

MINUTES
RATE ADVISORY COMMITTEE
Thursday, October 15, 2009
5:30 P.M.

RAC Members Present:

Fred Arce	Gil Coronado
Kathie Estrada	Mike Harris
Keith Kindle	Allen Townsend
Liz Tullis	

RAC Members Absent:

Antonio Gallardo	Ron Morales
Steve Patmon	Joe Soules

SAWS Staff Present:

Douglas Evanson, Senior Vice President/Chief Financial Officer
Dan Crowley, Director, Financial Planning
David Maxwell, Director, Engineering
Keith Martin, Corporate Counsel
Stephen Turner, Senior Financial Modeler
Lou Lendman, Senior Financial Analyst
Pat Arriola, Financial Analyst
Carlos Mendoza, Financial Analyst
Laura Raffaniello, Financial Analyst
Robert Walker, Financial Analyst
Larry Zermeno, Financial Analyst
Jennifer Holmquist, Public Affairs

City of San Antonio Representatives Present:

Alfred Chang, Public Utilities Office
Morris Harris, Public Utilities Office

Consultants Present (via telephone):

Harold Smith, Raftelis Financial Consultants

Citizens Present:

Bruce Reppert

Agenda Item #1, Call to Order by the Chairperson

Mr. Kindle, committee chairperson, called the meeting to order.

Agenda Item #2, Citizens to be Heard

No individuals were signed up to speak.

Agenda Item #3, Staff Opening Remarks

Mr. Dan Crowley welcomed the attendees. He stated that the draft Rate Study Report to be handed out at this meeting was a first draft/working document prepared in order to allow for full, transparent interaction with the committee as to the content of the final report. He pointed out that staff was still in the process of reviewing the report, as well. Mr. Crowley stated that the staff approach in encouraging committee involvement at every step of the Rate Study had been consistently applied since the beginning of the study process when committee members were asked to assist in the selection of the consultant. He added that staff would like the committee's input by October 31. Mr. Crowley noted that another meeting of the committee would be scheduled to discuss the final report. Staff will seek to schedule the meeting in November.

Mr. Crowley also summarized the past accomplishments of the committee and on the upcoming schedule for seeking Board of Trustees and City Council approval of the committee's recommendations (see Attachment 1).

Mr. Kindle also encouraged participation of committee members and hoped that many members would also attend Rate Study presentations made to the Board and the Council.

Mr. Doug Evanson reinforced staff's wishes for comments and continued participation in meetings leading up to eventual adoption of the committee's recommendations by the Board and City Council. Mr. Evanson added the additional committee meeting would also be used to recognize properly the efforts of the committee in bringing the Rate Study to this point.

Agenda Item #4, Consideration and Approval of Recycled Water Program Rate Structure Proposal

Mr. Kindle called up Agenda Item #4 and asked staff to summarize the proposal up for consideration. Mr. Lendman stated that staff proposed that the committee adopt the consultant recommendation that the current Recycled Water rate structure be retained, and that, in the future whenever consideration is given to amend rates for other SAWS services, changes in the Recycled Water rates will also be proposed. The committee agreed to this proposal unanimously.

Agenda Item #5, Consideration and Approval of Private Fire Protection Fees Rate Structure Proposal

Mr. Kindle asked for staff to summarize the proposal to be considered under Agenda Item #5. Mr. Lendman stated that staff proposed that the committee adopt the recommendation that the current structure of the Private Fire Protection Fees be amended in accordance with the consultant's proposal detailed during the October 1, 2009 Rates Advisory Committee meeting. Specifically, the proposal is to align the fees in accordance with American Water Works Association standards for fee differentials between different sizes of meters. The committee agreed to this proposal unanimously.

Agenda Item #6, Discussion of Rate Study Report

Mr. Lendman presented the slides shown at Attachment #2 summarizing the draft Rate Study report. After the presentation Mr. Crowley added that staff would seek the committee's formal approval of the final report at the next meeting in November.

- Mr. Kindle stated that while the final report would be up for approval at the next meeting, none of the substantive issues already considered by the committee with respect to the various rate structures would be re-opened for debate. Mr. Harris and Mr. Arce agreed that the report should be reviewed primarily for correctness and that the recommendations of the committee should not be re-visited. Mr. Kindle stated that as the recommendations of the committee wound their way through the ultimate Board and Council approval process, it would be important to be able to state that the committee approved the final report.
- Ms. Estrada asked that a format be provided by staff for committee members to use when making comments on the draft Rate Study report. Mr. Crowley suggested that a WORD version of the draft report could be provided so that committee members could use the WORD editing features to incorporate their comments. Mr. Coronado asked to review a version of the draft report that incorporated all of staff's comments before he would be asked to make comments. Staff agreed to this request.
- Mr. Harris asked how the report would be presented to the Board. Mr. Crowley stated that it is likely that it would be presented at a session of the Board's Policy and Planning Committee first, and then the recommendations would be considered in a formal meeting of the Board. Ms. Tullis asked if the report would be presented by the committee. Mr. Crowley stated that staff would encourage the committee to be part of the presentations to the Board, City Council and the public.
- Mr. Kindle asked that the report's executive summary be shortened considerably. He added that he wanted to see in the summary a clear listing of the rate structure change recommendations, how they were improvements from the current rate structure, and how they were consistent with best industry practices. Ms. Tullis agreed with Mr. Kindle and other committee members who are looking for a much shorter executive summary.

Agenda Item #7, Adjournment

At the conclusion of the meeting, Mr. Kindle expressed his appreciation to the committee members, to Raftelis Financial Consultants, and to SAWS staff for all their efforts during the Rate Study process. Ms. Tullis expressed her appreciation for Mr. Kindle's leadership during the process.

There being no other business to conduct, Mr. Kindle adjourned the committee after Agenda Item #6.