

**TRANSPORTATION, TECHNOLOGY, & UTILITIES COUNCIL COMMITTEE
MEETING MINUTES**

WEDNESDAY, JANUARY 11, 2017

11:00 AM

MUNICIPAL PLAZA BUILDING, B ROOM

Members Present:	Councilmember Ray Lopez, Chair, <i>District 6</i> Councilmember Rey Saldaña, <i>District 4</i> Councilmember Shirley Gonzales, <i>District 5</i> Councilmember Ron Nirenberg, <i>District 8</i> Councilmember Joe Krier, <i>District 9</i>
Members Absent:	<i>None</i>
Staff Present:	Peter Zaroni, <i>Deputy City Manager</i> ; Ben Gorzell, <i>Chief Financial Officer</i> ; Alicia Beckham, <i>Office of the City Clerk</i>
Others Present:	Robert R. Puente, <i>SAWS President & CEO</i> ; Steve Clouse, <i>SAWS Chief Operating Officer</i> ; Nancy Balensky, <i>SAWS Vice President/General Counsel</i> ; Gary Gold, <i>CPS Interim Vice President of Financial Services</i>

1. Approval of Minutes for the November 9, 2016 Transportation, Technology, and Utilities Committee Meeting.

Councilmember Krier moved to approve the Minutes for the November 9, 2016 Transportation, Technology, and Utilities Council Committee Meeting. Councilmember Saldaña seconded the motion. Motion carried unanimously.

2. A briefing by CPS Energy staff on CPS Energy's Enterprise Planning Process and proposed Fiscal Year 2018 Enterprise Financial Plan. [Ben Gorzell, Chief Financial Officer; Gary Gold, CPS Energy Interim Vice-President, Financial Services]

Gary Gold presented on CPS's Integrated Enterprise Planning Process and the Proposed FY 2018 Financial Plan. He reported that the Integrated Enterprise Planning Process included the Strategic Planning Process, Enterprise Risk Planning Process, Business Planning Process, and Financial Planning Process. He stated that the Strategic Investment Outlook reviewed what CPS had done from Year 2010 to Year 2020. He noted that revenue projected for FY 2018 had increased from FY 2017 because fuel prices were expected to increase to \$3-\$4 per million cubic feet. He added that historically, the Annual Customer Growth Rates in Electric were fewer than 2% and Distribution Gas was less than 1.2%. He reported In FY 2018, CPS expected continued Customer Growth Rates in Electric to increase at a net 1.6%.

Mr. Gold reported that the Operating Expenses went from \$1,528.4 billion in FY 2017 to \$1,718.2 billion in FY 2018 and increased interest rates raised the Debt Revenue Requirements from \$394.1 million in FY 2017 to \$406 million in FY 2018. He stated that historically, 55% of Internally Generated Funds had been allocated to Capital Financing Plans, while 45% of Debt Funds were allocated to Capital Financing Plans. He noted that

the trend for Capital Financing Plans remained consistent in FY 2017 and at 50% for FY 2018. He added that the Internally Generated Funds for FY 2018 were expected to be at 31.6% and Debt Funds at 68.4%.

Mr. Gold reported that CPS Staff would go before the CPS Board on January 29, 2017 to request Formal Approval of the FY 2018 Budget. He stated that the request would be for a Capital Budget of \$700 million and the Total Non-Fuel Operation and Maintenance Budget of \$620.2 million.

Chairman Lopez asked of the amount of revenue to be received by the City. Mr. Gold responded that CPS estimated the City would receive \$350.6 million for FY 2018. Ben Gorzell stated CPS' Budget was in sync with the City's FY 2017 Budget. Chairman Lopez asked of projections on consumer price adjustments. Mr. Gold replied that there were not any assumptions that would warrant a consumer price increase in FY 2018.

Councilmember Krier asked of increased fuel costs to be passed on to customers without an approval for a rate increase. Mr. Gold responded that there were no approvals required for costs to be passed onto customers. Councilmember Krier asked of clarification regarding the increase in Operating Expenses. Mr. Gold stated that Real Estate Costs were impacting Operating Expenses. Councilmember Krier asked of CPS' Pension Obligations. Mr. Gold replied that at the end of the current fiscal year, CPS would be 80% funded into the Pension Plan.

Councilmember Nirenberg asked of the New Headquarters being included in the Operating Expenses. Mr. Gold responded that the acquisition of the New Headquarters was included in FY 2017 and the construction would be added to FY 2018.

Councilmember Saldaña asked of the advantages in the Capital Investment of the Grid Optimization. Mr. Gold responded that the Smart Grid Optimization provided real time information and cost saving benefits. Councilmember Saldaña asked of the intentions of the line item Civic Improvements Project. Mr. Gold stated that the line item included projects that were built in to the CPS Budget to coordinate with the City, Bexar County, and the State.

No action was required for Item 2.

3. A briefing and update by the San Antonio Water System on the sewer infrastructure collapse at Quintana Road. [Ben Gorzell, Chief Financial Officer; Steve Clouse, SAWS Chief Operating Officer]

Robert Puente stated that the briefing had potential legal claims; therefore, there may be questions that would need to be deferred. Steven Clouse reported that Quintana Road was the primary sewer collection for the west side of Bexar County. He stated that W-6 Phase 2 Edwards Schlundt Road to Quintana Road was completed in October 2015 and the work that was constructed was a 96-inch diameter pipe. He noted that W-6 Phases 3 and Phase 4 of

Quintana Roads to S.W. Military Drive included construction of a 90-inch diameter pipe. He noted that Phase 3 of the Project would cost \$12 million.

Mr. Clouse reported on the event that occurred on December 4, 2016. He stated that SAWS Contractors were prepared to work the site, but had not started construction. He noted that pipes may have been unstable, separated, and that the water may have started to mine the dirt away from the pipes. He added that there could have been asphalt that was not supported and that could have allowed the asphalt to collapse. He reported that the City Fire Department rescue attempt recovered one fatality. He stated that there was no sewer spill and that there were 8-miles of rerouted pipes so that the collapsed pipeline could be repaired. He noted that they were replacing the old concrete pipes with a mixture of fiberglass and concrete. He added that SAWS expected to have the site cleaned up and repaved by February 2017. He reported that the 10 year Consent Decree started in 2013. He stated that the agreement is for SAWS to complete projects throughout the City's Sewer System and that the project would cost over \$1.1 billion over 10 years.

Chairman Lopez asked of future sink hole preventions. Mr. Clouse stated that SAWS would be assessing pipelines and are replacing pipes that are that are rated as a five or higher. He stated that SAWS Staff would be reassessing pipe lines that were assessed prior to the December 4, 2016 occurrence.

Councilmember Saldaña stated his gratitude to SAWS for their thorough investigation in the event and asked of litigation being filed. Ms. Nancy Balensky stated that the victim's legal team had been in contact with SAWS; therefore, she cautioned any further discussion.

Councilmember Gonzales asked what happened to the water in the sink hole. Mr. Clouse responded that water never left the hole in the ground. He noted that the sewer water filled up the hole from one pipe and left the hole through the other pipe that went to the treatment plant where it was intended to go.

Councilmember Nirenberg asked of the completion of the 2017 Assessment. Mr. Clouse responded that the completion of the Assessment would be done at the end of 2017 and that the Assessment would be due to the EPA at the end of June 2018.

No action was required for Item 3.

Adjourn

There being no further discussion, the meeting was adjourned at 12:36 p.m.

Respectfully Submitted,


Alicia K. Beckham,
Office of the City Clerk


Ray Lopez, Chairman

