

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

Wednesday, January 29, 2020

9:00 A.M.

**SAN ANTONIO WATER SYSTEM
CUSTOMER CENTER**

CONFERENCE ROOM #145

1. Meeting called to order

The regular meeting of the Capital Improvements Advisory Committee (CIAC) was called to order at 9:10 A.M. on Wednesday, January 29, 2020 by Mike Hogan, Vice Chairman, Capital Improvements Advisory Committee.

Committee Members Present:

Ms. Arlene Fisher, District 1
Ms. Susan Wright, District 2
Ms. Kacy Cigarroa, District 4
Mr. Michael Hogan, District 6
Mr. Brian Hughes, District 7
Ms. Amy Hardberger, District 8
Mr. Michael Moore, District 9
Mr. Matt Cox, District 10
Mr. Peter Bella, Mayor/ETJ

Committee Members Not Present:

Vacant, District 5
Debra Guerrero, District 3

SAWS Staff Members Present:

Andrea Beymer, Vice President, Engineering & Construction
Keith Martin, Corporate Counsel
Tracey Lehmann, Director, Development
Cecilia Velasquez, Director, Financial Services
Bob Johnson, Manager, Engineering
Lou Lendman, Manager, Budget
Mark Schnur, Senior Resource Analyst
Rene Gonzalez, Planner III
Ben Benzaquen, Senior Financial Analyst
Jackie Kneupper, Planner III

Patrick Middleton, Planner III

2. Citizens to be heard.

Ellen Berkey of the League of Independent Voters of Texas spoke to the CIAC promoting an independent audit of the Vista Ridge project. Specifically, Ms. Berkey addressed the issue of including the interest costs related to the Vista Ridge project in the impact fee.

3. Approval of the minutes of the CIAC regular meeting of February 13, 2019.

The CIAC approved the minutes of the regular meeting of February 13, 2019.

4. Discussion and possible action concerning the position of Chairperson and Vice-Chairperson of the Capital Improvements Advisory Committee.

Mr. Hogan, Vice Chairman, suggested waiting until the next biannual meeting to nominate and vote on chair and vice chairperson positions.

Mr. Martin, SAWS Corporate Counsel, reminded the CIAC that all nominating and voting will need to be completed in a public meeting.

The committee agreed to postpone any action until the subsequent meeting.

Mr. Hughes commented that pursuant to Chapter 395 the CIAC is charged with filing semiannual reports with respect to the progress of the Capital Improvement Plan (CIP) reported to the appropriate political subdivision. Mr. Hughes suggested that additional steps be taken by the CIAC between the biannual meetings to explore improving the model used to develop the Land Use Assumptions Plan (LUAP) and ultimately the impact fees. Ms. Wright agreed that the issue at hand is complex, but that the CIP project list provided by SAWS' staff is a tool that can be used to verify the projections assumed in the LUAP model and if any adjustments need to be made to the fee structure. Mr. Hughes replied that the concern he has is with the assumption of linear arithmetic growth in the LUAP which he believes to be unrealistic as well as how the debt component is mapped onto the model. Mr. Moore commented that the density component of the LUAP has been accurate, but the growth component has not. Mr. Moore continued that San Antonio and Texas as a whole are currently experiencing extraordinary economic circumstances thus making growth very difficult to predict accurately year to year. Mr. Hughes agreed and added that this fact necessitated action in between the five year update and a closer look at how to predict the growth rate. Mr. Hughes stressed the necessity for a unified growth plan with other agencies. Ms. Hardberger responded that the 2019 LUAP did use a unified growth plan as requested by CoSA. Mr. Hogan commented that in prior updates some agencies, such as CPS, were not willing to share population data with the CIAC. Ms. Wright commented that in previous rounds several sources were used for population projections such as school districts and the state demographer. Ms. Fisher asked for clarification on the legal implications of including interests cost in the calculation of the fee. Mr. Martin responded that the interest cost associated with growth are included in the fee.

5. Briefing on the Capital Improvements Plan

Mr. Lehmann delivered a presentation on the status of the SAWS Capital Improvements Plan.

Mr. Hughes commented that an explanation of the five components of the impact fee would be beneficial for the three new members present. Mr. Lehmann explained the components as follows:

- **Flow** – smaller diameter water mains (less than 24”). 8” water mains are not included in this component. This component is responsible for the distribution of water to the individual customers.
- **System Development** – Larger diameter water mains (24” and greater) as well as tanks, pumps and wells. This component is responsible for moving the water from the source across the city.
- **Collection** – All wastewater mains and lift stations. This component is responsible for moving the wastewater from the customer to the treatment centers.
- **Treatment** – Treatment plants including Leon Creek, Medio and Steven M. Clouse Wastewater Recycling Center (formerly Dos Rios).
- **Water Supply** – Water supply sources including Vista Ridge, desalination plant, etc.

Mr. Hogan suggested creation of a document containing a glossary of technical definitions to be distributed to members for subsequent meetings. Staff will accommodate this request.

Mr. Hughes asked for clarification on the term “recoup”; if this term could be defined as taking impact fee money and using it to pay for existing infrastructure that has been allocated to growth. Ms. Velasquez, Director of Financial Services, confirmed that this definition is correct.

Mr. Hughes asked for the reasoning behind starting the CIP reporting in 1993. Mr. Lehmann explained that 1993 was the year in which SAWS began collecting impact fees.

Mr. Hogan asked if projects dropped from the CIP list would be notated or removed. Mr. Lehmann responded that they would be included in the list and notated, however no projects have been dropped at this time.

Mr. Hughes asked for clarification on the heading of “Commitments Applied”. Specifically, whether “Commitments Applied” meant that the project was actually under construction or whether it had only received funding. Mr. Lehmann replied that these are projects that have had money allotted to them, but may or may not be under construction. Ms. Velasquez added that, because some projects may have been started prior to the 10 year impact fee study, the total costs for each project are listed under the “Total Commitment” column. The “Commitments Applied” column reflect costs that were committed during the impact fee study window which should match what is in the 2019 impact fee report.

Ms. Wright asked if any projects listed in the CIP list have incurred a change in total cost since the CIAC’s last meeting. Mr. Lehmann replied that most likely yes, there have been changes in cost. Ms. Wright asked where in the CIP list these changes were reflected. Mr. Lehmann answered that the changes are not reflected in the memo. Ms. Wright responded that she believed that it was agreed upon in the last meeting that any changes in project cost would be reported in the biannual meetings. Ms. Velasquez clarified that staff does not know of any significant changes in cost to be reported at this point in the CIP. Ms. Velasquez asked for additional specifics on what fields the CIAC was requesting be added to the CIP list. Ms. Wright replied that if the project cost is known to be different than the cost that was bid, this needs to be reflected in the memo. Ms. Velasquez replied that the commitments listed in the memo are what the SAWS Board has approved, and the only cost data staff is able to report at this time. Mr. Hughes commented that what is being requested is the difference in project costs from when the CIAC last met in February of 2019 and the project costs today. Mr. Hogan used Whispering Wind Drive as an example to ask staff to have a column

reflecting the difference between the “Project Cost” column and the “Total Commitment” column. Ms. Velasquez clarified that the Whispering Wind Drive project was started prior to the 2019 impact fee study window. The “Project Cost” column only reflects the ten year impact fee study period from 2019 to 2028, whereas the “Total Commitment” column reflects the cost over the entire life of the project. Ms. Wright replied that the point of the project list memo was to monitor changes in project cost, therefore additional columns need to be added to the list to visualize this. Ms. Velasquez replied that additional columns could be added to the memo to include what has been committed by the Board versus what has been spent along with notes for any necessary explanation. Mr. Cox asked if the Whispering Winds Drive project was a multiyear, multi-phase project that was bid at different times. Ms. Beymer replied that this project was bid and awarded in 2018, and was included in the 2019 impact fee study because the project had not been completed at that time. Mr. Cox asked if there were any other projects that were bid in phases that could be broken out by subphase. Ms. Beymer replied that the projects contained in the memo should already be broken out by subphase. Mr. Hogan commented that prior to the 2019 impact fee study, the nomenclature for the projects varied over the years which caused confusion during the CIAC discussion, but that SAWS staff had worked to improve consistency in the naming and labeling of projects in the new memo and CIP list. Mr. Hogan requested that staff incorporate the suggestions discussed today for improving the CIP list. Mr. Moore requested that the new CIP list be emailed to the committee ahead of the next meeting for review and comment. The committee designated Ms. Wright, Mr. Hughes, Mr. Bella and Mr. Cox to work with SAWS staff to revise the memo and CIP list. Mr. Martin advised the members to be cautious of avoiding a quorum while discussing any CIAC business outside of an opening meeting in order to comply with the Texas Open Meetings Act.

The CIAC members designated their role on the committee as either a representative of the Real Estate / Development industries or the Community in order to comply with Texas Local Government Code Chapter 395.058, “Not less than 40 percent of the membership of the advisory committee must be representatives of the real estate, development, or building industries who are not employees or officials of a political subdivision or governmental entity.”

Designations are listed below:

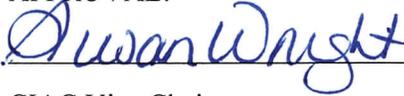
Ms. Arlene Fisher, District 1 – Community
Ms. Susan Wright, District 2 – Real Estate / Development
Ms. Debra Guerrero, District 3 – Real Estate / Development
Ms. Kacy Cigarroa, District 4 – Real Estate / Development
Mr. Michael Hogan, District 6 – Real Estate / Development
Mr. Brian Hughes, District 7 – Community
Ms. Amy Hardberger, District 8 – Community
Mr. Michael Moore, District 9 – Real Estate / Development
Mr. Matt Cox, District 10 – Real Estate / Development
Mr. Peter Bella, Mayor/ETJ – Community

All presentation materials can be found on the SAWS CIAC webpage: www.saws.org/CIAC.

6. Adjournment

The meeting was adjourned at 10:33 A.M.

APPROVAL:

A handwritten signature in blue ink, reading "Duwan Wright", is written over a horizontal line.

CIAC Vice Chairman