

**MINUTES**  
**MEETING OF THE SAN ANTONIO WATER SYSTEM**  
**CAPITAL IMPROVEMENTS ADVISORY COMMITTEE**  
**Thursday, October 24, 2013**  
**9:00 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 9:15 a.m. on Thursday, October 10, 2013 by Dan Kossl, Chairman, Capital Improvements Advisory Committee.

**Committee Members Present:**

Arlene Fisher, District 1  
Susan Wright, District 2  
Norm Dugas, District 3  
Michael Cude, District 4  
Michael Martinez, District 5  
Michael Hogan, District 6  
Robert Hahn, District 7  
James Garcia, District 9  
Dan Kossl, District 10

**Committee Members Not Present:**

Mark Johnson, District 8  
Amy Hardberger, Mayor/ETJ

**SAWS Staff Members Present:**

Kelley Neumann, Senior Vice President  
Sam Mills, Director, Engineering  
Jorge Monserrate, Manager, Engineering  
Kathleen Price, Manager, Engineering  
Lou Lendman, Finance  
Carlos Mendoza, Finance  
Tracey Lehmann, Engineering  
Mark Schnur, Planner IV  
Felipe Martinez, Planner II

**Other Representatives Present:**

Morris Harris, City of San Antonio

Alfred Chang, City of San Antonio

Jennifer Ivey, Red Oak Arcadis

**2. Citizens To Be Heard**

There were no citizens to be heard.

**3. Approval of the minutes of the CIAC regular meeting of October 10, 2013.**

Mr. Kossl started the meeting by welcoming Mr. James “Jim” Garcia, a new committee member from District 9. He also welcomed back Mr. Michael Martinez, District 5, and Mr. Robert Hahn, District 7. Mr. Kossl reminded everyone to contact their Councilperson and seek reappointment to the committee. The committee approved the minutes from the October 10, 2013 meeting, subject to changes as recorded.

**4. Briefing and deliberation on SAWS Collection Capital Improvement Program.**

Mr. Mills spoke to the agenda and said that SAWS staff is getting closer to having final numbers for the Flow Capital Improvements Program. Staff will present the Collection CIP today, and plans to present the System Development at the next CIAC meeting. Mr. Kossl asked staff to hold a special session for Mr. Garcia, Mr. Hahn, and Mr. Martinez to get them caught up with the impact fee update process, and encouraged the three committee members to attend. Mr. Mills agreed to hold the special session at the committee member’s convenience.

Mr. Mills introduced Ms. Kat Price, Manager of Wastewater Master Planning. Ms. Price presented the Collection Capital Improvement Program with an overview of the system, and discussed the hydraulic model which predicts where to build capacity projects. SAWS is changing software to InfoWorks CS and installing 240 flow meters to gather better wastewater flow in each pipe. SAWS will develop a separate model for each basin, including the Upper and Lower Medina service areas. The Land Use Assumptions Plan will also be updated concurrently with the hydraulic model. Mr. Kossl asked if SAWS is keeping the same six impact fee areas, and Ms. Price confirmed that to be true. Ms. Price showed changes from the 2011 impact fee study, and noted that bids for projects are coming in slightly higher than in 2010-2011. Mr. Kossl asked if cost estimates for projects are all done in-house, and Ms. Price replied that cost estimates are done in-house during conceptual planning and are done by the design consultant during the design phase. Ms. Wright noted that the C-33 project costs are much higher than the 2010 cost estimate, and Ms. Price replied that the C-33 project was combined with the C-14 project, and Ms. Neumann added that many projects are broken up to avoid tearing up too much of the street at one time, which

increases costs. Ms. Price also noted that historically cost estimates are low in the conceptual phase of planning. Mr. Cude asked about the MRSO cost which is spread over all the projects, and Ms. Price explained that the costs are the remaining unpaid construction costs which are not yet attributed to equity.

Ms. Price presented the W-6 project as an example, and explained that the original \$56 million cost estimate is now \$86 million. The W-6 project includes the W-39 project, and the cost increased due to environmental remediation costs and rerouted portions of the pipe requiring new easements. Mr. Hogan asked about mitigation costs that could be borne by the federal government, and Ms. Neumann said that SAWS would look into that. She also added that SAWS inherited 25 lift stations in poor condition when SAWS was required to take over wastewater flows from the former Kelly AFB. Mr. Garcia asked if SAWS had overlaid the Superfund map on the W-6 project, and Ms. Neumann replied that SAWS had not, but that was a good idea. Ms. Price next presented the capacity calculations for the W-6 project as an example, explaining how the impact fee eligible CIP value was calculated. She confirmed that this was based on the most current LUAP. Mr. Dugas asked that since this calculation was based on replacing existing pipe, then would installing new pipe follow the same calculation. Ms. Price and Ms. Neumann confirmed that the calculation would be the same, except that the value for existing flow would be zero. Mr. Cude asked if SAWS would still be doing the W-6 project in the absence of the EPA Consent Decree, and Ms. Price replied that this project was already planned and underway, and the project was needed to increase capacity in the pipe. She pointed out that the value of the existing flow would not be in the impact fees.

Ms. Price next presented the CIP values for the six collection service areas comparing, the 2011-2020 update to the 2014-2023 update. She noted that these are the value of future projects, and that the Middle Collection service area includes all projects that cross that service area, and that the impact fees cannot be directly calculated from this table due to capacities from one service area needing to be apportioned to upstream service areas. She also presented the equity values of the existing collection system, and stated that the 2010 values were calculated using a broad assumption of 10% excess capacity in the system. She defined the eligible financing costs as recouping what ratepayers have paid for existing infrastructure, which will be offset somewhat by the rate credit. Ms. Ivey added that the 2010 eligible financing costs were based on an assumption of cash vs. debt financing, and that Red Oak is still working on the 2014 values. Ms. Price showed the eligible wastewater collection CIP slide with \$142.1 million in total capacity, and stated that with increased CIP costs and lower EDUs from the LUAP, the impact fees may increase.

Mr. Hogan asked if the committee signed off on the eligible financing costs of \$20.4 million, and staff determined that this was published in the 2011-2020 study. Staff stated that they are working on the best method to determine excess capacity in the system, and the committee had a long discussion on this.

Ms. Wright asked about the CPS Energy projections, and Mr. Mills acknowledged that staff would present this at the next meeting. Ms. Wright asked that staff track the outstanding items, and place them on the agenda. Staff committed to do this.

**5. Adjournment**

The committee agreed to meet on November 7<sup>th</sup> at 9:00 a.m. The meeting was adjourned at 10:20 a.m.

APPROVAL:

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CIAC Chairman