

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

Wednesday, August 22, 2018

9:00 A.M.

SAN ANTONIO WATER SYSTEM
CUSTOMER CENTER
CONFERENCE ROOM C-154

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, August 22, 2018 by Dan Kossel, Chairman, Capital Improvements Advisory Committee.

Committee Members Present:

Arlene B. Fisher, District 1
Susan Wright, District 2
Debra Guerrero, District 3
Michael Cude, District 4
Michael Hogan, District 6
Michael Moore, District 9
Dan Kossel, District 10
Stephen Colley, Mayor/ETJ

Committee Members Not Present:

Vacant, District 5
Brian Hughes, District 7
Amy Hardberger, District 8

SAWS Staff Members Present:

Andrea Beymer, Vice-President, Engineering and Construction
Keith Martin, Corporate Counsel
Sam Mills, Director, Special Projects
Tracey Lehmann, Director, Development
Lou Lendman, Manager, Budget
Mark Schnur, Senior Resource Analyst
Jackie Kneupper, Planner III
Patrick Middleton, Planner II
Rene Gonzalez, Planner III

Benjamin Benzaquen, Senior Financial Analyst
Antonio Ramsey, Internal Auditor
Bobby Johnson, Manager, Engineering
Eric Cloudt, Director, Continuous Improvement and Innovation

Other Representatives Present:

Allison Cohen, San Antonio Apartment Association
Hector Morales, San Antonio Apartment Association
Morris Harris, City of San Antonio
Jeff Pullin, City of San Antonio
Lee Marlowe, San Antonio River Authority
Jim Koenig, North San Antonio Chamber of Commerce
Garland Scott
Jennifer Ivey, Consultant, Carollo Engineers

2. Citizens To Be Heard

There were no citizens to be heard.

3. Approval of the minutes of the CIAC regular meeting of July 25, 2018.

The committee approved the minutes of the August 15th, 2018 meeting. Ms. Wright requested and the CIAC agreed that any corrections made to meeting minutes going forward be detailed specifically.

4. Follow up on CIAC member information requests from the August 15, 2018 meeting.

Mr. Kossl recapped the designation of “Real Estate / Development” or “Community” for each CIAC member. The designations remained the same as written in the minutes of July 25, 2018.

Mr. Lehmann presented on questions posed by members in the July 25, 2018 meeting including information on the Consent Decree, LUAP population distribution, and where members can locate the findings from the CIAC 2014 study.

Mr. Kossl asked for clarification on the \$1,000,000,000 figure that was cited as the total cost of the Consent Decree. Ms. Beymer answered that this total was the combination of the O&M and CIP together for the full ten year duration of the Consent Decree. Ms. Beymer continued that this total was estimated in 2013, and now a more realistic figure is closer to \$1,200,000,000 - \$1,300,000,000 for CIP. Mr. Moore asked if the O&M component was in addition to O&M typical of SAWS normal duties, or would it be additional work needed. Ms. Beymer confirmed that it is additional O&M required such as televising the entire system, and extensive line cleaning. Mr. Kossl asked if the CIP component was mainly for improving the condition of existing infrastructure. Ms. Beymer answered that it is a combination of capacity needs, as well as

existing infrastructure in poor condition. Mr. Lehmann provided a slide in his presentation which indicated the expected split between condition and capacity costs of the CIP projects.

Mr. Lehmann confirmed that the population projections used in the LUAP were also being utilized by COSA, AACOG, MPO, and VIA. SAWS staff have not had confirmation from CPS or Bexar County.

Mr. Lehmann showed the CIAC where the former CIAC's findings can be located in the 2014 Water and Wastewater Facilities Land Use Assumptions Plan, Capital Improvements Plan, and Maximum Impact Fees Report (pg. 251, immediately following Appendix E).

Mr. Hogan asked if the W-6 and Rilling Road sewer projects were including in the total Consent Decree Budget, or if they would be additional to the \$1,300,000,000. Mr. Lehmann and Ms. Beymer confirmed that these projects were embedded in the budget.

5. Deliberation and consideration of findings and recommendations related to Water and Wastewater EDU Definitions and LUAP.

Mr. Lehmann facilitated CIAC findings by summarizing information presented in past meetings on the definitions of water and wastewater EDUs and the water and wastewater LUAP.

Ms. Guerrero asked the significance of the 30% increase in the LUAP. Mr. Lehmann commented that in the study of the last five years the growth projections were significantly lower than the actual growth, making the change in this LUAP appear stark. However, the data behind this increase is derived from the SAWS Water Management Plan, and is backed by what SAWS staff feels is reliable data.

Mr. Moore expressed concern over the EDU growth number being projected as a consistent 14,169 year over year. Mr. Moore attributed this concern to his view that SAWS expanded water supply projects such as Vista Ridge would incentivize new growth in San Antonio and the ETJ. Mr. Moore followed up with the question: what is the downside of overestimating, and what is the downside of underestimating? Mr. Mills responded that the unit cost, (dollars per EDU), of the capital projects will be the same no matter how many EDUs are forecasted. Mr. Colley commented that he also believes Vista Ridge will accelerate growth, and that it would be better to overestimate the EDU growth than to underestimate to avoid adding additional capital costs to rates. Mr. Kossl commented that on the last three studies the projections have come within 1% of actual growth, but that this is the largest increase he has seen.

Mr. Cude commented that, although the CIP is meant to target areas predicted for growth, projects identified as CIP eligible tend to have the effect of encouraging growth.

Mr. Hogan warned to not become overly concerned with an exponential growth rate, as there is a counter balance from COSA zoning regulations which makes development more expensive and time intensive.

Ms. Guerrero asked how the LUAP relates to the impact fees. Mr. Hogan explained that the LUAP provides what the projected increase in population is and where that population is predicted to live. The CIP then puts a dollar amount on how that population will be served. These two factors are used to determine the impact fee.

Mr. Colley asked if SAWS has noticed an additional need for capacity in the recent growth in downtown San Antonio. Mr. Lehmann responded that the current infill projects converting single family to a condo, duplex or triplex do not cause a significant change, however as more large apartment buildings are built SAWS may need to compensate for this growth. Mr. Mills added that downtown redevelopment is contributing to the increase in EDUs in the Lower Sewer Collection area.

Mr. Cude asked if the water EDU definition was vetted in a similar way to the sewer EDU definition. Mr. Lehmann responded no, however SAWS staff is confident in the pumpage numbers of the system to accurately measure the flow needed to calculate EDU. Also, the decrease in the sewer EDU was a substantial number, leading to the need for more extensive verification.

Mr. Moore asked how many people constituted an EDU. Mr. Lehmann answered that 2.39 people comprises a water EDU.

Findings of the CIAC:

1. Definition of a Water EDU of 290 gallons per day: Ms. Wright presented a motion for conditional approval of the definition of a water EDU; Mr. Moore seconded. The CIAC passed the motion unanimously.
2. Definition of a Wastewater EDU of 200 gallons for average daily flow, and wastewater I/I of 600 gallons per acre per day: Mr. Cude presented a motion for conditional approval of the definition of a wastewater EDU; Mr. Moore seconded. The CIAC passed the motion unanimously.
3. Land Use Assumption Plan
 - a. 10 year water Land Use Assumption Plan equaling 141,770 EDUs: Ms. Guerrero presented a motion for approval; Ms. Fisher seconded. The CIAC passed the motion unanimously.
 - b. 10 year wastewater Land Use Assumption Plan equaling 131,840 EDUs: Mr. Hogan presented a motion for approval: Mr. Cude seconded. The CIAC passed the motion unanimously.

6. Briefing and deliberation on the SAWS Water Flow Capital Improvements Projects.

Ms. Jennifer Ivey of Carollo Engineers presented on the SAWS Water Flow Capital Improvements Projects.

Mr. Hogan asked if the water system was designed to have a 30% fire flow factor included. Mr. Mills explained that fire flow of 1,500 to 2,000 gallons per minute is included in the design of all new water mains. For a typical subdivision, this fire flow GPM is added in addition to the demand of each house. Mr. Kossl added that subdivisions are typically comprised of mains smaller than 12", which are not included in the CIP. Mr. Hogan clarified his question by asking if the fire flow capacity was added in addition to the peaking factor, or "double dipping". Ms. Ivey responded that she believes fire flow requirements are not included in the peaking factor, and that 3.31 is a typical max hour peaking factor observed in an actual working day of a water system, which would exclude fire flow. Ms. Ivey continued that she will follow up with Mr. Johnson after the meeting and confirm these numbers for Mr. Hogan.

Mr. Kossl commentated that many water systems do not require fire flow in their design requirements. Mr. Keith Martin, SAWS Corporate Council, added that the state Public Utility Commission's CCN, (Certificate of Convenience and Necessity), which provides SAWS with its service area, does not require systems to have fire flow requirements.

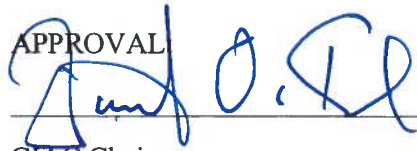
Mr. Kossl requested a list of all Water Flow CIP projects. SAWS staff will provide a list to the CIAC. Ms. Wright commented that, in the past, SAWS staff has provided a list of approved CIP projects and what percentage of those projects had been funded by impact fees versus rates. Ms. Wright requested a similar report be provided to the CIAC regularly.

Mr. Hogan asked for clarification on the 10% eligible existing assets. Ms. Ivey explained that it is assumed that there is generally 10% capacity available. As development continues pipelines are continuously added to the system, and SAWS staff works to maintain the system with 10% capacity available. Ms. Ivey commented that because existing distribution assets can be difficult to account for, some utilities do not include them in the impact fee. However, SAWS opts to include this as the costs can be sizable, and fees not collected in the impact fee would be pushed on to rates. Mr. Hogan asked if impact fees collected could be used to pay for any existing infrastructure. Ms. Ivey commented that it is possible, if the fees are used to pay for debt service.

All presentation materials can be found on the SAWS CIAC webpage:
http://www.saws.org/business_center/developer/impactfees/meetings.cfm

7. **Adjournment**

The committee agreed to meet on September 5th, 2018 at 9:00. The meeting was adjourned at 11:23 A.M.

APPROVAL


CIAC Chairman

