compensable Costs, or (3) for costs related to a SAWS-Requested Design-Requirements Change, a SAWS-Requested Capital Modification or a SAWS Fault (“Cost Substantiation”), whether compensation is to be paid as part of adjustment to the Unit Price or as a lump sum, as provided in Section 17.8 (Form of Compensation Adjustments for Events Occurring After the Conforming Contract Amendment Date). Cost Substantiation shall be provided in advance of incurring or paying the cost, except when emergencies or other immediate needs make advance cost substantiation impracticable. The requirement in this Section for Cost Substantiation for costs that are not related to the Capital and Raw Groundwater Unit Price shall not be construed to mean that the Capital and Raw Groundwater Unit Price is subject to change for any reason.
APPENDIX 4

DESIGN AND CONSTRUCTION REVIEW PROCEDURES,
COMMISSIONING AND SUBSTANTIAL COMPLETION
(a) PIPE LEAK TEST RECORD, i.e. Hydrostatic Test (FN027-4) (Form 10).

(b) PIPE COATING TESTS for Steel Pipes – Provide reports from testing agency that demonstrate no holidays and repair of holidays.

(c) CATHODIC PROTECTION TESTS – Provide reports signed by Cathodic Protection Engineer.

(d) WELD TESTS – Provide reports signed by Certified Welder for full penetration exterior welds.

(e) DENSITY TESTS – Sand Cone Tests for Gravel & Density test on secondary backfill confirming 95% compaction level. Provide geotechnical lab test reports.

(f) DEFLECTION TESTS – Provide test reports signed by the construction observer/inspector and contractor or televising reports and approval and signed by an engineer if used in lieu of deflection tests.

(g) VERIFY JOINT RESTRAINT SYSTEM – Follow manufacturer’s recommendation – consider valves to be closed.

(h) VERIFY ALL VALVES OPERATE PROPERLY – either through operation and visual operation after installation or factory certification.

(i) RIVER CROSSING – Provide scour analysis report and certification that the pipe was installed at the appropriate depth.

4.10.5 Production Well Testing and Documentation Requirements. Where appropriate, certification can be made by a professional geologist for well testing.

(a) General Information:

- Copy of Sanitary Control Easements filed w/County Courthouse
- Construction Data –
  - Well location information per TCEQ requirements
  - Casing information (diameter, thickness, length, material type)
  - Casing alignment information & surveys
  - Screen type, length, slot size, and location of screened intervals
  - Cementing information & class of cement
  - Gravel pack size, length of gravel pack & location, under ream information
  - Geophysical logs (hardcopies & electronic format)
  - Color video of final completed well (from surface to total depth)
(a) All pumps operate through their specified design range, and are verified for proper rotation, speed, flow rate, pressure and design point;

(b) Project systems and subsystems meet the requirements of the Contract Standards and are installed as designed;

(c) All required automatic, manual control and remote control features are provided and operable;

(d) All required valves, water quality sensors and analyzers, pressure and flow sensors, liquid level sensors, indicators, alarms, signals, leak detectors, monitors, controls, field devices and panel devices, are provided, correctly installed, calibrated and operable over their full range;

(e) All required inlet, outlet, sensor taps, and drain connections are included and operable;

(f) All required liquid dosing metering pumps, accessories, appurtenances, and injection systems, are provided, installed and operable over the full turn down range, for each chemical;

(g) The Project functions as designed upon loss of power, loss of control system, manual start-up and shutdown, and automatic shutdown;

(h) Software and hardware operational interlocks and startup, shutdown, control loop functions, and proper sequencing within all programmable logic controllers, HMIs, SCADA and other control locations are fully functional; and

(i) All equipment manufacturer’s equipment warranty, start-up and operating instructions draft standard operating procedures for system or subsystem start-up, operation and shut down are available on-site.

In addition, the Project Company shall demonstrate a complete Project start-up and shutdown cycle.

4.12. SUBSTANTIAL COMPLETION PROCEDURES REPORT

4.12.1 Substantial Completion Procedures Report Requirements. Upon completion of operational preparedness, and as a condition of Substantial Completion, the Project Company will prepare and submit five copies of the Substantial Completion Procedures report which shall comply with the requirements set forth in this Section and Section 8.1(C) (Substantial Completion Procedures Report) of this Water Transmission and Purchase Agreement (the “Substantial Completion Procedures Report”).
APPENDIX 5

PERFORMANCE TEST PROCEDURES AND STANDARDS
5.1. PURPOSE

The purpose of the Performance Test is to demonstrate that the Project has achieved the Minimum Performance Criteria (as defined in Section 5.4 of this Appendix) and has met applicable Contract Standards, including compliance with all Applicable Laws (the "Performance Test"). The Performance Test is intended to verify the performance of the Project, including in terms of operability, Product Water quality, Product Water quantity, total power consumption and total chemical consumption.

5.2. PERFORMANCE TESTING PREREQUISITES

The Project Company shall not commence the Performance Test until the events in Section 8.3(D) (Conditions to Commencement of the Performance Test) of this Water Transmission and Purchase Agreement have occurred.

The Project Company shall submit a detailed Performance Test Protocol to SAWS for its approval no later than 145 days prior to the date upon which the Project Company plans to commence the Performance Test. SAWS will have the right to observe the testing as it occurs. The Project Company shall provide SAWS with at least three Business Days written notice prior to any Performance Test and the reasonable opportunity to observe the test. SAWS cannot request a retest to observe performance if SAWS failed to attend the original test as scheduled.

Prior to the Performance Test, the Project Company shall provide evidence of (i) pressure testing of all pipelines, including the Well Field Facilities and the Transmission Pipeline and their appurtenances, and (ii) testing each of the Project Equipment at the Asset Registry level as identified in Appendix 6 (Operating and Maintenance Standards), including testing of the Transmission Pipeline cathodic protection system, pumps, motors, fiber optic cable communication system, electrical system components, instrumentation system components, and SCADA control system components following the completion of the PLC programming in accordance with the Design Requirements. SAWS shall make available its SCADA system integrator to verify proper integration of the Project components into SAWS' SCADA system as required, no later than 30 days prior to the performance of the Performance Test. Testing procedures for each of these tests will be described in the Performance Test Protocol, and test reports will be delivered promptly upon completion throughout the Performance Test period.

The Commercial Operation Date and Acceptance shall not be deemed to have occurred until all Performance Test-related reports have been properly prepared and delivered to SAWS in accordance with this Appendix and Section 8.3(F) (Test Report) of this Water Transmission and Purchase Agreement.

Prior to commencement of the Performance Test, the Project Company shall have received written notice from SAWS that the SAWS Interconnection Improvements have been completed and SAWS is ready to receive Product Water. The Scheduled SAWS Interconnection Improvements Completion Date and any completion delays are described in Sections 6.2(B), (C), and (D) of this Water Transmission and Purchase Agreement.

5.3. PERFORMANCE TESTING REQUIREMENTS

The Performance Test shall be conducted in compliance with the Contract Standards, including all Applicable Laws and Governmental Approvals.
Appendix will need to be successfully demonstrated before final acceptance of Event 2 described in Section 5.5.2 of this Appendix.

5.5.2 Event 2 - Whole Project Performance (50,000 Acre Feet per Contract Year)

Event 2 will be preceded by Event 1, as well as any additional testing needed, including mechanical testing of additional Wells and pumps, to complete Event 2. The purpose of the Performance Test tied to Event 2 is to obtain Acceptance in accordance with Article 8 (Completion and Acceptance of the Project) of this Water Transmission and Purchase Agreement for operation of the Project as a whole to deliver 50,000 Acre Feet per Contract Year of Product Water to the Product Water Delivery Point with the water quality described in Section 10.2 (Product Water Quality Guarantee) of this Water Transmission and Purchase Agreement and Appendix 8 (Performance Guarantee Requirements).

Event 2 will include simulation of loss of power while pumping the full 50,000 Acre Foot per year flow by de-energizing Intermediate Pump Station #2 at the main disconnect switch for a 24-hour period then re-energizing and resuming the Test Event to demonstrate proper response and recovery of normal operation of the whole Project. The timing of the simulated power loss during Event 2 will be agreed upon by both parties. Event 2 will also include ramping up delivery of Product Water to the maximum sustainable design flow or 149.2 Acre Feet per day for a period of 6 hours. The timing of the delivery of the maximum sustainable design flow will be determined by SAWS and will occur within the duration of Event 2 as defined in Section 5.6 of this Appendix.

It should be noted that in addition to the Wells and pumps released during Event 1, additional Wells and pumps will need to be released for successful completion of Event 2. Once the Performance Test for all Asset Registry level components is successfully demonstrated, then the Project as a whole will be released for production and delivery of 50,000 Acre Feet per Contract Year. To successfully pass Event 2, all Project components at the Asset Registry level will need to successfully demonstrate performance as outlined in Section 5.3 (Performance Testing Requirements) of this Appendix.

A failure of test Event 2 will not require a repeat of test Event 1.

5.6. DURATION OF PERFORMANCE TESTING

The duration of Event 1 will be a minimum of 7 days followed by a minimum 31-day period of no delivery. The duration of Event 2 will be for a minimum of 18 days inclusive of the 6-hour delivery of the maximum sustainable design flow and the 24-hour simulation of loss of power. The combined duration of Event 1 and Event 2 exclusive of the intervening 31-day shutdown will be 25 days using the two-step performance testing described.

Should a failure occur during Event 1, repairs or replacements will be made and the entire Test Event will be repeated until performance is successfully demonstrated. Should an unplanned failure occur after the fifth day of Event 2 test of the whole Project for the full 50,000 Acre Foot delivery, then any retest to demonstrate performance will be reduced to 10 days. If additional failures occur during the 10-day retest, then the 10-day demonstration will repeat until the Project as a whole passes the Performance Test.

Any failures, stoppages or interruption of the Project that occurs during a Performance Test shall not excuse the Project Company from complying with the Performance Test requirements set forth in this Appendix, except for an hour-for-hour extension of the duration of the Performance Test for the duration of an Uncontrollable Circumstance for which performance or
APPENDIX 17

SAMPLE MONTHLY WATER PURCHASE PAYMENT CALCULATIONS
### Table 2.1
**Illustrative Scheduling of Baseline Annual Volume and Daily Maximum Volume During First Two Years of Commercial Operations**

Example A - First Full Year of Commercial Operations

(Units are Acre Feet of Raw Groundwater)

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<td>149.2</td>
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<td>4,110.0</td>
</tr>
<tr>
<td>December</td>
<td>137.0</td>
<td>149.2</td>
<td>4,242.0</td>
<td>4,247.0</td>
</tr>
</tbody>
</table>

Total: 50,000.0 52,249.8

Note: The illustrative Baseline Monthly Volume shown in this Table 2.1 is scheduled in accordance with Section 10.3(A)(3) (Baseline Daily Volume) of this Water Transmission and Purchase Agreement. The illustrative Maximum Monthly Volume shown in this Table 2.1 is scheduled in accordance with Sections 10.3(A)(5) (Daily Maximum Volume) and 10.3(A)(6) (Demand Shortfall Units) of this Water Transmission and Purchase Agreement. As this example is deemed to take place during the first full year of Commercial Operations, the Daily Maximum Volumes for March and April have been adjusted in accordance with Section 10.4(B)(1) (Supply Following Commercial Operation Date) of this Water Transmission and Purchase Agreement. In years beginning with the third year of Commercial Operations, the Daily Maximum Volume shall increase for these months to 149.2 with corresponding adjustments to the Maximum Monthly and Maximum Annual Volume.
Note: This Table 2.2 presents illustrative example daily tracking accounts for each day within a particular month in accordance with Section 10.3 (Records and Tracking Accounts) of this Water Transmission and Purchase Agreement.

<table>
<thead>
<tr>
<th></th>
<th>137.0</th>
<th>149.2</th>
<th>147.6</th>
<th>10.6</th>
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<tbody>
<tr>
<td></td>
<td>4,247.0</td>
<td>4,625.2</td>
<td>4,303.6</td>
<td>56.6</td>
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</tbody>
</table>

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]
**Table 2.3**

**Illustrative Example of Application of Make-Up Units**

Example A Continued - August 2021

(Units are Acre Feet of Raw Groundwater)

<table>
<thead>
<tr>
<th>Day of the Month</th>
<th>Total Make-Up Units</th>
<th>Applied Project Company Make-Up Units</th>
<th>Applied SAWS Make-Up Units</th>
<th>Advance Project Company Make-Up Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>-</td>
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<tr>
<td>3</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
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<td>7</td>
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<td>8</td>
<td>-</td>
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<td>9</td>
<td>0.6</td>
<td>0.6</td>
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<td>-</td>
</tr>
<tr>
<td>10</td>
<td>8.4</td>
<td>8.4</td>
<td>-</td>
<td>-</td>
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<tr>
<td>11</td>
<td>7.0</td>
<td>7.0</td>
<td>-</td>
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<tr>
<td>12</td>
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<td>13</td>
<td>9.2</td>
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<td>15</td>
<td>9.0</td>
<td>9.0</td>
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<td>16</td>
<td>9.3</td>
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<td>20</td>
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<td>21</td>
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<tr>
<td>28</td>
<td>11.2</td>
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<td>9.2</td>
<td>2.0</td>
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<tr>
<td>29</td>
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<td>11.9</td>
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<tr>
<td>30</td>
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<td>11.7</td>
</tr>
<tr>
<td>31</td>
<td>10.6</td>
<td>-</td>
<td>-</td>
<td>10.6</td>
</tr>
<tr>
<td>Total</td>
<td>194.3</td>
<td>125.7</td>
<td>32.4</td>
<td>36.2</td>
</tr>
</tbody>
</table>

Note: This Table 2.3 provides an illustrative example of the application of Make-Up Units in accordance with Section 10.6 (Make-Up Units) of this Water Transmission and Purchase Agreement. For purposes of this example, it has been assumed that all previously accrued Excused Supply Shortfall Units and Demand Shortfall Units have been eliminated with previously generated Make-Up Units. It has further been assumed that the Project Company has not reached the 3,000 AF maximum allowable level of Advance Project Company Make-Up Units as outlined in Section 10.4(BD)(22) (Supply Following Commercial Operation Date of Make-Up Units) of this Water Transmission and Purchase Agreement.
Note: This Table 2.6 provides example roll-forwards of the Supply and Demand Shortfall Units as well as the Advance Project Company Make-Up Units. For purposes of these examples, all Tracking Accounts were assumed to begin the year with a "0" balance. Based on the information contained in Table 2.5 (Annual Summary of Water Deliveries) of this Appendix, the Project Company would end 2021 with 227.2 AF of Unexcused Supply Shortfall Units. In accordance with Section 10.6(A) (Project Company Make-Up Units) of this Water Transmission and Purchase Agreement, the Project Company will not have any opportunity to make up these Unexcused Supply Shortfall Units and therefore the balance in this tracking account would not carry forward to the next subsequent year. The balances in each of the other tracking accounts would carry forward to the next subsequent year. In accordance with Section 10.4(B)(3)(2) (Supply Following Commercial Operation Date Project Company Right to Supply Product Water) of this Water Transmission and Purchase Agreement, the maximum balance of Advance Project Company Make-Up Units at any time outstanding shall not exceed 3,000.

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APPENDIX 19

COMPENSABLE COSTS AND O&M BUDGET PANEL
for as provided in Section 12.3 (Capital Modifications at SAWS Request) of this Water Transmission and Purchase Agreement. The costs of operating, maintaining, repairing and replacing any Capital Modifications, new facilities or new capital improvements, however, are Compensable Costs.

19.8.2 Leasing Costs. If any additional treatment to meet the Performance Guarantee Requirements requires construction of new treatment processes, the Project Company will be responsible for the equipment and construction costs without reimbursement by SAWS. If the Project Company leases equipment to meet Performance Guarantee requirements on a temporary or permanent basis, the lease costs will also be the responsibility of the Project Company without reimbursement by SAWS.

19.9. O&M BUDGET PANEL ADMINISTRATION

19.9.1 Composition. The O&M Budget Panel shall consist of five impartial panelists (the “O&M Budget Panelists”) selected as follows: (1) two panelists, one each serving for a three-year term concurrently with the other two panelists, commencing on the date that all three O&M Budget Panelists are duly appointed. The initial O&M Budget Panelists shall be jointly appointed with the mutual consent of the parties, with one O&M Budget Panelist designated as the SAWS-Appointed O&M Budget Panelist, a second O&M Budget Panelist designated as the Project Company-Appointed O&M Budget Panelist, and a third O&M Budget Panelist designated as the Jointly-Appointed O&M Budget Panelist. Successor SAWS-Appointed Budget Panelists shall be appointed by SAWS and one appointed successor Project Company-Appointed Budget Panelists shall be appointed by the Project Company; (2) third and fourth panelists, one selected by the panelist appointed by SAWS and one selected by the panelist appointed by the Project Company; and (3) a fifth panelist chosen by the two panelists selected pursuant to item (2) of this paragraph. The panelist selected pursuant to item (3) of this paragraph shall be the chair of the O&M Budget Panel, responsible for scheduling and directing its business. Successor Jointly-Appointed Budget Panelists shall be appointed with the mutual consent of SAWS and the Project Company. In the event that SAWS and the Project Company are unable to reach agreement as to the selection of a successor Jointly-Appointed O&M Budget Panelist, the successor Jointly-Appointed O&M Budget Panelist shall be appointed by the mutual consent of the then-serving SAWS-Appointed O&M Budget Panelist and the then-serving Project Company-Appointed O&M Budget Panelist based upon such O&M Budget Panelists’ determination as to the most qualified as between a candidate submitted by SAWS and a candidate submitted by the Project Company. In the event that the then-serving SAWS-Appointed O&M Budget Panelist and the then-serving Project Company-Appointed O&M Budget Panelist are unable to reach agreement as to the selection of a successor Jointly-Appointed O&M Budget Panelist, the dispute shall be referred for resolution pursuant to Article 18 [Dispute Resolution] of the Water Transmission and Purchase Agreement with an express directive to the mediator to select the most qualified as between a candidate submitted by SAWS and a candidate submitted by the Project Company. SAWS and the Project Company agree that the mediator’s selection of a successor Jointly-Appointed O&M Budget Panelist made pursuant to the procedures set forth in this Section shall be final and binding, notwithstanding the provisions of Section 18.2 [Non-Binding Mediation] of the Water Transmission and Purchase Agreement. The initial and successor O&M Budget Panelists shall be identified in a Contract Administration Memorandum. No O&M Budget Panelist, once duly appointed and serving, shall be removed as an O&M Budget Panelist except by the written consent of both SAWS and the Project Company. Any resigning O&M Budget Panelist shall be promptly replaced by the appropriate appointing party or, in the case of a Jointly-Appointed O&M Budget Panelist, by the mutual consent of SAWS and the Project Company, so as to permit the continuous performance of the O&M Budget Panel’s duties.

19.9.2 Qualifications. Each panelist shall be a senior industry expert qualified and experienced in the field of municipal water system operations,
maintenance, repair and replacement and in budgeting and cost matters relating thereto. The selected panelists No O&M Budget Panelist shall not be a past or present employee of: (1) SAWS or (2) Garney Holding Company or its Affiliates; or (3) a holder of any Shares or equity interest in the Project Company, or an Affiliate of any such holder. No individual who has, within the three years preceding his or her appointment, been an agent of, or a consultant or counsel to, SAWS, the Project Company, a Project Contractor, any Subcontractor or any Affiliate thereof, shall be eligible to serve on the O&M Budget Panel unless such restriction is waived by the other party.

19.9.3 Communication Protocol. SAWS and the Project Company shall develop a communication protocol with which the O&M Budget Panel will be obligated to comply (the “O&M Budget Panel Communication Protocol”). The O&M Budget Panel Communication Protocol shall specify the means, frequency and type of communications that the O&M Budget Panel will be required to provide to both SAWS and the Project Company in the performance of the O&M Budget Panel’s duties.

19.9.4 Duration. The O&M Budget Panel shall be formed and the panelists selected by the responsible parties not later than 180 days prior to the estimated Commercial Operation Date, and shall continue in existence for the balance of the Term. The panel members shall serve for annual terms at the pleasure of both SAWS and the Project Company. Any resigning panelist shall be promptly replaced by the responsible party so as to permit the continuous performance of the O&M Budget Panel’s duties.

19.9.5 Expenses. The cost of conducting the O&M Budget Panel’s business shall be paid by SAWS.

19.9.6 Determination of Budgeted Compensable Costs Prior to Contract Year beginning January 1, 2021. Pursuant to the provisions set forth in subsections 17.3(B) (Determination of Compensable Costs) and 17.3(C) (Budgeted Annual Compensable Costs), the O&M Budget Panel shall be responsible for determining the estimated Budgeted Compensable Costs for each Contract Year throughout the term following the Contract Year ending December 31, 2020. For the period beginning on Commercial Operation Date and ending on December 31, 2020, SAWS and the Project Company have agreed on the estimated Compensable Costs as set forth in Attachment 19A (Contract Year 2020 Budget).
ATTACHMENT 19A

CONTRACT YEAR 2020 BUDGET
## Vista Ridge Operating Budget

### Operating Company Costs

<table>
<thead>
<tr>
<th>Budget Item Description</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Personnel Expenses</strong></td>
<td></td>
</tr>
<tr>
<td>Fully Loaded Employee Costs</td>
<td>$1,808,264</td>
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<tr>
<td>Other Costs</td>
<td>34,425</td>
</tr>
<tr>
<td><strong>Total Personnel Expense</strong></td>
<td>1,842,689</td>
</tr>
<tr>
<td><strong>Chemical Expenses</strong></td>
<td></td>
</tr>
<tr>
<td>Sodium hypochlorite - 12.5% (Prechlorination Disinfection)</td>
<td>175,000</td>
</tr>
<tr>
<td>Sodium hypochlorite - 12.5% (Residual Chlorination)</td>
<td>585,000</td>
</tr>
<tr>
<td>Sodium Hydroxide - 50% (pH Adjustment)</td>
<td>257,250</td>
</tr>
<tr>
<td>Sodium Hexametaphosphate - 68% (Scale inhibition for cooling towers)</td>
<td>37,500</td>
</tr>
<tr>
<td><strong>Total Chemical Expense</strong></td>
<td>1,054,750</td>
</tr>
<tr>
<td><strong>Maintenance Expenses</strong></td>
<td></td>
</tr>
<tr>
<td>Leak Detection</td>
<td>10,875</td>
</tr>
<tr>
<td>Drone Surveying</td>
<td>0</td>
</tr>
<tr>
<td>Wells, HSPS, Cooling Towers, IPS1 and IPS2 (equipment, mechanical and electrical)</td>
<td>310,736</td>
</tr>
<tr>
<td>Well pump efficiency testing (annual)</td>
<td>0</td>
</tr>
<tr>
<td>Well Field and Cooling Towers (pipes and valves)</td>
<td>37,500</td>
</tr>
<tr>
<td>Cla Val Maint</td>
<td>0</td>
</tr>
<tr>
<td>Emergency electrical work (REMOVE THIS LINE)</td>
<td>0</td>
</tr>
<tr>
<td>Tank Inspections</td>
<td>0</td>
</tr>
<tr>
<td>Waste Disposal (tank cleaning)</td>
<td>0</td>
</tr>
<tr>
<td>Backflow Testing</td>
<td>0</td>
</tr>
<tr>
<td>Mineral Oil for wells (drip oil)</td>
<td>43,200</td>
</tr>
<tr>
<td>Cooling towers lubricants</td>
<td>1,875</td>
</tr>
<tr>
<td>Cooling Tower Maint (General to include dispersion pads)</td>
<td>15,000</td>
</tr>
<tr>
<td>Oil for Oil changes on all wells</td>
<td>4,875</td>
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<tr>
<td>ARV gasket/diaphragm assemblies</td>
<td>3,900</td>
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<tr>
<td>Chemical tubing replacement</td>
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</tr>
<tr>
<td>Chemical pumps diaphragm/gasket replacements</td>
<td>2,000</td>
</tr>
<tr>
<td>Pipeline (valves)</td>
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</tr>
<tr>
<td>Instrumentation &amp; Controls (all areas)</td>
<td>48,750</td>
</tr>
<tr>
<td>Instrumentation &amp; Controls Contracted services</td>
<td>15,000</td>
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<tr>
<td>Materials/Supplies</td>
<td>100,000</td>
</tr>
<tr>
<td>Well Video</td>
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</tr>
<tr>
<td>Crane Services</td>
<td>40,000</td>
</tr>
<tr>
<td>Cathodic Protection</td>
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</tr>
<tr>
<td>Fence Maint</td>
<td>6,000</td>
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</tbody>
</table>
### Vista Ridge Operating Budget 2020

#### Maintenance Expenses (Cont)

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gate Maint</td>
<td>0</td>
</tr>
<tr>
<td>Septic Service</td>
<td>0</td>
</tr>
<tr>
<td>Septic Service</td>
<td>0</td>
</tr>
<tr>
<td>HVAC Service</td>
<td>60,668</td>
</tr>
<tr>
<td>Grounds keeping IPS1/IPS2</td>
<td>18,000</td>
</tr>
<tr>
<td>Grounds keeping HSPS and Well sites</td>
<td>76,500</td>
</tr>
<tr>
<td>Easement mowing</td>
<td></td>
</tr>
<tr>
<td>Blowoff Maint</td>
<td>0</td>
</tr>
<tr>
<td>Re Grading</td>
<td>123,750</td>
</tr>
<tr>
<td>Paving allowance</td>
<td>0</td>
</tr>
<tr>
<td>General Building Maint</td>
<td>7,500</td>
</tr>
<tr>
<td>Tools</td>
<td>303,500</td>
</tr>
<tr>
<td>Pond Maint/Dredging</td>
<td>30,000</td>
</tr>
<tr>
<td><strong>Total Maintenance</strong></td>
<td><strong>1,259,629</strong></td>
</tr>
</tbody>
</table>

#### Vehicle Expenses

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost</th>
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</thead>
<tbody>
<tr>
<td>Depreciation - Right of Use Assets</td>
<td>114,622</td>
</tr>
<tr>
<td>Financing Expense - Leases</td>
<td>26,420</td>
</tr>
<tr>
<td>Depreciation - Right of Use Assets</td>
<td>39,389</td>
</tr>
<tr>
<td>Financing Expense - Leases</td>
<td>9,079</td>
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</table>

#### Vehicle Expenses (Cont)

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>One time purchase of two 4X4 Ranger &amp; One Trailer</td>
<td>40,000</td>
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<tr>
<td>Vehicles Registration/licensing</td>
<td>5,344</td>
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<tr>
<td>Vehicle fuel</td>
<td>54,375</td>
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<tr>
<td>Vehicle Maint</td>
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#### Warehouse/Office Expenses

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<tr>
<td>Corporate Support</td>
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<td>Travel</td>
<td>0</td>
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<tr>
<td>Meals</td>
<td>0</td>
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<tr>
<td>Pest Control Services</td>
<td>13,500</td>
</tr>
<tr>
<td>Texas One Locating Fees</td>
<td>3,000</td>
</tr>
<tr>
<td>Locating Services</td>
<td>195,000</td>
</tr>
<tr>
<td>Other Miscellaneous</td>
<td>0</td>
</tr>
<tr>
<td>Membership Dues</td>
<td>5,000</td>
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<tr>
<td>Printing/Customer Care Misc Costs</td>
<td>3,750</td>
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<tr>
<td>Conference Expenses (enrollment fees)</td>
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<tr>
<td>CAP/Metro RR Fees</td>
<td>9,000</td>
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<td>Computers/phones (one time purchase)</td>
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<tr>
<td>Software Licensing</td>
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<td>Tablets</td>
<td>7,200</td>
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<td>Tablet Data Service</td>
<td>4,320</td>
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<tr>
<td>Office Supplies</td>
<td>15,000</td>
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</table>
## Vista Ridge Operating Budget 2020

### Warehouse/Office Expenses (Cont)

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training</td>
<td>60,000</td>
</tr>
<tr>
<td>TCEQ Fees (operators and system)</td>
<td>6,375</td>
</tr>
<tr>
<td>Staff Uniforms and Cleaning</td>
<td>33,000</td>
</tr>
<tr>
<td>Safety</td>
<td>20,000</td>
</tr>
<tr>
<td>Internet/Phone - Office</td>
<td>15,750</td>
</tr>
<tr>
<td>Internet/Phone - Cell phones</td>
<td>18,360</td>
</tr>
<tr>
<td>Office equipment lease</td>
<td>5,400</td>
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<tr>
<td>Office Furniture Purchase Purchase</td>
<td>60,000</td>
</tr>
<tr>
<td>Signage</td>
<td>0</td>
</tr>
<tr>
<td>Janitorial</td>
<td>4,500</td>
</tr>
<tr>
<td>Waste disposal</td>
<td>3,375</td>
</tr>
<tr>
<td>Security</td>
<td>206,766</td>
</tr>
<tr>
<td>Blue Water Trust (water leases annual fee)</td>
<td>10,000</td>
</tr>
<tr>
<td>Laboratory Supplies</td>
<td>18,000</td>
</tr>
<tr>
<td>3rd party lab services</td>
<td>36,750</td>
</tr>
<tr>
<td><strong>Total Miscellaneous Expense</strong></td>
<td>1,260,745</td>
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<tr>
<td>Insurance</td>
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<tr>
<td>Performance Bond</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total Miscellaneous Costs</strong></td>
<td>1,260,745</td>
</tr>
</tbody>
</table>

### Total O&M Compensable Costs Eligible for Margin

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total O&amp;M Compensable Costs Eligible for Margin</td>
<td>5,417,813</td>
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</tbody>
</table>

### Total O&M Costs Not Eligible for Margin

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<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total O&amp;M Costs</td>
<td>5,417,813</td>
</tr>
<tr>
<td>Margin</td>
<td>601,377</td>
</tr>
</tbody>
</table>

### Total O&M Costs Paid by SAWS

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total O&amp;M Costs Paid by SAWS</td>
<td>6,019,190</td>
</tr>
</tbody>
</table>

### Project Company Costs

#### Personnel Expenses

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fully Loaded Employee Costs</td>
<td>554,323</td>
</tr>
<tr>
<td>Other Costs</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total Personnel Expense</strong></td>
<td>554,323</td>
</tr>
</tbody>
</table>

### Miscellaneous Expenses

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciation - Right of Use Assets</td>
<td>97,118</td>
</tr>
<tr>
<td>Financing Expense - Leases</td>
<td>26,112</td>
</tr>
<tr>
<td>Computers</td>
<td>8,000</td>
</tr>
<tr>
<td>Software Licensing</td>
<td>7,000</td>
</tr>
<tr>
<td>Office Equipment / Supplies</td>
<td>34,500</td>
</tr>
<tr>
<td>Internet/phone</td>
<td>12,000</td>
</tr>
<tr>
<td>Professional Services (Accounting; Tax)</td>
<td>161,000</td>
</tr>
<tr>
<td>Professional Services (HR; IT)</td>
<td>0</td>
</tr>
</tbody>
</table>
**Vista Ridge Operating Budget 2020**

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Travel</td>
<td>0</td>
</tr>
<tr>
<td>Office Misc</td>
<td>0</td>
</tr>
<tr>
<td>Other Miscellaneous</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total Miscellaneous Costs Eligible for Margin</strong></td>
<td><strong>345,730</strong></td>
</tr>
<tr>
<td>Insurance</td>
<td>528,000</td>
</tr>
<tr>
<td>Burleson County Office/Warehouse*</td>
<td>130,000</td>
</tr>
<tr>
<td><strong>Total Miscellaneous Expense</strong></td>
<td><strong>1,003,730</strong></td>
</tr>
</tbody>
</table>

| Total Project Company Compensable Costs Eligible for Margin | 900,053  |
| Total Project Company Compensable Costs Not Eligible for Margin | 658,000  |
| Total Project Company Costs | 1,558,053 |
| Margin | 99,906  |
| **Total Project Company Paid by SAWS** | **1,657,958** |

**Grand Total**

| Total Costs | 6,975,866 |
| Total Margin | 701,283  |
| Total Paid by SAWS | **7,677,149** |

*Burleson County Office/Warehouse line is the payment SAWS has agreed to over 5 years.
This CONTRACT ADMINISTRATION MEMORANDUM ("CAM") is made pursuant to Section 26.6(D) (Contract Administration Memoranda) of the Vista Ridge Regional Supply Project Water Transmission and Purchase Agreement between the City of San Antonio, Texas (the "City") acting by and through the San Antonio Water System Board of Trustees ("SAWS") and Vista Ridge LLC (the "Project Company"), dated November 4, 2014 and amended on June 10, 2016, November 2, 2016, April 5, 2017 and [___], 2020 (the "Water Transmission and Purchase Agreement"), for the purpose of confirming the agreement of SAWS and the Project Company as to certain matters of interpretation and application under the Water Transmission and Purchase Agreement. All capitalized terms used, but not defined herein, shall have the meanings defined in the Water Transmission and Purchase Agreement.

Subject: Appointment of Initial O&M Budget Panelists

The parties hereby acknowledge and agree that:

1. **Appointment of Initial O&M Budget Panelists.**

   Pursuant to subsection 19.9.1 (Composition) of Appendix 19 (Compensable Costs and O&M Budget Panel) to the Water Transmission and Purchase Agreement, the parties hereby appoint the following persons to serve as the initial O&M Budget Panelists:

<table>
<thead>
<tr>
<th>Name</th>
<th>Designation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jun Chung</td>
<td>SAWS-Appointed O&amp;M Budget Panelist</td>
</tr>
<tr>
<td>Elisa Speranza</td>
<td>Project Company-Appointed O&amp;M Budget Panelist</td>
</tr>
<tr>
<td>Bill Davis</td>
<td>Jointly-Appointed O&amp;M Budget Panelist</td>
</tr>
</tbody>
</table>

2. **Entire Agreement.**

   This CAM, together with the Water Transmission and Purchase Agreement, contains the entire agreement between the parties with respect to the above matters and supersedes all oral negotiations and prior writings with respect thereto.

3. **Counterparts.**

   This CAM may be executed in any number of original counterparts. All such counterparts shall constitute one and the same CAM.

[Signature Page Follows]
IN WITNESS WHEREOF, the parties have caused this CAM to be executed by their duly authorized representatives as of the day and year first above written.

THE CITY OF SAN ANTONIO, TEXAS
ACTING BY AND THROUGH THE
SAN ANTONIO WATER SYSTEM
BOARD OF TRUSTEES

By: ___________________________
Name: [_____________]
Title: [_____________]

VISTA RIDGE LLC

By: ___________________________
Name: [_____________]
Title: [_____________]

[Signature Page to CAM No. 2020-2]
AGREEMENT FOR

SERVICE ON THE VISTA RIDGE REGIONAL SUPPLY PROJECT
O&M BUDGET PANEL

THIS IS A SERVICES AGREEMENT (this “Agreement”) by and between

INSERT NAME
ADDRESS 1
ADDRESS 2

(the “Panelist”), the San Antonio Water System, a municipally-owned utility of the City of San Antonio in the State of Texas (“SAWS”) and Vista Ridge LLC, a Delaware limited liability company (“Project Company”), and by which the parties to this Agreement, in consideration of the mutual covenants set forth below and other good and valuable consideration (the mutuality, adequacy, and sufficiency of which are hereby acknowledged), hereby agree as follows:

1. Budget Panel Services. During the Term of this Agreement, the Panelist will serve on the Vista Ridge Regional Supply Project (“Project”) O&M Budget Panel (the “Panel”) in accordance with the terms and provisions of the Water Transmission and Purchase Agreement dated November 4, 2014 (as amended and as may be amended in the future, the “WTPA”), by and between SAWS and Project Company. Panelist shall perform the services described on Exhibit A attached hereto and incorporated herein. Panelist has been selected based on its competence and qualifications and shall use its best skill, judgment and experience in the performance of its duties, free from negligence, gross negligence or fraud.

2. Compensation and Expenses. SAWS is responsible for the costs of the Panel under the WTPA. Accordingly, SAWS shall pay Panelist as set forth on the attached Exhibit B.

3. Independent Contractor. It is acknowledged and agreed that the Panelist is an independent contractor of SAWS and Project Company and not an employee or agent or fiduciary of SAWS or Project Company, and the parties to this Agreement agree to take actions consistent with the foregoing. Panelist is not being engaged to perform any fiduciary functions of SAWS or Project Company. Further, nothing in this Agreement shall be construed to create a partnership, joint venture, or other association between Panelist on the one hand, and SAWS or Project Company on the other.

4. Work Papers. All final work product and work papers directly relating thereto delivered to SAWS and Project Company by the Panelist in connection with the performance of services pursuant to this Agreement, including public records obtained by the Panelist, shall be the joint property of SAWS and Project Company, for use and re-use by their
respective agents, employees, contractors and consultants, as needed from time-to-time. Panelist acknowledges that SAWS is subject to and must comply with the Texas Public Information Act, also known as the Texas Open Records Act.

5. **Nondisclosure.** SAWS and Project Company have a proprietary interest in this Agreement and in the advisory and consulting services provided by Panelist. Accordingly, this Agreement, the services, and any information obtained by Panelist through SAWS or Project Company in connection with the performance of the services shall not be disclosed by Panelist to any third party other than another member of the Panel and other than as may be required by a court of competent jurisdiction. In no event shall Panelist provide or participate in any public presentations or prepare or present any papers for public dissemination concerning the Project, or with information obtained in connection with the Project, without receiving the prior written approval from SAWS and Project Company, which approval may be withheld in the sole and absolute discretion of SAWS and Project Company.

6. **Term.**
   
   (a) **Term.** Unless sooner terminated pursuant to an express provision of this Agreement, the term of this Agreement shall be from March 1, 2020 to December 31, 2022 (the “Term”). The Term may be extended for subsequent periods with the joint written consent of Panelist, SAWS and Project Company.
   
   (b) **Termination.** This Agreement may be terminated by the joint decision of SAWS and Project Company at any time for any reason, with ninety (90) days written notice to Panelist. Upon termination of this Agreement by SAWS and Project Company, Panelist will not be entitled to receive any further payments from SAWS other than amounts due and payable per Exhibit B at the time of termination.
   
   (c) **Resignation.** Panelist may resign from the Panel and terminate this Agreement by not less than ninety (90) days advance written notice to SAWS and Project Company, unless such ninety (90) day period is, given the circumstances of the time, insufficient to ensure orderly transition and will impose a hardship to the Panel or the project, in which case Panelist will provide such advance notice as is reasonable under the circumstances. Upon the effective date of such resignation, Panelist shall not be entitled to further compensation.
   
   (d) **Survival.** Notwithstanding the foregoing, this Section and Sections 4 (Work Papers), 5 (Nondisclosure), 7 (Notices), 9 (Tax Matters) and 14 (Governing Law and Jurisdiction) hereof, together with any provisions necessary to give effect to the above provisions, will survive the expiration or any earlier termination of this Agreement, or the resignation by the Panelist.

7. **Notices.** Any notice, communication or request under this Agreement to any of the parties shall be in writing and shall be effectively delivered if delivered personally or sent by
overnight courier service (with all fees prepaid) or by certified mail, return receipt requested, as follows:

If to SAWS: San Antonio Water System  
Attn: Contract Administration  
2800 U.S. Hwy. 281 North  
San Antonio, Texas 78212

With a copy to: San Antonio Water System  
Attn: Vice President & General Counsel  
2800 U.S. Hwy. 281 North  
San Antonio, Texas 78212

With a copy to: San Antonio Water System  
Attn: Manager – Vista Ridge Regional Supply Project  
2800 U.S. Hwy. 281 North  
San Antonio, Texas 78212

If to Project Company: Vista Ridge, LLC  
E 51st, 9th Floor  
New York, City, New York 10022  
Attn: Michael Albrecht

If to Panelist: (Panelist Name)  
(Address)  
(City, State, Zip)  
Attn: (Insert Name)

Any such notice, communication or request shall be deemed to be received if delivered in person, on the date delivered, or, if sent by overnight courier service, on the first business day after the date sent, or, if sent by certified mail, on the date delivered. Any party entitled to notice as provided above may change its address for notice by providing written notice to the other entities entitled to notice as provided in Section 7.

8. **Insurance.** Panelist shall at all times maintain in force with duly licensed insurance carriers occurrence-based liability insurance with minimum limits of at least One Million Dollars ($1,000,000), and such other lines of coverage and limits that Panelist may desire in its discretion. Panelist shall require the insurer to name SAWS, the Project Company, CTRWSC and the Operating Service Provider and their respective officers, employees and representatives as additional named insureds. Such insurance shall be maintained throughout the term of this Agreement.

9. **Tax Matters.** Panelist shall be solely responsible for payment of all taxes and other expenses associated with Panelist's compensation and reimbursement pursuant to this Agreement.
10. **Assignment; Binding Effect.** This Agreement is for the personal services of the Panelist, and may not be assigned by Panelist without the prior written consent of SAWS and Project Company, in their sole and absolute discretion, respectively. This Agreement shall be binding upon the parties to this Agreement and their successors and permitted assigns, and shall inure to the benefit of the parties to this Agreement and their successors and permitted assigns.

11. **Default.** If any party to this Agreement defaults in its obligations herein, the non-defaulting party(ies) shall have all rights and remedies at law or in equity. In the event of a material breach of the obligations of this Agreement, the non-breaching party shall have the right, in addition to, and not in limitation of, any other remedies to which it may be entitled, to terminate this Agreement by written notice to the breaching party if the material breach is not cured within ten (10) days following written notice of such material breach.

12. **Entire Agreement.** This Agreement constitutes the entire agreement of the parties to this Agreement with respect to its subject matter, supersedes all prior agreements, if any, of the parties to this Agreement with respect to its subject matter, and may not be amended except in writing signed by the parties to this Agreement. This Agreement consists of this document and attached Exhibits A and B, all of which are incorporated herein by reference for all purposes. Should any conflict arise between the terms of this document and the attached exhibits, this document shall be controlling.

13. **No Waiver.** The failure of any party to this Agreement at any time or times to require the performance of any provision(s) of this Agreement shall in no manner affect the right to enforce the same; and no waiver by any party to this Agreement of any provision (or of a breach of any provision) of this Agreement, whether by conduct or otherwise, in any one or more instances, shall be deemed or construed either as a further or continuing waiver of any such provision or breach or as a waiver of any other provision (or of a breach of any other provision) of this Agreement.

14. **Governing Law; Jurisdiction.** This Agreement has been entered in, and shall be governed by and construed in accordance with the laws of the State of Texas, without regard to principles of conflict or choice of law. This Agreement is performable in Bexar County and sole venue shall be in the courts of Bexar County, Texas.

15. **Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, and it shall not be necessary in making proof of this Agreement or its terms to produce or account for more than one of such counterparts. Pdf or other electronically transmitted signatures shall constitute originals.

16. **Interpretation; Captions.** Whenever the context so requires, the singular number shall include the plural and the plural shall include the singular, and the gender of any pronoun shall include the other genders. Titles and captions of or in this Agreement are inserted only as a matter of convenience and for reference and in no way affect the scope for this Agreement or the intent of its provisions.
17. Conflicts of Interest. During the Term of this Agreement, the Panelist shall not (i) individually or as an employee or member or shareholder of any entity (except for small holdings of stock of a publicly traded company, which shall be disclosed to SAWS and Project Company, or holdings in a blind trust), enter into a contract (other than this Agreement) or sub-contract with SAWS, Project Company, or any Project Company Person (as defined in the WTPA), (all of the foregoing being the “Restricted Parties”), (ii) accept gifts or emoluments from the Restricted Parties or any employees, agents or representatives of same or (iii) engage in ex parte communications with an employee, agent or representative of the Restricted Parties concerning matters that are or will be considered by the Panel. Panelist shall promptly inform SAWS and Project Company of any change in Panelist’s employment status.

DULY EXECUTED and delivered by the parties to this Agreement, effective on the date counter signed by the last of SAWS, Project Company and Panelist.

SAWS: City of San Antonio, by and through its San Antonio Water System

By: ____________________________
   Philip C. Campos, Jr., CPA
   Director, Contracting

____________________________________
   Date

PROJECT COMPANY: Vista Ridge LLC, a Delaware limited liability company

By: ____________________________

Printed name: ____________________

Title: ____________________________

____________________________________
   Date
PANELIST:

[Name]

Date

LIST OF EXHIBITS:

Exhibit A:  Scope of Services
Exhibit B:  Compensation for Consulting Agreement
EXHIBIT A
SCOPE OF SERVICES

Panelist agrees to perform the duties of a panelist on the Vista Ridge Regional Supply Project “O&M Budget Panel” as set forth in the WTPA, which Panelist represents and agrees that it has received and reviewed.

Without limiting the foregoing, Panelist agrees to perform the following duties (capitalized terms shall have the meaning given to them in the WTPA):

2020:

• Attend orientation meeting in San Antonio, Texas including a site visit to the well field and pump stations, to be held in March of 2020.
• Assist SAWS and Project Company in establishing the Guaranteed Maximum Electricity Utilization (GMEU) and Guaranteed Maximum Electricity Demand (GMED) in the first Contract Year of the Operating Period of the Project, and to define an approach for establishing a revised, efficient GMEU and GMED for subsequent Contract Years.
• Attend [and serve as Chair of – include as applicable] up to two (2) meetings of the Panel in San Antonio, Texas (or such other mutually agreed location), one of which will be held in June of 2020.

Review the Project Company’s submitted annual compensable cost estimate for operating, maintaining, repairing, and replacing the Project Improvements, and determine the Budgeted Compensable Costs for the upcoming year.

All Subsequent Years

• Attend at least two (2) meetings, and up to four (4), of the Panel in San Antonio, Texas (or such other mutually agreed location), one of which will be held in June of each year.
• Review the Project Company’s submitted annual compensable cost estimate for operating, maintaining, repairing, and replacing the Project Improvements, and determine the Budgeted Compensable Costs for the upcoming year, taking into consideration the Five Year Capital Plan and annual updates thereto.
• Review the Project Company’s submitted cost substantiation for the prior year's Compensable Costs for operating, maintaining, repairing, and replacing the Project Improvements, and determine the Actual Compensable Costs the Project Company was entitled to receive.
• Evaluate the operation of the Project, meet with SAWS and the Project Company, and (1) determine any electrical costs resulting in a Monthly Water Purchase Payment Deduction for that completed Contract Year; and (2) establish the GMEU and GMED values for the
subsequent Contract Year based on historical periods of efficient operation and anticipated aquifer levels.

- Review the Project Company’s submitted cost substantiation for disputes regarding Direct Payments.
- Other duties as requested by SAWS and Project Company and agreed to by Panelist. These duties could include but may not be limited to the following:
  o Communication with the Project Company, SAWS, and the Operating Service Provider (as defined in the WTPA) to evaluate ongoing operations and to evaluate potential operational and capital changes that would benefit the Project and be included as part of the next fiscal year’s O&M Operating Budget.
EXHIBIT B
COMPENSATION FOR PANELIST AGREEMENT

Section 1 – Fee for Services

The fee for all services under this Agreement is to be a total of $125,000 for the Term defined in this Agreement and it is agreed and understood that this amount, when earned, will constitute full compensation to Panelist. This amount has been approved and appropriated by the San Antonio Water System for expenditure under this Agreement.

The fee for services shall be paid pursuant to the following schedule:

<table>
<thead>
<tr>
<th>Date</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 31, 2020</td>
<td>$25,000.00</td>
</tr>
<tr>
<td>September 30, 2020</td>
<td>$20,000.00</td>
</tr>
<tr>
<td>March 31, 2021</td>
<td>$20,000.00</td>
</tr>
<tr>
<td>September 30, 2021</td>
<td>$20,000.00</td>
</tr>
<tr>
<td>March 31, 2022</td>
<td>$20,000.00</td>
</tr>
<tr>
<td>September 30, 2022</td>
<td>$20,000.00</td>
</tr>
</tbody>
</table>

Section 2 – Compensation for Expenses

For each Panel meeting (single or consecutive multi-day) held in San Antonio, Bexar or Burleson County, Texas, including a tour of the Project facilities as described more particularly in Exhibit B attached hereto, Panelist shall be entitled to a flat fee of $2,500.00 per meeting (in the event more than one meeting occurs during such trip), which shall compensate Panelist for all travel, lodging, food, transportation and any other costs or expenses associated with attending the meeting.

Section 3 – Payment for Services

For all services rendered, payment by SAWS is due upon the date set forth in Section 1. For compensation for expenses in Section 2, payment shall be made within thirty (30) days following receipt of an invoice by SAWS. If payment of the amounts due, or any portion thereof, is not made as described above, interest on the unpaid balance thereof will accrue at the lesser rate of 6 percent per annum (0.5 percent per month) or the maximum lawful rate under Section 271.005 (c) of the Texas Local Government Code until such payment is made. Panelist shall provide a signed W-9 to SAWS upon execution of this Agreement.