

MINUTES
MEETING OF THE SAN ANTONIO WATER SYSTEM
CAPITAL IMPROVEMENTS ADVISORY COMMITTEE
Wednesday, January 19, 2011
8:30 A.M.

SAN ANTONIO WATER SYSTEM
ADMINISTRATION BUILDING
EXECUTIVE CONFERENCE ROOM

1. Meeting called to order.

The regular meeting of the Capital Improvements Advisory Committee (CIAC) was called to order at 8:45 a.m. on Wednesday, January 19, 2011 by Dan Kossl, Chairman, Capital Improvements Advisory Committee.

Committee Members Present:

Felix Alvarez, District 1
Susan Wright, District 2
Michael Martinez, District 5
Michael Hogan, District 6
Mark Johnson, District 8
Keith Pyron, District 9
Dan Kossl, District 10

Committee Members Not Present:

Jose Limon, District 3
Michael Cude, District 4
Robert Hahn, District 7

SAWS Staff Members Present:

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

Samuel Johnson, Graduate Engineer II
Louis Lendman, Sr. Financial Analyst
Kelley Neumann, Sr. Vice President, Strategic Resources

Other Representatives Present:

Morris Harris, City of San Antonio
Alfred Chang, City of San Antonio
Pam Monroe, City of San Antonio

2. Citizens To Be Heard

There were no citizens to be heard.

3. Approval of the minutes of the CIAC regular meeting of December 8, and December 15, 2010.

The committee approved the corrected minutes of December 8, 2010, and the minutes of December 15, 2010.

Mr. Dwayne Rathburn informed the committee that SAWS staff had briefed the SAWS Board of Trustees Policy and Planning Committee on December 20, 2010 on the progress of the impact fee update. The Board had expressed five areas of concern. Staff had later met with the Board Chairman to receive further clarification and try to address those concerns. The concerns were: 1. The diversity of water supply is not driven by growth and the costs should be shared by the ratepayer. Staff had presented the chairman with charts and graphs showing the water supply costs paid by the ratepayer and the portion paid through impact fees. The result was that the ratepayer has paid significantly more towards the cost of water supply projects than has come from impact fees. 2. Dos Rios has been in place since the mid 80's so why are impact fees being charged. A portion of the costs for the Dow Rios treatment plant are to recoup what the ratepayer have paid for. 3. SAWS intent is to support the inner city and the south side city policies. Do the impact fees support those policies? The lower collection service area lessens the cost for those closer to the treatment plants and also has similar boundaries to the city's boundaries for infill and redevelopment. 4. How close did the LUAP for recent years match the actual growth? The LUAP projection is close to the observed population growth. The numbers vary from year to year, but over a ten year period it averages out. 5. Staff presented the pictures and short biographies of each committee member to the SAWS Board.

4. Briefing and deliberation on updated draft impact fees.

Ms. Jennifer Ivey with Red Oak Consulting presented an update on the revisions to the impact fees since the December 15, 2010 meeting. The update included a drop in the water supply impact fee and small changes to other fees. The overall impact is a reduction in the impact fees.

5. Briefing and deliberation on the draft water supply impact fee CIP

Mr. Sam Mills discussed the Water Supply drought of record scenario from the Water Supply 50 year management plan, and the Water Supply projects that make up the Water Supply impact fee. The list of projects available for the needs of growth includes 32,073 acre feet annually available from the Edwards Aquifer. This represents the annual average amount of Edwards available during the 10 year drought of record above the amount available during the worst year of the drought of record. Dan Kossel asked how the allocation of the costs associated with the projects was made. Mr. Mills confirmed that the allocations are based on the 10 year impact fee EDUs divided by total EDUs. Mr. Mills explained that the water supply is reduced during drought based on regulatory restrictions, and that some recharge does occur during drought periods.

Ms. Kelley Neumann explained that the Desalination project had been updated based on the latest cost estimates, and phased based on capacity and construction schedule. The Desal project phase 2 is not in the 10 year window and therefore not in the 2011-2020 impact fee calculation. The Regional Carrizo project had changed and the overall cost had been reduced. Some of the costs were now shifted to O&M and were not included in the impact fee. Mr. Hogan asked about the possibility of treating wastewater effluent and reusing it for potable water. Ms. Neumann stated that the public was likely not ready for this based on the “Yuck factor”, and that currently there was very little reuse water left after the other obligations are met. She also explained that rainwater harvesting has not been practical in this climate however, air conditioning condensate collection is practical and SAWS is developing this capability. Ms. Neumann stated that the water supply projects are needed for both diversity and growth. There is some Edwards Aquifer water supply available for growth and it is included in the calculation. Since the cost to purchase Edwards water is not included in the impact fee calculation the result is a dilution of the overall costs per EDU. Mr. Kossel asked about the impacts of the Edwards Aquifer Recovery Implementation Project, and Ms. Neumann volunteered that if the CIAC wanted, Mr. Calvin Finch on SAWS staff could present activities of the EARIP at a future meeting.

The Policy and Planning presentation was distributed to the committee, and Ms. Susan Wright discussed the slides comparing SAWS impact fees to other utilities' impact fees. Ms. Wright observed that SAWS and Bexar Met are the only utilities that charge the maximum impact fees, and stated that this could be a result of political influences on impact fees vs. rates.

6. Discussion of the Next CIAC Meeting

The dates for the next meetings were set for February 2, 2011 and February 9, 2011 at 8:30 a.m. Mr. Rathburn stated that the meeting would include a summary presentation of the impact fee process.

7. Adjournment

The meeting was adjourned at 10:34 a.m.

APPROVAL:

CIAC Chairman