

MINUTES
MEETING OF THE SAN ANTONIO WATER SYSTEM
CAPITAL IMPROVEMENTS ADVISORY COMMITTEE
Thursday, November 7, 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 9:07 a.m. on Thursday, November 7, 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
Mark Johnson, District 8
James Garcia, District 9
Dan Kossl, District 10
Amy Hardberger, Mayor/ETJ

Committee Members Not Present:

None

SAWS Staff Members Present:

Sam Mills, Director, Engineering
Jorge Monserrate, Manager, Engineering
Kathleen Price, Manager, Engineering
Keith Martin, Corporate Counsel
Lou Lendman, Finance
Carlos Mendoza, Finance
Tracey Lehmann, Engineering
Mark Schnur, Planner IV
Adam Connor, Planner IV
Felipe Martinez, Planner II
Rene' Gonzalez, Planner II

Other Representatives Present:

Jennifer Ivey, Red Oak/Arcadis

Lori Carter, Red Oak/Arcadis

Hector Morales, San Antonio Apartment Association

2. Citizens To Be Heard

There were no citizens to be heard.

3. Approval of the minutes of the CIAC regular meeting of October 24, 2013.

The committee approved the minutes from the October 24, 2013 meeting.

4. Mr. Kossl opened the meeting by noting that this is the first time that all committee members were present. Mr. Schnur presented two outstanding items that the committee had previously requested. He presented CPS Energy growth rate projections, stating that CPS Energy had provided the projections with no background or detail. The information showed growth rates in number of customers billed, and was obtained through the City of San Antonio's Public Utilities office. Mr. Schnur also presented information from the former Bexar Met Water District, showing active connections and customer accounts from 2006 to 2011, and projections through 2016. Mr. Schnur then reviewed SAWS customer counts and EDUs from previous LUAPs, both actual and projected. He showed population projection comparisons from several sources that the committee had previously reviewed, and SAWS water and sewer growth rate projections of 1.37% and 1.46%, respectively. The committee asked about the 1.2% growth rate that had been extensively discussed, and Mr. Schnur and Mr. Mills replied that the 1.2% number had been discussed, but did not represent the accurate growth projection from the LUAP.

Mr. Martinez asked about the impact of Proposition 6. Mr. Mills replied there was no immediate effect, but the longer term impact could be better finance rates from Texas Water Development Board loans. Ms. Wright asked if staff could provide a summary of the LUAP numbers in table format. Mr. Mills agreed to provide this at the next meeting, comparing the 2011 LUAP to the current LUAP.

5. Briefing and deliberation on SAWS Flow Capital Improvement Program.

Ms. Ivey presented the Flow Capital Improvements Program. The slides are similar to those previously presented on October 10, 2013. Mr. Dugas asked about the eligible financing costs on slide 7, and Ms. Ivey acknowledged that the costs were in the wrong column. That error is corrected on the published slides.

6. Briefing and deliberation on SAWS Collection Capital Improvement Program.

Ms. Ivey presented the Collection Capital Improvements Program. The slides are similar to those presented on October 24, 2013. Ms. Ivey stated that there is no financing costs in future CIP, and that most of the Lower Medina CIP is moved to equity since it was all the lower segments of the Southwest Bexar Sewer Pipeline. The Upper and Lower Medina customers will use a larger portion of the existing capacity. The committee asked why the values for eligible capacity have increased, and Ms Price replied that costs have gone up on big projects, and that W-6 was underestimated. CIP projects were revised after reviewing recent bids, which are coming in higher than in the 2008 to 2010 period before the previous study. Mr. Cude asked when projects are moved to equity, and Mr. Mendoza replied that occurs when invoices are paid. Ms. Price added that the current numbers are through the end of 2012. Mr. Lehmann informed the CIAC that SAWS needed to recalculate the equity portion of the Treatment because it was thought that the entire cost for a treatment project that was under construction was moved into equity when in fact only what has been invoiced moves over to equity. Mr. Mills added that in the upcoming ten year period, SAWS will have invested about \$1.4 billion in the collection system, and \$171 million of that is necessary to serve new customers. Mr. Kossl observed that the CIP shows a 22% increase, while the EDUs in the LUAP for sewer are down 7%, and this is hard to understand. Mr. Mills summarized the reasons as the projects are costing more, with bids coming in higher, and SAWS has improved the method for calculating existing excess capacity needed by new customers in each sewershed, instead of using an across the board 10% estimate for existing capacity. Mr. Martinez asked about growth on the southside, and Mr. Dugas related how SAWS had installed about \$24 million in water infrastructure several years ago, and only got 120 new customers. He said that growth on the southside is slow, but not for lack of utilities. Mr. Kossl asked why the Lower Collection service area went from \$154 million in the last study to \$300 million now. Ms. Price replied that there are many big projects in that area, notably the W-6 project. Mr. Mills reiterated that the combination of increased costs, added projects, and using the sewer model to reallocate existing capacity all contributed to the increase in certain service areas. Mr. Garcia asked to clarify that SAWS previously assumed 10% excess capacity across the system, and now is using the sewer model to derive excess capacity, and finding that there is 11.8% excess capacity. Mr. Mills confirmed this, and noted that the excess capacity varies across the sewer service areas, and that this method more accurately and fairly allocates costs.

Ms. Wright asked for a summary table of the LUAP, and Mr. Martinez asked for a list of impact fee related acronyms to be sent to the committee for the benefit of the new members. Staff will provide this before the next meeting.

7. Adjournment

Several committee members have conflicts on the next scheduled meeting on November 21st, so the committee agreed to meet on December 5th at 9:00 a.m. The meeting was adjourned at 10:23 a.m.

APPROVAL:

CIAC Chairman