

Annual Operating Budget and Capital Improvement Program

Fiscal Year Ending December 31, 2014
San Antonio, Texas





ANNUAL OPERATING BUDGET AND CAPITAL IMPROVEMENT PROGRAM

FISCAL YEAR ENDING DECEMBER 31, 2014

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GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
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**San Antonio Water System
Texas**

For the Fiscal Year Beginning

January 1, 2013

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to **San Antonio Water System, Texas** for its annual budget for the fiscal year beginning **January 1, 2013**. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications device.

This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

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CITY OF SAN ANTONIO
MAYOR AND CITY COUNCIL



Julián Castro
Mayor



Diego M. Bernal District 1



Ivy R. Taylor District 2



Rebecca J. Viagran District 3



Rey Saldaña District 4



Shirley Gonzales District 5



Ray Lopez District 6



Cris Medina District 7



Ron Nirenberg District 8



Joe Krier District 9



Mike Gallagher District 10

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SAN ANTONIO WATER SYSTEM

BOARD OF TRUSTEES



Berto Guerra Jr.
Chairman



Pat Jasso
Assistant Secretary



Louis E. Rowe
Vice Chairman



Ernesto Arrellano, Jr.



Pat Merritt
Secretary



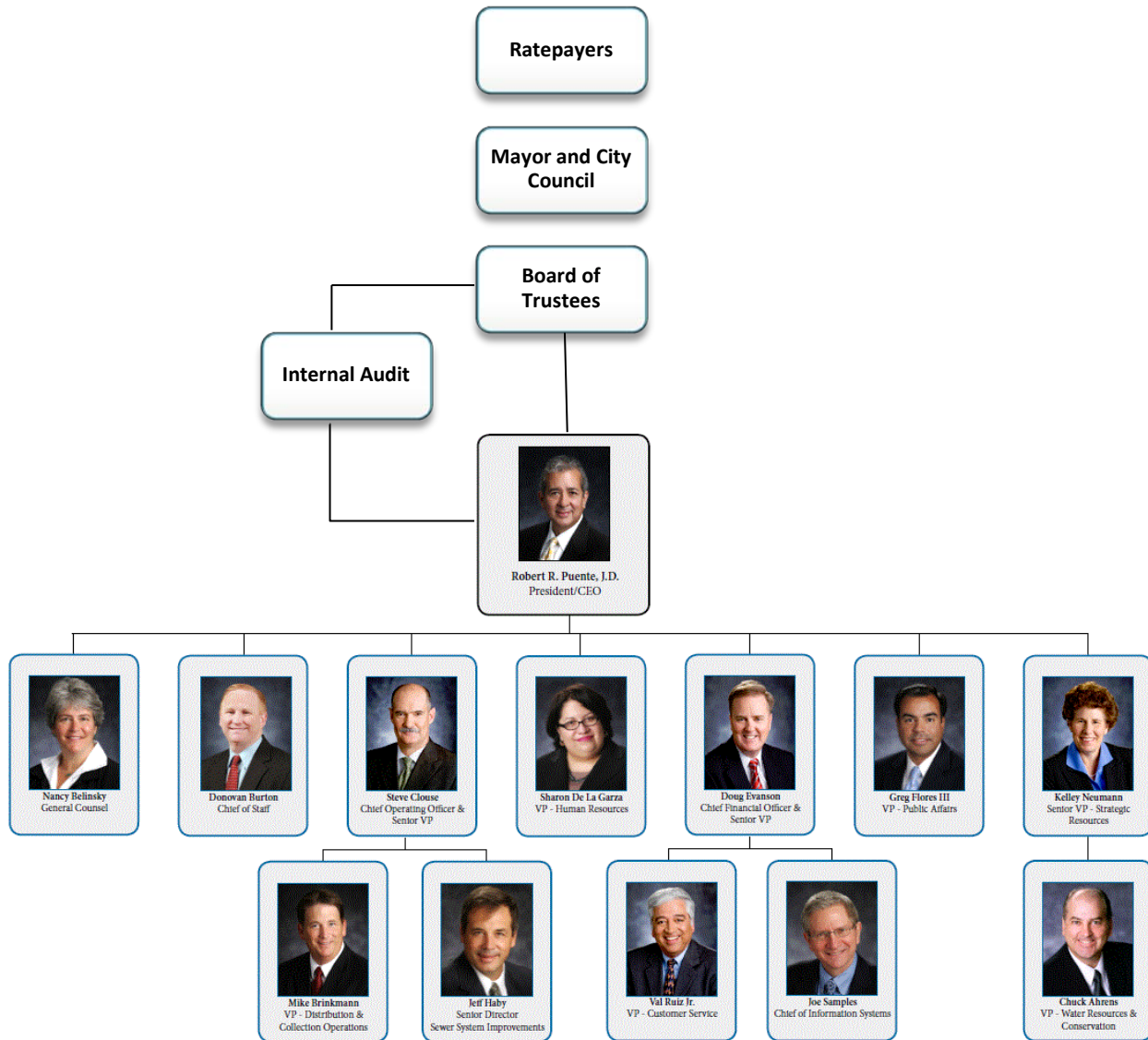
W. Reed Williams



Mayor Julián Castro, ex Officio

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ORGANIZATION CHART



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MISSION – VISION – VALUES

MISSION

Sustainable Affordable Water Service

VISION

To Be Leaders in Delivering Responsible Water Services for Life

VALUES

Excellence, Integrity, and Respect

The mission and vision statements, combined with the SAWS' intrinsic core values, provide the compass which serves to guide the activities, goals and objectives of SAWS' leadership team and workforce.

SAWS' mission of sustainable, affordable water services defines its purpose in serving the ratepayers.

The vision statement – to be leaders in delivering responsible water services for life – along with the values of excellence, integrity and respect, make up SAWS' core philosophy, describing what we as an organization believe, where we stand today, and where we wish to be in the future.

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March 17, 2014

Mr. Berto Guerra, Jr., Chairman
Mr. Louis E. Rowe, Vice Chairman
Ms. Pat Merritt, Secretary
Ms. Pat Jasso, Assistant Secretary
Mr. Ernesto Arrellano Jr., Trustee
Mr. W. Reed Williams, Trustee
Honorable Julián Castro, Mayor

Honorable Mayor and Trustees:

I am pleased to present the 2014 Annual Operating Budget and Capital Improvement Program of the San Antonio Water System (SAWS), which has been prepared in accordance with the requirements of City Ordinance No. 75686.

The SAWS budget process for 2014 has been impacted by a number of operational and financial challenges. These challenges include the maintenance and replacement of aging sewer infrastructure to comply with the consent decree settlement agreement approved in June 2013 by SAWS with the U.S. Environmental Protection Agency (EPA) and the continued development and acquisition of diverse water supplies to support San Antonio's future growth.

Before asking the community for additional resources in 2014 to meet these challenges, SAWS has undertaken a thorough, in-house review of its operations to find efficiencies to reduce costs. This review will not stop with development of the 2014 budget; a permanent program of internal performance evaluation will continue to influence all SAWS budgets going forward. For 2014, SAWS has identified more than \$10 million in operations and maintenance (O&M) reductions that offset to a significant extent the need for additional resources.

During the 2013 budget process, SAWS projected that a 13.5% rate increase would be needed in 2014 to support expenditure levels projected at that time. After taking the reductions and other efficiencies into account, SAWS was able to reduce the required rate increase for 2014 to 5.1% for the average residential customer using 7,788 gallons of water and discharging 6,178 gallons wastewater per month.

For specific services provided by SAWS, the 2014 budget requires adjustments of 2.5% for Water Delivery rates, 13.1% for Water Supply Fee rates, 3.8% for Wastewater rates and 2.5% for Recycled Water rates. The rate adjustments are projected to generate a total of \$23.6 million in additional revenue broken down as follows: Water Supply Fee - \$12.7 million, Water Delivery rates - \$3.4 million, and Wastewater rates - \$7.5 million.

Overall the Adopted Budget for 2014 provides funding for:

- \$292.7 million in O&M costs, of which \$32.4 million is capitalized in connection with the Capital Improvement Program. For 2014, net O&M expenses are \$260.3 million, reflecting a \$16.4 million, or 6.7%, increase when compared to the 2013 O&M budget
- \$391.2 million of capital improvement projects
 - \$160.7 million for Water Supply Projects

- \$87.6 million in Water Delivery Projects
 - \$140.1 million in Wastewater Projects
 - \$2.8 million in Chilled Water and Steam projects
- \$7.4 million in capital outlay funding for vehicles, equipment and computer-related capital
 - \$182.5 million in debt service and expenses, which is \$18.4 million, or 11.2%, higher than the 2013 budget for debt service and expenses
 - Plans for debt coverage of 1.96 times for senior lien debt and 1.37 times for total bonded debt.
 - Includes a transfer of \$12.9 million to the City of San Antonio
 - Increases the Affordability Program by 15% to \$2.5 million

It must be noted that the budget presented here reflects the 2014 budgets for SAWS only and does not include any costs related to the District Special Project (DSP) formerly known as the Bexar Metropolitan Water District or BexarMet. On November 8, 2011, the ratepayers of the former BexarMet voted to incorporate the district into SAWS. In January 2012, the final state and federal clearances were obtained, and SAWS assumed responsibility for all aspects of BexarMet.

In accordance with state law and city ordinance, in order to minimize the impact upon the existing SAWS ratepayers, when control of the BexarMet system was assumed in January 2012, SAWS began to operate it separately as the "District Special Project" (DSP). In further compliance with the law, SAWS will continue to operate the system separately as DSP for up to five years. As a consequence, a separate operating budget and capital improvement program for DSP has been prepared for SAWS Board of Trustees consideration.

The annual budget process is an effort to strike the appropriate balance between ensuring that rates remain affordable for SAWS customers and ensuring the ongoing operational and financial integrity of the organization. The 2014 Annual Operating Budget and Capital Improvement Program will allow the San Antonio Water System to continue providing high quality water, wastewater, recycled water, and heating and cooling services at reasonable costs, while also maintaining a healthy financial position.

Respectfully submitted,



Douglas P. Evanson
Senior Vice President/Chief Financial Officer

BUDGET SUMMARY

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BUDGET SUMMARY

OVERVIEW

The Adopted Budget for 2014 presents a comprehensive projection of San Antonio Water System (SAWS) operations from January 1, 2014 through December 31, 2014. This executive summary describes the key recommendations encompassing the Adopted Budget for 2014.

Please note that this summary addresses the 2014 fiscal requirements for SAWS only. The 2014 budget for SAWS District Special Project (DSP), the former Bexar Metropolitan Water District whose operations were assumed by SAWS in January 2012, will be presented separately.

The City Council adopted a 5.1% rate adjustment in water and sewer rates in November 2013 to support the requirements of the 2014 budget. A summary of these requirements as well as the sources of funding to meet these requirements is provided in the table below:

	<i>Millions \$</i>		
	2014 Adopted Budget	2013 Amended Budget	Difference
Sources of Funds			
Operating Revenues	\$ 503.5	\$ 458.7	\$ 44.8
Non-Operating Revenues	6.8	6.3	0.5
Capital Recovery Fees	36.0	36.0	-
Total	\$ 546.3	\$ 501.0	\$ 45.3
Uses of Funds			
Operations and Maintenance	\$ 260.3	\$ 243.9	\$ 16.4
Debt Service and Expenses	182.5	164.1	18.4
Transfer to City of San Antonio	12.9	11.7	1.2
Available for Renewal and Replacement - Restricted	36.0	36.0	-
Available for Renewal and Replacement - Unrestricted	54.6	45.3	9.3
Total	\$ 546.3	\$ 501.0	\$ 45.3

The 2014 Annual Budget presents a financial plan designed to continue SAWS' mission to provide sustainable, affordable water services. The budget balances revenue requirements with available revenues and other funding sources in order to provide for:

- Operation and maintenance of existing water production, water distribution, wastewater collection, wastewater treatment facilities, and heating and cooling systems
- Implementation of new and expanded programs designed to further reduce sanitary sewer overflows (SSO's)
- Development of additional water resources, and
- Implementation of capital projects that support Water Supply, Water Delivery, Wastewater, and Chilled Water and Steam core business infrastructure needs.

ANNUAL 2014 O&M BUDGET SUMMARY

As mentioned previously, two key focus areas for 2014 are compliance with the recently agreed to EPA consent decree and the continued acquisition of additional water supplies. As shown in the table below an additional \$20.5 million was devoted to these two initiatives during the 2014 budget process.

O&M Expenditures	2013 Budget	2014 Budget	Increase/ (Decrease)
Sewer System Improvements	\$ 13,666,591	\$ 23,066,599	\$ 9,400,008
Water Resources & Conservation	53,057,074	64,124,450	11,067,376
"Base Business"	<u>211,549,902</u>	<u>205,551,329</u>	<u>(5,998,573)</u>
Total before Capitalized Costs	278,273,567	292,742,378	14,468,811
Capitalized Costs	<u>(34,336,581)</u>	<u>(32,429,266)</u>	<u>1,907,315</u>
Total O&M Expenditures	\$ 243,936,986	\$ 260,313,112	\$ 16,376,126

In order to assist in paying for these strategic investments as well as to offset the impact of a rate increase on electricity use and other cost increases, more than \$10 million in budget reductions were identified and incorporated into the 2014 budget. Among the reductions implemented were the following:

- Reduced Headcount – The number of full-time equivalent positions decreased by 101 from the 2013 budget to the 2014 budget. The reduction in headcount was achieved through the elimination of vacant positions and by offering a voluntary retirement incentive during 2013. The total savings resulting from the reduced headcount is nearly \$5.2 million.
- Reduction in chemicals, biosolids and other wastewater treatment expenses – Through process changes and the transfer of flow from the Leon Creek Water Recycling Center to the Dos Rios Water Recycling Center, budgeted expense reductions of \$1.5 million in these expenses have been realized.
- Reduction in water production costs – By managing well rotation at one of SAWS sources of supply as well as other efficiencies identified in SAWS production facilities, savings of \$1.2 million is anticipated to be realized.
- Reduction in Support Services Expenditures – Through the implementation of business process changes within several of SAWS support services areas such as Financial Services, Human Resources and Legal, as well as a reduction in the overall size of SAWS fleet of vehicles, \$1.4 million in budget reductions were achieved.
- Reduction in the Use of External Consultants – By utilizing SAWS staff to perform certain tasks previously to have been performed by external parties savings of \$0.6 million were realized.

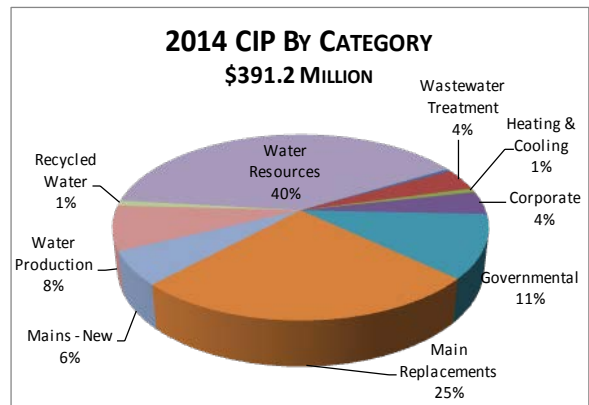
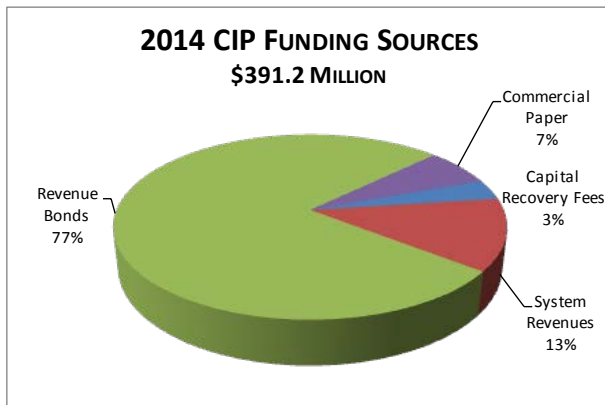
CAPITAL OUTLAY

The table below summarizes the 2014 Capital Outlay budget as compared to the 2013 Capital Outlay Budget.

Capital Outlay Account (amounts in thousands of \$)	2013 Adopted Budget	2014 Adopted Budget
Automobiles and Trucks	\$ 4,230	\$ 3,331
Communications Equipment	281	
Computer Equipment	1,600	1,909
Lab Equipment	242	219
Light Equipment	94	
Machinery and Equipment	210	90
Miscellaneous Equipment	486	820
Pumping Equipment	739	640
Software Systems	590	366
TOTALS	\$ 8,472	\$ 7,375

ANNUAL 2014 CAPITAL IMPROVEMENT PROGRAM (CIP) SUMMARY

2014 CIP Sources and Uses



Five-Year CIP Projection by CIP Category

Categories	2014	2015	2016	2017	2018	Five Year Totals
Water Delivery	\$ 87,554,343	\$ 51,913,803	\$ 58,095,638	\$ 101,989,454	\$ 74,449,761	\$ 374,002,999
Corporate - WD	7,473,981	-	6,871,060	3,233,440	-	17,578,481
Governmental	27,892,911	28,870,000	17,322,000	17,322,000	17,322,000	108,728,911
Mains - New	9,001,106	5,441,071	4,102,542	34,738,463	9,845,825	63,129,007
Main Replacements - Water	12,900,271	8,704,882	10,947,459	6,704,769	10,232,891	49,490,272
Production	30,286,074	8,897,850	18,852,577	39,990,782	37,049,045	135,076,328
Wastewater	140,117,472	164,353,446	182,976,050	138,053,144	174,530,113	800,030,225
Corporate - WW	7,458,135	-	6,749,085	3,176,040	-	17,383,260
Governmental	15,138,812	28,357,500	15,880,200	15,880,200	15,880,200	91,136,912
Main Replacements - Sewer	87,085,883	112,305,523	90,624,746	79,375,805	80,099,259	449,491,216
Mains - New	13,883,832	351,633	7,985,472	7,486,380	113,430	29,820,747
Collection Facilities	1,724,136	8,309,315	9,388,602	113,430	13,044,450	32,579,933
Treatment	14,826,674	15,029,475	52,347,945	32,021,289	65,392,774	179,618,157
Water Resources	160,690,984	30,279,790	18,289,554	40,022,127	4,135,976	253,418,431
Edwards	10,981,750	11,046,671	11,046,671	11,046,671	-	44,121,763
Recycled Water	3,661,505	7,944,775	2,763,400	11,882,620	2,763,400	29,015,700
Desalination	-	-	-	15,565,942	1,372,576	16,938,518
Integration	143,628,273	261,720	145,400	-	-	144,035,393
Aquifer Storage & Recovery	-	2,179,837	4,334,083	-	-	6,513,920
Expanded Carrizo	1,500,528	8,846,787	-	1,526,894	-	11,874,209
Corporate - WR	918,928	-	-	-	-	918,928
Heating & Cooling	2,837,500	2,055,750	752,500	7,325,000	1,311,413	14,282,163
Grand Total	\$ 391,200,299	\$ 248,602,789	\$ 260,113,742	\$ 287,389,725	\$ 254,427,263	\$ 1,441,733,818

IMPACT ON RATES

Adopted Rate Adjustment for 2014

To support the requirements of the 2014 O&M Budget, a 5.1% rate adjustment is required for the average residential customer using 7,788 gallons of water and discharging 6,178 gallons wastewater per month.

While the combined water delivery, water supply and wastewater rate adjustment for the average residential customer is 5.1%, a separate rate adjustment is needed for each of the SAWS core businesses as shown in the table below. The rate adjustment for recycled water service is not factored into the combined adjustment for the average residential customer. Also shown in the table is the estimated annual added revenue by core business from each of the rate adjustments.

2014 Rate Change by Core Business		
Core Business	Rate Change	Added Revenue Generated
Wastewater	3.8%	\$ 7,500,000
Water Delivery	2.5%	\$ 3,400,000
Water Supply	13.1%	\$ 12,700,000
Recycled Water	2.5%	\$ 50,000

The dollar impact on the average residential bill (assuming 7,788 gallons of water and 6,178 gallons of wastewater per month) is shown in the table below. Also shown are the impacts on the average residential bill of slight changes in 2014 to the pass-through fees assessed by SAWS on behalf of the Edwards Aquifer Authority (EAA) and the Texas Commission on Environmental Quality (TCEQ).

	2013	Adopted 2014
Water Supply	\$9.29	\$10.51
Water Delivery	15.29	15.66
Wastewater	25.75	26.74
Total SAWS	\$50.33	\$52.91
Increase \$		\$2.58
Increase %		5.1%
EAA Fee		
EAA Fee	\$2.67	\$2.57
TCEQ Fee		
TCEQ Fee	0.22	0.22
Total with Fees	\$53.22	\$55.70

Authorized Maximum Rate Adjustment for 2015

While not affecting the 2014 budget, it must be further noted that at the time the 2014 rates were approved, the San Antonio City Council also authorized SAWS to make further adjustments to the Water Delivery, Water Supply Fee, Wastewater and Recycled Water rates effective January 1, 2015. These adjustments may be made without further City Council approval. Specifically, SAWS is authorized to adjust the approved 2014 rates for each of the following rate categories by percentages not to exceed the maximum amounts as follows:

- Water Delivery: 2.7%
- Water Supply Fee: 6.2%
- Wastewater: 6.4%
- Recycled Water: 2.7%

The authority for rate adjustments in 2015 provides more security that long term SAWS commitments, especially with regard to the acquisition and development of water supplies and the court-mandated mitigation of sanitary sewer overflows, will be addressed effectively. Additionally, the cap on the 2015 rate adjustment provides a compelling incentive for SAWS to continue implementing further efficiencies in order to keep projected expenditures well within revenue requirements. The City of San Antonio Public Utilities Office will review the 2015 rate adjustment before final implementation.

Five Year Rate Projection

Integral to the annual budget process is a long term projection of rates required to meet future requirements beyond just the next fiscal year. The table shown below shows the five-year projected impact on the average residential customer (7,788 gallons of water and 6,178 gallons of wastewater per month) of the adopted rates for 2014, the maximum adjusted rates authorized for 2015, and the projected rates for 2016, 2017 and 2018.

	2013	Adopted		Projected		
		2014	2015	2016	2017	2018
Water Supply	\$9.29	\$10.51	\$11.16	\$11.63	\$12.46	\$12.70
Water Delivery	15.29	15.66	16.09	16.92	17.55	18.53
Wastewater	25.75	26.74	28.46	31.14	31.14	33.53
Total SAWS	\$50.33	\$52.91	\$55.71	\$59.69	\$61.15	\$64.76
Increase \$		\$2.58	\$2.80	\$3.98	\$1.46	\$3.61
Increase %		5.1%	5.3%	7.1%	2.4%	5.9%
EAA Fee	\$2.67	\$2.57	\$2.97	\$2.97	\$2.97	\$2.97
TCEQ Fee	0.22	0.24	0.24	0.24	0.24	0.24
Total with Fees	\$53.22	\$55.72	\$58.92	\$62.90	\$64.36	\$68.00

COMMUNITY PROFILE

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COMMUNITY PROFILE



Beyond its role as a significant population and business center within the state of Texas, San Antonio possesses a deep history that dates back to the 1700's. In 1718, Spanish monks built a mission named San Antonio de Valero on the site of a Coahuiltecan Indian village. Eventually, this mission would be named the Alamo, where Texan forces fought Mexican soldiers to the death during the Texas revolution. This battle has made the Alamo a symbol of Texas' liberty and prosperity. Following the revolution, Texas was annexed into the United States and San Antonio served as a place of cultural convergence that has shaped it into the city that it is today.

LOCATION

San Antonio, which is the county seat of Bexar County, is located in south central Texas and is:

- 80 miles south of Austin (state Capitol)
- 280 miles from Dallas
- 200 miles from Houston
- 140 miles northwest of the Gulf of Mexico
- 150 miles northeast of the city of Laredo on the Mexican border

San Antonio is located primarily in Bexar County, Texas but its city limits now extend into Comal and Medina Counties, Texas.

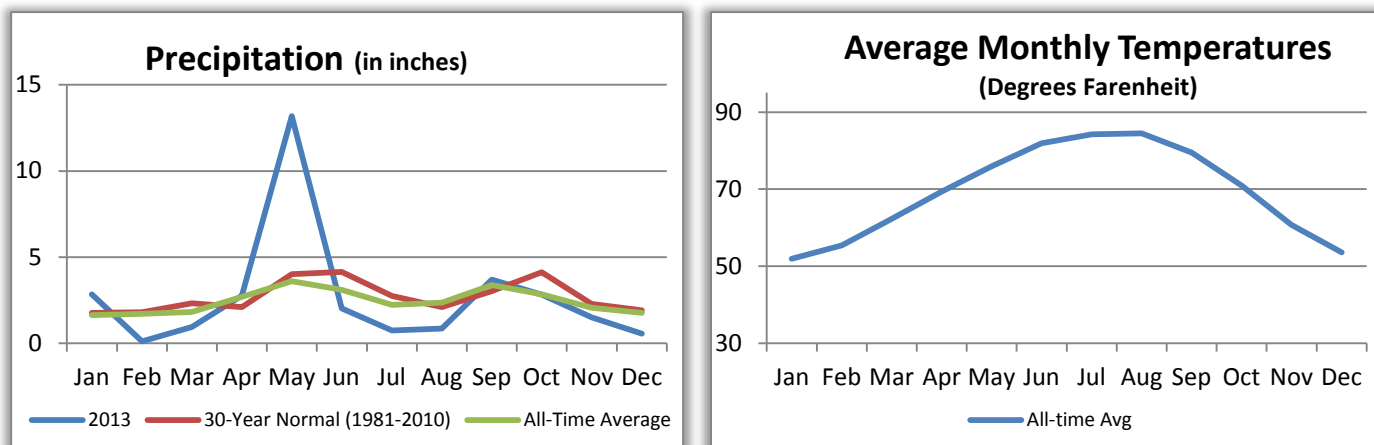
CLIMATE

With its location on the northwest edge of Texas' Gulf Coastal Plain, San Antonio experiences a modified subtropical climate.

Average temperatures range from 50 degrees in January to the mid-90s in July and August. While the summer is hot, with daily temperatures above 90 degrees over 80% of the time, extremely high temperatures are relatively uncommon. Mild weather prevails during the winter months, with temperatures below freezing occurring on an average of about 20 days per year.



Rainfall variations can be extreme, with some years coming in near 10 to 20 inches of rain, and other years producing near 50 inches of rain. Average yearly long-term rainfall is near 29 inches. The extremes vary from 10.11 inches in 1917 to 52.28 inches in 1973.



Source: National Weather Service

POPULATION

According to the 2010 US census, San Antonio is the seventh most populous city in the United States and the second most populous in Texas. The San Antonio Metropolitan Statistical Area (MSA) historically has consisted of Atascosa, Bandera, Bexar, Comal, Guadalupe, Kendall, Medina, and Wilson counties. Prior to the 2010 US census, the city of New Braunfels was added to the MSA. The new San Antonio-New Braunfels MSA is projected to contain 2.2 million people as of the year 2012. San Antonio’s MSA ranks twenty-fourth among national MSA’s and third among those in Texas.

The following table provides the population of the City, Bexar County, and the San Antonio-New Braunfels MSA¹ for the years shown:

Year	City of		San Antonio-
	San Antonio	Bexar County	New Braunfels
			MSA ¹
2012			
(Estimated)	1,382,951	1,785,704	2,234,003 ³
2010	1,327,407	1,714,773	2,142,508
2000	1,144,646	1,392,931	1,711,703 ²
1990	935,933	1,185,394	1,324,749
1980	785,880	988,800	1,088,710
1970	654,153	830,460	901,220
1960	587,718	687,151	749,279
1950	408,442	500,460	556,881
1940	253,854	338,176	393,159
1930	231,542	292,533	351,048
1920	161,379	202,096	255,928

- 1 Data for 1920-1990 has been restated from the redefined eight-county MSA to the original four-county MSA.
- 2 As of June 2003, the U.S. Office of Management and Budget redefined the MSA by increasing the number of counties from four to eight: Atascosa, Bandera, Kendall, and Medina Counties were added to Bexar, Comal, Guadalupe, and Wilson Counties. (The 2000 figure reflects the new 2003 redefined eight-county area.) As of December 2009, New Braunfels, Texas qualified as a new principal city of the San Antonio MSA, and the MSA was retitled San Antonio-New Braunfels MSA.
- 3 Provided by the American Community Survey.

Sources: U.S. Census Bureau; Texas Association of Counties – County Information Project

EDUCATION

There are 14 colleges in the San Antonio-New Braunfels area that offer degrees in all major fields of study. Together, these universities educate over 120,000 students. The following table contains the number of students at each of these 14 institutions.

San Antonio-New Braunfels Area Universities	
Institution	2013 Enrollment*
University of Texas at San Antonio	28,725
San Antonio College	23,363
Northwest Vista College	16,129
St. Philip's College	10,389
Palo Alto College	8,688
University of the Incarnate Word	8,685
St. Mary's University	3,868
The University of Texas Health Science Center at San Antonio	3,131
Our Lady of the Lake University	2,927
Trinity University	2,442
Texas A&M University San Antonio	4,512
Wayland Baptist University - San Antonio Campus	4,491
Texas Lutheran University	1,341
Northeast Lakeview College	1,394

Source: Texas Higher Education Coordinating Board

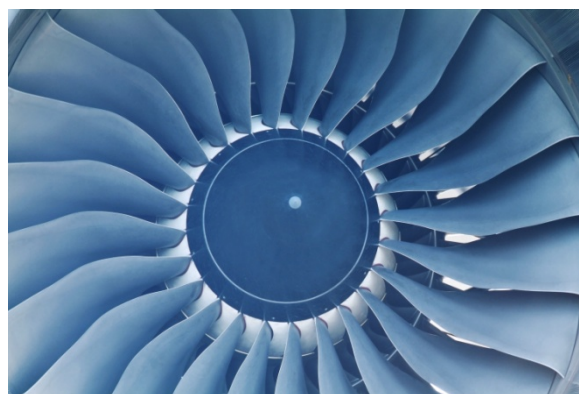
*Preliminary Fall 2013 enrollment

ECONOMY

San Antonio boasts a favorable business environment and a widely diversified economy. This diversification can be seen by the large variety of industries that have major operations in the city, including the aerospace, bioscience, environmental/green technology, financial services, information security, and manufacturing industries along with the military. All of these industries are supported by the city's government that aims to strengthen infrastructure, development, and the city's workforce. The San Antonio Economic Foundation, a private, nonprofit organization that assists business and industry relocating or expanding into the San Antonio area, is the source of the following information on local industry.

AEROSPACE/AVIATION

In San Antonio, the local aerospace industry includes activities like manufacturing of aircraft parts, servicing aircraft, and flight training. Facilities like Port San Antonio, the Kelly Aviation Center, Brooks City-Base, and two active air force bases support these activities. The industry provides approximately 13,616 jobs, with employees earning total annual wages of over \$678 million. According to the 2010 Economic Impact Study commissioned by the Greater San Antonio Chamber of Commerce, it is estimated that this industry creates an economic impact of \$5.4 billion annually.



BIOSCIENCE/HEALTHCARE

San Antonio's bioscience and healthcare sector has a large economic impact on the city, totaling approximately \$29.2 billion in 2011. This field is the largest industry in the San Antonio economy and employs 156,205 people in the area (or 18% of the population), with total wages of approximately \$7.5 billion. The city is home to the 900-acre South Texas Medical Center, containing over 70 medically related facilities, and the 1,236-acre Texas Research Park which is home to various research institutes. This industry has added over 40,000 jobs to the area over the past decade.



FINANCIAL SERVICES

A wide variety of financial service entities are present in San Antonio including Frost National Bank and United Services Automobile Association (USAA). The financial services sector, including banking and credit, investment activities, insurance, funds, trusts and other financial vehicles, and accounting and bookkeeping employed over 70,600 people in 2013. The single largest private sector employer in this industry is USAA, with 17,000 employees. The company announced in early 2013 plans to expand and add up to 1,000 new jobs. This sector also reported increases in revenues in a difficult climate, proving its position as one of the city's most stable business sectors.

ENVIRONMENTAL TECHNOLOGY/GREEN INDUSTRIES

San Antonio's government actively supports the growing green economy. A primary means of this support is Mission Verde, an initiative that promotes the creation of green jobs and the pursuit of environmentally sustainable operations. CPS Energy, the community-owned energy utility, has not only sought out renewable energy resources, but is also furthering the development of and educating the public about these resources with their pledge to Texas A&M University San Antonio to help fund a sustainable energy research institute.



IT/CYBER SECURITY

With a strong military presence, San Antonio has become a national leader in the field of information security. However, the importance and impact of IT business does not stop there. The city contains offices of many notable technology firms like Rackspace and NewTek. Together, this industry generates a \$10 billion economic impact.

MANUFACTURING

The manufacturing sector, with approximately 47,000 jobs, is able to produce a large variety of goods ranging from transportation products to materials. Due to the presence of well-known companies like Toyota, San Antonio was ranked as the fourth largest manufacturing market in Texas, according to the 2011 Texas Manufacturers Register. In 2011, Trinity University determined that manufacturing has an economic impact of \$22.5 billion to the region while paying annual salaries 11% above the San Antonio average.

MILITARY/DEFENSE

The military has an extremely strong presence in San Antonio with two air-force bases, one army base, and one former air-force base (now Brooks City-Base). The military has also brought other benefits to those who do not serve the country, like high-end medical care. Currently, the military employs over 89,000 thousand people in San Antonio including civilian-related employment.

EMPLOYMENT

Employment in the MSA has grown quickly over time and has remained somewhat stable even as many job markets in other cities and states have experienced negative growth. In fact, San Antonio's annual unemployment rate has not exceeded 7.4% in the past 20 years. Additionally, this unemployment rate has also remained under the Texas state annual unemployment rate.

A summary of San Antonio's nonagricultural employment by industry for the preceding ten years is as follows:

as of December of each year	San Antonio MSA Non-Farm Employment by Industry									
	2013 *	2012	2011	2010	2009	2008	2007	2006	2005	2004
Natural Resources, Mining and Construction	45,900	44,500	43,400	44,700	48,100	54,900	55,600	50,500	49,300	46,100
Manufacturing	46,100	47,800	46,400	45,300	43,500	45,600	49,000	49,800	47,400	45,700
Trade, Transportation and Utilities	157,400	155,600	151,500	147,300	146,400	152,600	155,600	152,700	145,500	141,200
Information	21,100	20,300	19,400	18,100	18,300	20,600	21,500	21,900	21,100	21,000
Financial Activities	70,900	72,500	70,600	68,600	66,100	66,500	65,800	64,900	63,700	61,800
Professional and Business Services	110,300	111,400	105,000	101,200	102,700	104,700	107,500	104,100	101,100	89,400
Educational and Health Services	137,800	138,000	134,900	130,200	125,900	122,200	116,900	112,100	110,200	105,600
Leisure and Hospitality	110,700	107,600	105,400	101,000	97,300	99,100	95,700	91,300	87,200	84,200
Other Services	33,700	33,100	31,600	31,800	30,900	30,700	30,200	28,500	26,900	26,900
Government	164,900	161,800	161,600	164,200	161,900	158,200	154,100	150,000	146,900	144,300
Total Non-Farm Employment	898,800	892,600	869,800	852,400	841,100	855,100	851,900	825,800	799,300	766,200

Source: U.S. Bureau of Labor Statistics
* Preliminary

In addition to the wide selection of employment and job opportunities, the cost of living in San Antonio is relatively low. The city is especially competitive in housing, groceries, and utilities. These economic benefits help to attract San Antonio's workforce, employers, and students to the city.

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SAN ANTONIO WATER SYSTEM PROFILE

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SAN ANTONIO WATER SYSTEM PROFILE

HISTORY

SAWS was created through the consolidation of three predecessor agencies: the City Water Board (the previous city-owned water supply utility); the City of San Antonio Wastewater Department (a department of the city government responsible for sewage collection and treatment); and the Alamo Water Conservation and Reuse District (an independent city agency created to develop a system for reuse of the city's treated wastewater). In addition, the water resources planning staff of the City Planning Department was realigned to the new agency to provide combined water related services for the San Antonio area.



BEXARMET

On January 28, 2012, SAWS assumed the operational control and management of the Bexar Metropolitan Water District (BexarMet). BexarMet was created by the 49th Texas Legislature in 1945 to serve anticipated growth in Bexar County. From an initial account base of 4,765 primarily residential accounts, it grew to more than 92,000 residential and commercial accounts served in 2011. Claims of alleged mismanagement, inadequate service and excessive rates resulted in the passage of Senate Bill 341 (SB 341) by the Texas Legislature in May, 2011. The primary component of SB 341 required an election by BexarMet ratepayers to vote on the dissolution of BexarMet and consolidation with SAWS. The election was held in November 2011 and the BexarMet ratepayers voted in favor of dissolution. In preparation for this vote in October 2011, the City Council adopted an ordinance creating a “special project”, as authorized by SB 341, where the assumed BexarMet would be treated as a component unit of the City of San Antonio, to be known as the San Antonio Water System District Special Project (DSP). In accordance with the ordinance and as allowed by SB 341, for financial statement purposes, the DSP remains a separate entity but will be fully integrated into SAWS within the timeframe specified by SB 341. As a result, unless otherwise stated, the activities of the DSP are not accounted for in this document.

BACKGROUND

San Antonio Water System is a public utility owned by the City of San Antonio. It is the largest municipally-owned water, wastewater, chilled water, steam, and recycled water utility in the San Antonio/Bexar County area. SAWS provides service to the majority of the population within the corporate limits of the City and Bexar County which totals approximately 1.8 million residents. As of December 31, 2013, SAWS employs over 1,700 personnel and maintains approximately 10,200 miles of water and sewer mains.

Complete management and control of SAWS is vested in a Board of Trustees consisting of the mayor and six members who are appointed by the San Antonio City Council, and serve staggered four-year terms. The mayor of San Antonio serves as an ex-officio voting member. The general operations of the utility are under the supervision of the President/Chief Executive Officer.

SERVICE AREAS

WATER DELIVERY AND WASTEWATER

SAWS' water delivery service area currently extends over approximately 642 square miles, making it the largest water purveyor in Bexar County. The service area includes most of Bexar County, several suburban municipalities and parts of adjacent counties. In addition to serving its own retail customers, SAWS also provides wholesale water to a few smaller utility systems within this area.

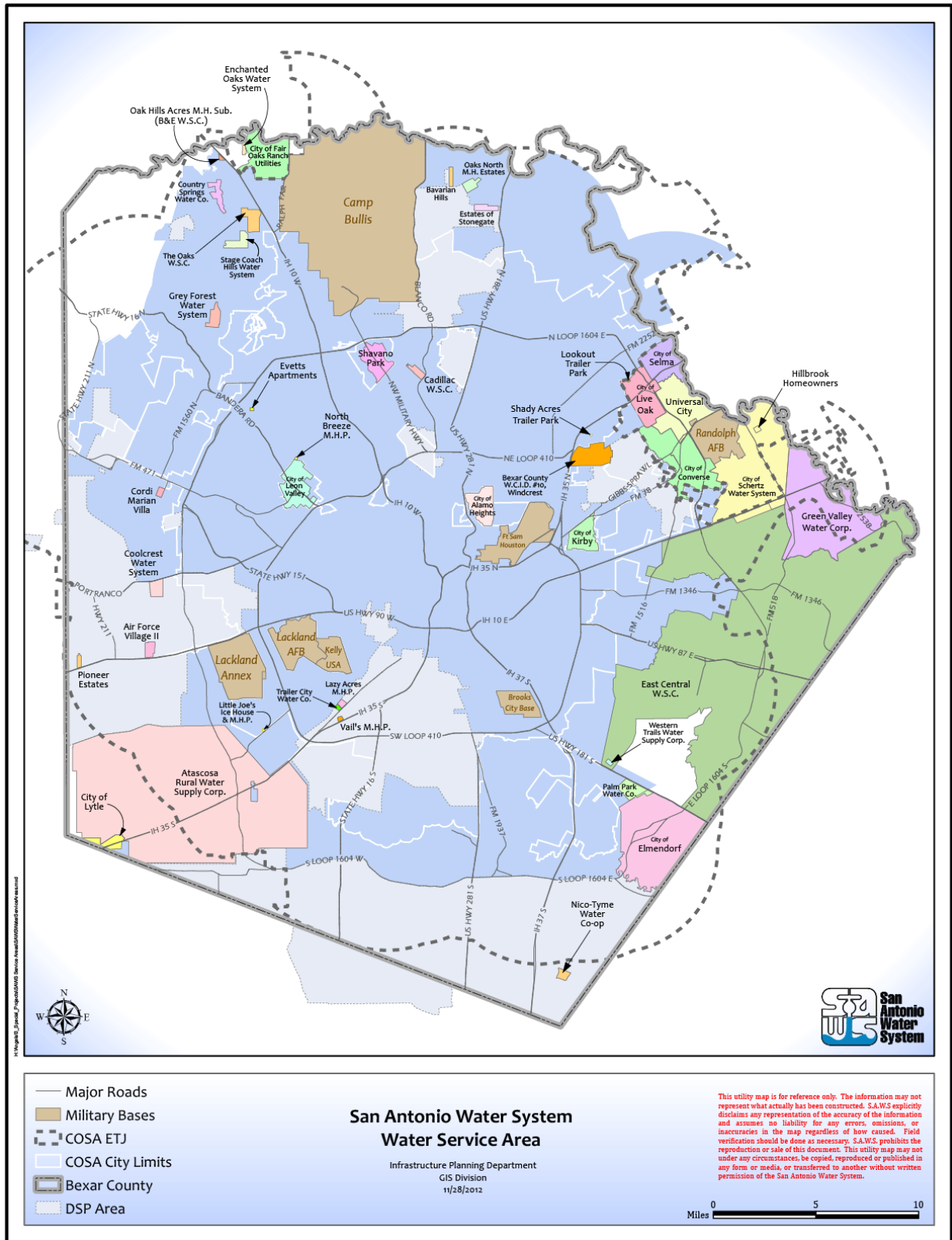
SAWS provides potable water service to residential, commercial, multifamily, industrial and wholesale accounts. As of December 31, 2013, the water delivery system provides potable water service to approximately 367,000 customer connections, which represents a population of approximately 1.3 million people in the urbanized portions of Bexar County.

The water delivery system currently utilizes 26 elevated storage tanks and 38 ground storage reservoirs, of which 12 act as both, with combined storage capacities of 200 million gallons. As of December 31, 2013, SAWS had installed 5,072 miles of distribution mains, ranging in size from 4 inches to 61 inches in diameter. As of December 31, 2013, SAWS was equipped with 28,323 fire hydrants in service.

A larger and somewhat different area, following natural watersheds, is defined for wastewater collection and treatment. SAWS is the largest wastewater treatment agency in the San Antonio area. SAWS also provides collection and treatment services by contract to developments outside its defined service area to avoid unnecessary proliferation of state wastewater discharge permits. The wastewater system has certain prescribed boundaries that currently cover an area of approximately 504 square miles. SAWS also coordinates with the City of San Antonio for wastewater planning the City's total planning area, its extra-territorial jurisdiction (ETJ), of approximately 1,107 square miles. The population for this planning area is approximately 1.7 million people. As of December 31, 2013, SAWS provided wastewater services to approximately 417,000 customer connections.

The wastewater system is composed of approximately 5,238 miles of mains and three major treatment plants: Dos Rios Water Recycling Center, Leon Creek Water Recycling Center and Medio Creek Water Recycling Center.

Water Service Area

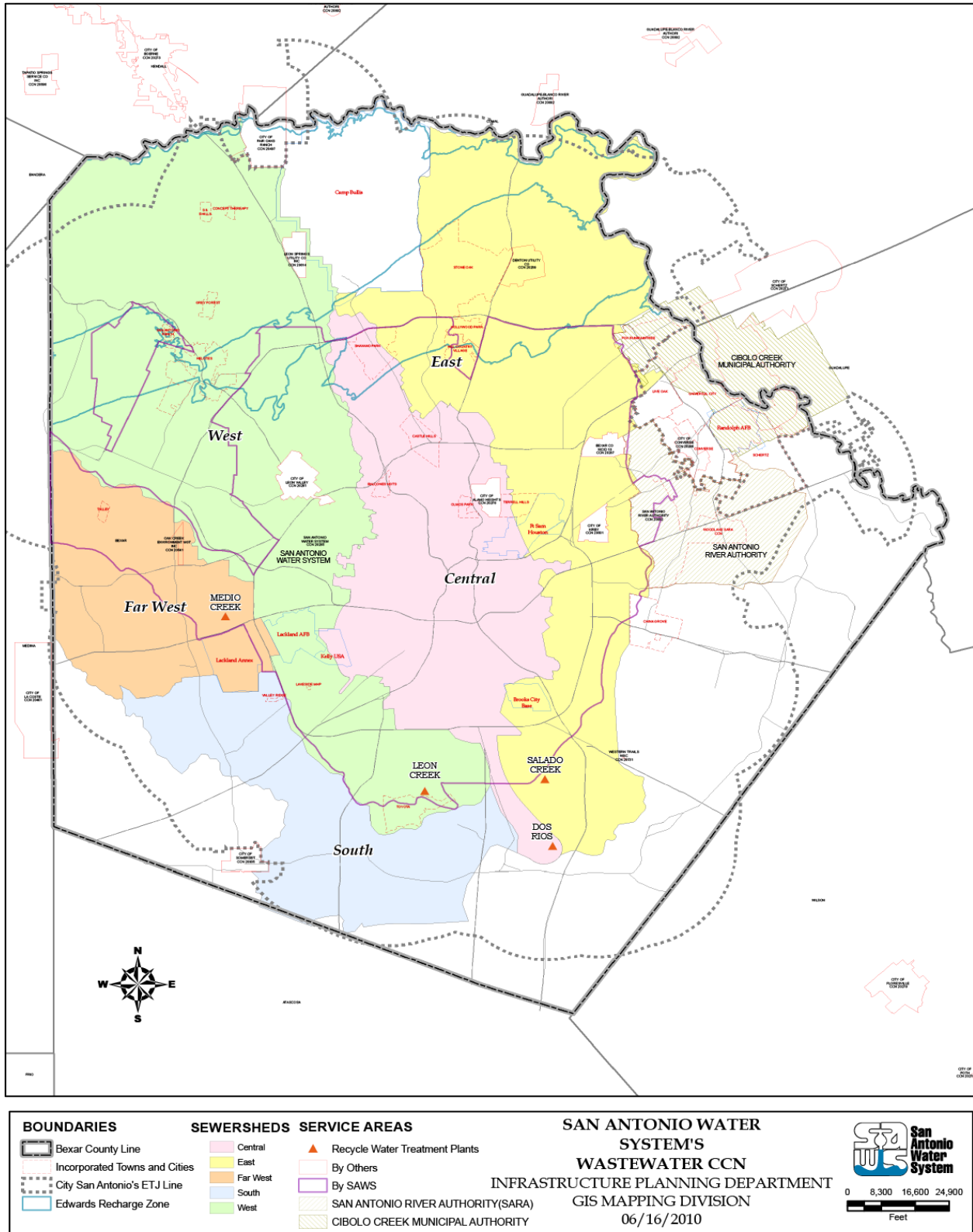


Key operating and capital indicators of the water system for years 2004-2013 are provided in the table below:

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Rainfall (Inches)	32.27	39.40	17.58	37.39	30.69	13.76	47.25	21.34	16.45	45.34
Customers/Connections (a)	367,408	365,099	360,281	356,546	352,059	348,834	344,168	336,434	325,944	315,000
Water Pumpage (Million Gallons)										
Annual Water Pumped (d)	69,020	70,338	74,627	69,591	68,191	71,785	63,395	68,411	63,632	53,483
ASR Recharge (b) (d)	2,629	3,742	3,928	8,319	5,542	3,535	6,582	2,951	4,396	1,800
ASR Production (b) (d)	4,794	1,446	4,307	550	472	406	141	2,080	305	261
Annual Pumped for Usage (d)	66,391	66,596	70,699	61,272	62,649	68,250	56,813	65,460	59,236	51,683
Average Daily (d)	189.1	192.2	204.5	190.7	186.8	194.9	169.2	181.8	172.6	145.3
Maximum Daily (d)	270.2	264.0	265.6	314.0	273.8	299.0	225.6	280.4	279.3	343.1
Maximum Hour (Daily Rate) (d)			428.2	357.8	388.0	399.1	296.0	410.7	395.5	295.2
Metered Usage (Million Gallons)	55,108	55,320	59,133	52,578	55,295	58,828	49,511	57,724	55,005	49,367
Metered Water Sales										
Available Water Supply (Million Gallons)										
Permitted Edwards Aquifer rights (e)	82,901	84,822	84,640	85,035	81,923	71,738	69,505	69,505	65,007	67,799
Non-Edwards supply (f)	12,724	7,431	6,098	6,132	6,256	6,256	4,171	4,171	1,140	1,140
Stored in ASR (d) (g)	28,787	30,827	28,531	28,910	21,141	16,071	12,942	6,501	5,630	1,539
Total water available for production	124,413	123,080	119,393	120,077	109,320	94,766	86,768	80,210	71,814	70,541
Number of Wells in Service	149	143	139	144	140	136	126	113	102	94
Overhead Storage Capacity (Million Gallons)	102.3	81.2	81.2	73.9	66.5	65.2	64.2	69.0	60.0	64.8
Total Storage Capacity (Million Gallons)	219.5	183.7	184.1	180.8	166.2	165.0	164.0	166.0	142.0	161.5
Miles of Water Main Installed	80	57	78	106	97	161	167	143	103	90
Miles of Water Main Replaced and Abandoned	30	22	26	36	33	32	19	22	23	17
Miles of Water Main in Place	5,072	5,022	4,988	4,936	4,866	4,802	4,673	4,525	4,404	4,324
Water Main Breaks (c)	1,863	2,128	3,397	1,475	3,212	2,594	1,392	3,073	2,577	1,305
New Services Installed	5,241	7,520	4,725	4,208	3,590	7,565	17,274	13,903	12,730	10,759
Fire Hydrants Installed (Net of Hydrants removed)	409	348	451	516	644	951	1,040	752	521	574
Fire Hydrants in Place	28,323	27,914	27,566	27,115	26,599	25,955	25,004	23,964	23,212	22,691

- (a) Number of customers at end of fiscal year.
- (b) SAWS opened its Aquifer Storage & Recovery (ASR) facility in 2004. Prior to this time, all water pumped was pumped for usage.
- (c) Amount reported is for the calendar year.
- (d) Amounts have been revised from previously published data.
- (e) Based on permitted rights authorized by the Edwards Aquifer Authority (EAA) as of December 31st. Authorized amounts prior to 2004 are not presented as they reflect a high level of variability related to EAA's permitting process. Under current EAA rules, authorized amounts are subject to reductions of 20% to 44% during drought conditions.
- (f) Includes water from the Trinity Aquifer and Canyon Lake available under water purchase agreements and water from the Carrizo Aquifer based on groundwater rights associated with land owned by SAWS.
- (g) Represents net amount stored in ASR (Recharge - Net production)

Wastewater Service Area



Key operating and capital indicators of the wastewater system for years 2004 through 2013 are provided in the table below:

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Customers/Connections (a)	416,801	412,275	405,119	400,096	395,161	389,894	379,962	368,401	354,878	342,813
Effluent Volumes For Major Facilities (million gallons per day)										
Dos Rios										
Permit Flow	125.00	125.00	125.00	125.00	125.00	125.00	125.00	125.00	125.00	125.00
Average Annual Flow	78.47	79.04	74.97	86.47	74.37	76.53	93.34	64.00	59.58	61.16
Maximum Monthly Average Flow	86.78	87.01	76.63	103.66	89.36	81.43	131.98	74.37	73.98	78.74
Leon Creek										
Permit Flow	46.00	46.00	46.00	46.00	46.00	46.00	46.00	46.00	46.00	46.00
Average Annual Flow (two outfalls)	37.68	38.62	35.07	38.83	34.99	34.71	40.26	32.63	34.48	35.34
Maximum Monthly Average Flow (two outfalls)	44.16	43.77	36.46	45.30	64.74	38.62	55.49	34.28	41.79	42.40
Medio Creek										
Permit Flow	16.00	16.00	16.00	16.00	16.00	16.00	8.50	8.50	8.50	8.50
Average Annual Flow	7.76	7.29	6.83	7.53	6.32	5.87	6.94	5.13	5.21	5.60
Maximum Monthly Average Flow	8.45	8.14	6.97	8.71	7.45	6.57	10.51	5.63	6.58	6.63
Salado (b)										
Permit Flow	n/a	n/a	n/a	n/a	n/a	n/a	n/a	46.00	46.00	46.00
Average Annual Flow	n/a	n/a	n/a	n/a	n/a	n/a	n/a	11.38	33.80	35.86
Maximum Monthly Average Flow	n/a	n/a	n/a	n/a	n/a	n/a	n/a	21.11	40.40	44.00
Total										
Permit Flow	187.00	187.00	187.00	187.00	187.00	187.00	179.50	225.50	225.50	225.50
Average Annual Flow	124.26	124.95	116.87	132.83	115.68	117.11	140.54	113.14	133.07	137.96
Maximum Monthly Average Flow	139.40	138.92	120.06	157.67	161.55	126.62	197.98	135.39	162.75	171.77
Amount Treated Annually (millions of gallons)	50,076	49,055	49,918	48,152	51,987	50,347	49,217	53,270	49,287	49,592
Amount Treated Peak Day (millions of gallons)	221	199	160	258	194	174	294	169	212	297
Miles of Sewer Main Installed	38	37	45	33	84	124	138	132	74	76
Miles of Sewer Main In Place (c)	5,238	5,200	5,163	5,118	5,085	5,001	4,877	4,739	4,607	4,533
Number of Manholes Installed	901	856	1,080	659	1,514	2,922	2,775	2,661	1,538	1,504
Number of Manholes in Place	99,037	98,136	97,280	96,200	95,541	94,027	91,105	88,330	85,669	84,131
Number of Lift Stations	155	159	159	158	164	162	167	164	150	150

(a) Number of customers at end of fiscal year.

(b) The Salado treatment plant was closed in August 2006 and all wastewater flows diverted to the Dos Rios treatment facility.

(c) Prior to 2004, the miles of sewer main in place were estimated. Utilizing GPS tracking, more accurate data was obtained and maintained starting in 2004.

Sewer Management Plan

In June 2013, SAWS approved a settlement with the U.S. Environmental Protection Agency (EPA) that will require additional work over the next 10 to 12 years to reduce sanitary sewer overflows (SSO's). The work required to comply with the consent decree includes system-wide inspection, cleaning and evaluation of sanitary sewer pipelines. Additionally, increased investment in the replacement and rehabilitation of aging sewer infrastructure will be necessary. The targeted replacement and rehabilitation program will be specifically tailored to the 5,200 miles of pipe in the SAWS sewer system.

The 2014 SAWS budget includes funding for expanded Sewer Management programs that are recognized as industry best practices to reduce the number of SSO's. Specifically, the 2014 budget includes \$21.5 million in operating costs and \$88.8 million in capital project investments for a total of \$108.9 million to identify and address SSO's, and to rehabilitate aging sewer infrastructure to minimize future SSO occurrence.

The \$88.8 million in capital improvement projects for 2014 associated with SSO reduction are described in the Capital Improvements Program section of this document beginning on page 139.

The \$21.5 million in operating costs for 2014 are designed to expand evaluation and cleaning of the sewer system on a continuing basis to minimize future SSO occurrences. The related programs in the 2014 operating budget include:

- Cleaning, Televising and Assessment (\$12.9 million). The televising of sewer lines throughout the city will be expanded with technology that identifies grease and debris blockages as well as compromised structural integrity that can lead to SSO's. The funding includes work by contractors to address issues in large mains, force mains, siphons and manholes identified by the televising efforts. For 2014, SAWS projects that approximately 640 miles of video monitoring will be conducted and that approximately 1,500 miles of sewer line will be cleaned.
- Capacity Assessment (\$3.6 million). This program calls for expanded flow metering, field investigations and hydraulic modeling of sewer main capacity.
- Program Manager and Data Management (\$3.1 million). External technical expertise and administrative support in the form of an SSO program manager and robust data management are best practices utilized by the top-performing utilities across the nation.
- External Sewer Point Repair (\$0.5 million). As SAWS televises sewer mains, emergency repairs are necessary to avoid SSO's. These external sewer point repair contracts work in conjunction with SAWS' repair crews.

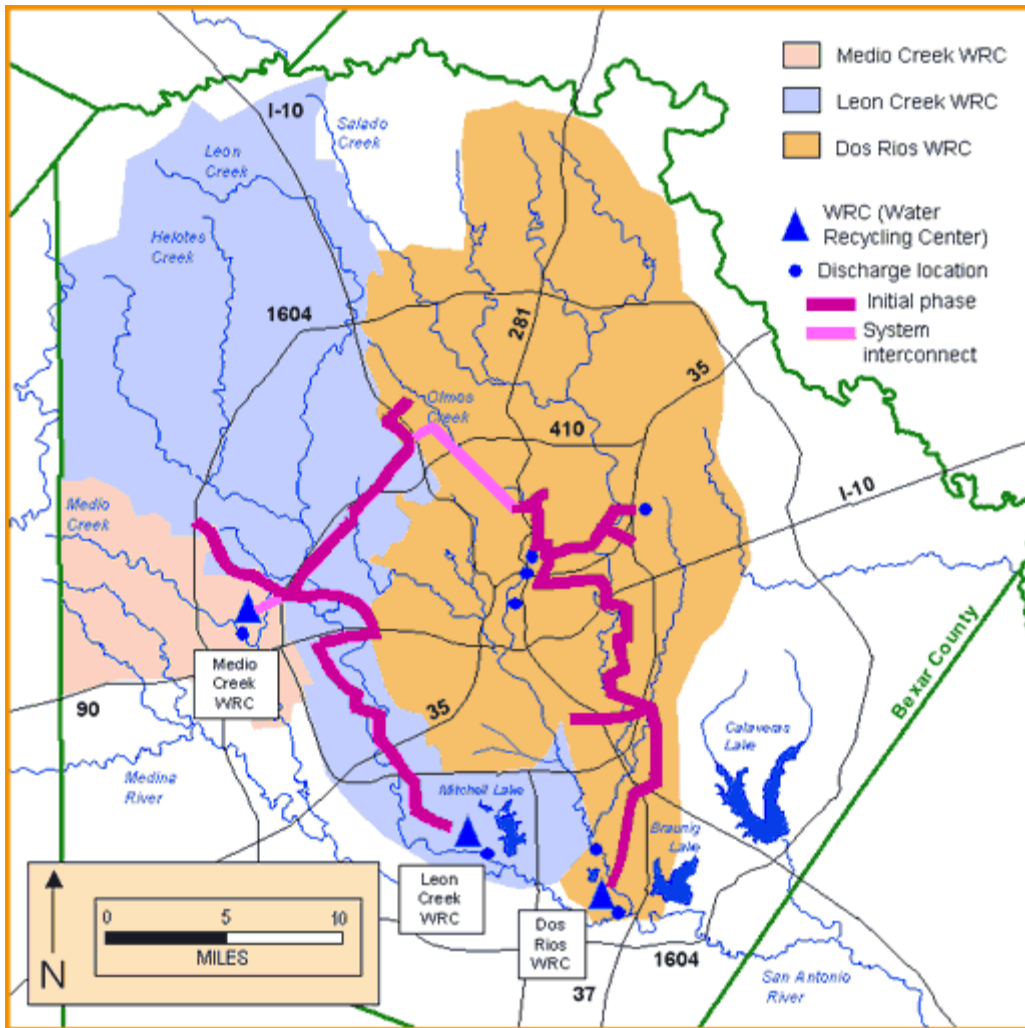
CHILLED WATER AND STEAM (HEATING AND COOLING)

The San Antonio Water System owns, operates, and maintains five thermal energy facilities providing chilled water and steam services to governmental and private entities. Two of the facilities, located in the City's downtown area, provide chilled water and steam to 23 customers. Various City facilities that include the Henry B. Gonzalez Convention Center and Alamodome constitute a large percentage of the downtown system's chilled water and steam annual production requirements. In addition to City facilities, the two central plants also provide chilled water and/or steam service to a number of major hotels in the downtown area, including the Grand Hyatt, Marriott and Hilton Palacio Del Rio. The other three thermal facilities, owned and operated by SAWS, are located at the Port of San Antonio industrial area and provide chilled water to large industrial customers that include Lockheed Martin and Boeing Aerospace. SAWS' chilled water producing capacity places it as one of the largest producers of chilled water in south Texas.

Due to the increasingly unsustainable costs of continuing to provide service from a central steam plant with fixed capacity to a steadily decreasing number of customers, SAWS is working to transition out of the centralized steam business completely in 2014. Specifically, current steam customers were encouraged to invest in more cost-efficient, modular heating units to meet their heating needs. For those customers that are unable to make the necessary capital investments for modular units by the time centralized steam service is discontinued, SAWS will install and operate modular heating units on an interim basis through five-year contracts with the assessment of fees to recover the capital and operating costs associated with the provision of the interim service. The transition is not expected to have a significant impact on the 2014 budget.

RECYCLED WATER

The San Antonio Water System is permitted to sell Type I (higher quality) recycled water from its wastewater treatment plants, and has been doing so since 2000. The water recycling program is designed to provide 35,000 acre-feet per year of recycled water to commercial and industrial businesses in the City. This water recycling system was originally comprised of two north/south transmission lines. In 2008, an interconnection of these two lines was constructed at the north end of the lines, providing additional flexibility with respect to this valuable water resource. Currently, approximately 130 miles of pipeline deliver highly treated effluent to over 52 customers consisting of golf courses, universities, parks, and commercial and industrial customers throughout the City. This water recycling system was also designed to provide base flows in the upper San Antonio River and Salado Creek, and the result has been significant and lasting environmental improvements for the aquatic ecosystems in these streams.



WATER SUPPLY

In December 2012, the SAWS Board of Trustees approved the *2012 Water Management Plan*. The *2012 Plan* represents a revision to the *2009 Water Management Plan Update* to take into account the numerous developments that changed the elemental building blocks of the *2009 Update*. The new plan is a comprehensive analysis of SAWS existing water supplies plus the supplies now made available from the assumption by SAWS in January 2012 of the operations of the former Bexar Metropolitan Water District. SAWS operates the former BexarMet utility separately as the District Special Project (DSP). The plan also includes a series of conservation and water resource strategies that will enable it to provide adequate water supplies, even during critical drought periods, for future San Antonio residents.

Except where otherwise indicated, this summary of the *2012 Water Management Plan* will focus on the plan's impact on SAWS exclusive of DSP since it is a separate reporting unit.

- The *2012 Water Management Plan* also addresses the impact of the Edwards Aquifer Recovery Implementation Program (EARIP). The EARIP process was a four year effort that culminated in the adoption of an Edwards Aquifer Habitat Conservation Plan (EAHCP) and supporting documents by the SAWS Board of Trustees, other Applicants, and a diverse set of stakeholders and interest group representatives from throughout the Edwards Aquifer region. The EAHCP is intended to protect Edwards Aquifer users as well as federally-listed threatened and endangered species during droughts. EAHCP impacts on SAWS include:
 - Operation by SAWS of the Aquifer & Storage Recovery (ASR) system in a prescribed-yet-flexible manner should record-breaking drought conditions afflict the Edwards Aquifer region during the term of the EAHCP and to store regionally-leased water in the ASR outside of droughts.
 - A change to the Demand Management/Critical Period Management regimen instituted by Texas' Senate Bill 3 (2007) through the addition of a fifth stage of critical period withdrawal reductions on all Edwards Aquifer users.
 - An initial commitment of Edwards Aquifer supply permits (8,000 acre-feet per year from SAWS current inventory) towards a Regional Conservation Program administered by the Edwards Aquifer Authority (EAA) and designed to assist municipalities and industries in implementing water conservation measures.
- The EAHCP is discussed in more detail in the following section.

The *2012 Water Management Plan* charts the path that SAWS plans to pursue in the short term that will contribute to positioning SAWS in combination with the resources of the DSP to meet the long-term needs of future San Antonio residents through 2070.

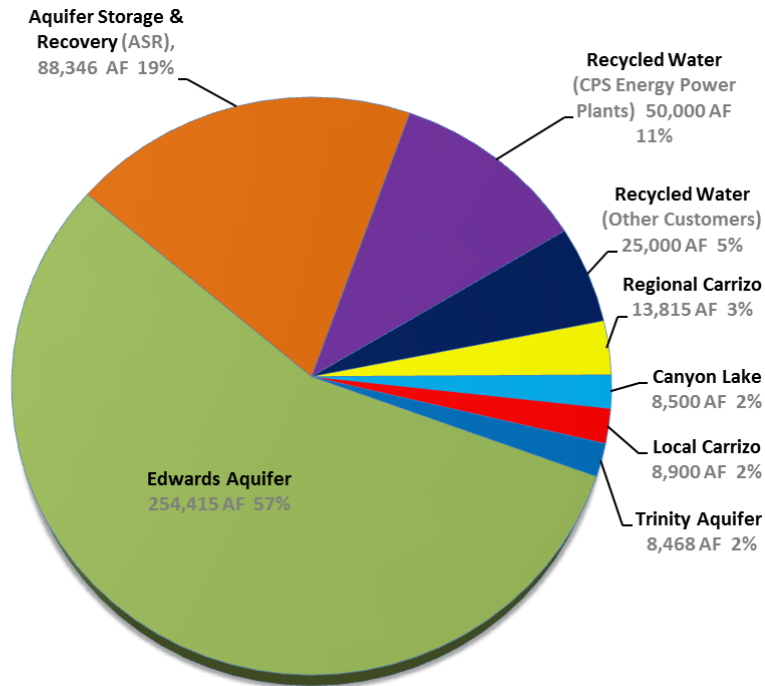
CURRENT SOURCES OF WATER SUPPLY

The table below provides a summary of the available sources of water supply under non-drought conditions for SAWS and DSP, separately and combined:

**Available Sources of Water Supply for 2014
(Acre-Feet)**

Source	SAWS	DSP	Total
Edwards Aquifer	254,415	35,548	289,963
Aquifer Storage & Recovery (ASR)	88,346	-	88,346
Recycled Water (CPS Energy Power Plants)	50,000	-	50,000
Recycled Water (Other Customers)	25,000	-	25,000
Regional Carrizo	13,815	-	13,815
Canyon Regional Water Authority	-	5,300	5,300
Medina Surface Water	-	13,000	13,000
Canyon Lake	8,500	-	8,500
Local Carrizo	8,900	1,000	9,900
Trinity Aquifer	8,468	4,968	13,436
Total	457,444	59,816	517,260

The following pie chart illustrates the available sources of SAWS water supply for 2014 (exclusive of DSP) under non-drought conditions:



The largest amount of SAWS and DSP water holdings reside in the Edwards Aquifer. In 1993, the Texas Legislature created the Edwards Aquifer Authority (EAA) as a conservation and reclamation district. The EAA has broad powers to manage, conserve, preserve, and protect the Edwards Aquifer and to increase the recharge of, and prevent the waste or pollution of water in the aquifer. Among other charges, the EAA was directed to limit

groundwater withdrawals from the Edwards Aquifer through a permitting system. The EAA was also directed by the Texas Legislature to ensure that, not later than December 31, 2012, the continuous minimum springflows of the Comal Springs (in New Braunfels) and the San Marcos Springs (in San Marcos) are maintained to protect endangered and threatened species. This requirement is being addressed by the Edwards Aquifer Recovery Implementation Program (EARIP) and the Edwards Aquifer Habitat Conservation Plan (EAHCP).

In 2007, the Texas Legislature passed Senate Bill 3, which established a new annual pumping limit, or 'cap,' and placed restrictions on supply availability during drought periods into State statute. Senate Bill 3 established this annual regional pumping cap at 572,000 acre-feet per year.

As of December 31, 2013, SAWS and DSP combined hold 289,963 acre-feet per year of EAA-permitted groundwater withdrawal rights. Access to these permitted groundwater withdrawal rights is subject to varying levels of availability (cutbacks) depending on a management system using water levels at key index wells and springflows. These cutbacks in any given year may range from 0% to 44%.

As part of diversifying SAWS' water portfolio, a regional partnership with Schertz-Seguin Local Government Corporation (SSLGC) was formed. This regional partnership has helped to secure the largest non-Edwards supply in SAWS history. The Regional Carrizo project is located in Gonzales County, approximately 50 miles from San Antonio. This project allows SAWS to utilize available capacity in an existing pipeline and water treatment plant owned and operated by Schertz-Seguin Local Government Corporation (SSLGC). This project is expected to yield up to 17,200 acre-feet of water from the Carrizo Aquifer in western Gonzales County. SAWS is nearing completion on its well field, high service pump station and integration pipeline. This infrastructure is expected to be fully operational in the first half of 2014. SAWS has planned on producing 13,815 acre-feet of Regional Carrizo water in 2014

PLANNED WATER SUPPLY PROJECTS FOR 2013-2020

Development of the *2012 Water Management Plan* included consideration of numerous projects to address future water supply needs for a growing city. A brief project abstract and project activity status is presented below for the projects that will be pursued during the Short Term (2012-2020).

Additional Edwards Aquifer Supplies

SAWS will acquire an additional annual allocation of 10,900 acre-feet of Edwards Aquifer permitted groundwater withdrawal rights. Examination of present distribution of permits indicates that this volume of water is available for acquisition through lease or purchase.

Advanced Conservation

Given changes in water usage patterns and recognizing the significant success of indoor (equipment-based) conservation, future conservation efforts will be focused toward reducing outdoor water use. Based on data collected from thousands of customer landscape consultations and interaction with tens of thousands of SAWS customers over almost 20 years, SAWS has determined that there is great opportunity for reduced peak water use through better landscape design and management strategies that will enhance the beauty and dry-year viability of San Antonio's landscapes.

Expanded Carrizo Production

A potential new project is Expanded Carrizo Production in southeastern Bexar County. As described earlier, SAWS already has experience in designing, building, and operating projects that produce freshwater from the Carrizo Aquifer in southern Bexar County. Expanded Carrizo Production is a project to develop additional Carrizo Aquifer wells in southern Bexar County proximate to the ASR site. The design will be initiated in 2014. The project will be constructed in three phases starting in 2015 at 7,000 acre-feet per year with subsequent phases planned in 7,000

acre-feet per year increments scheduled for 2022 and 2026. Expanded Carrizo Production ultimately provides 21,000 acre-feet per year of supply for the purposes of the *2012 Water Management Plan*.

Brackish Groundwater Desalination Program

In August 2011, the SAWS Board of Trustees approved proceeding on the Brackish Groundwater Desalination (BGD) program. The BGD program involves the production of brackish water, water too salty to drink, from the Wilcox Aquifer in southern Bexar County and treatment to drinking water quality standards. Design is anticipated to be completed in early 2014. A Guaranteed Maximum Price (GMP) will be presented to SAWS Board of Trustees in the first quarter of 2014 for approval. Construction of the treatment plant, pipelines, remaining wells, and other facilities is expected to begin in mid-2014, with the plant commissioning/testing expected in late 2015. Full operation will begin in late 2016, providing 13,440 acre-feet per year of drought-proof desalinated groundwater to San Antonio's taps. Future phases will bring the total supply from this Program to 33,600 acre-feet.

Request for Competitive Sealed Proposals (RFCSP)

In January 2011, in accordance with the *2009 Update*, SAWS requested competitive sealed proposals for a water supply to supplement water inventory. The RFCSP document originally specified that SAWS could accept up to 20,000 acre-feet of water per year in 2020 and might gradually increase the quantity by up to 1,500 acre-feet annually beginning in 2021. Nine proposals were received by the July 2011 deadline. An exhaustive evaluation of nine separate proposals resulted in four of the projects being deemed responsive to the utility's request.

With the approval of the *2012 Water Management Plan*, SAWS updated its RFCSP water supply requirements calling for up to 50,000 acre-feet per year to be supplied beginning in 2018. The update in requirements reflected recent critical factors such as the integration of DSP with SAWS, the EAHCP implementation and revised population projections resulting from the 2010 Census. The four finalists were asked to update their original RFCSP proposals to reflect the new requirements. After submission of the revised proposals, SAWS staff narrowed down further the list of finalists and conducted interviews with three final proposers.

At staff's recommendation, in March 2014, the SAWS Board voted to enter negotiations with the highest scoring RFCSP finalist – Vista Ridge Consortium. In approving this action, the SAWS Board acknowledged that none of the RFCSP finalists, including Vista Ridge, were able at the present time to provide the required guarantee of 100% water availability for SAWS customers over time given the uncertainty of the groundwater regulatory environment in Texas. As a hedge to this uncertainty, at the same meeting in March, when the Board voted to fund Phase I construction of the Brackish Groundwater Desalination program, the Board also acknowledged the possibility of even further expansion of this program beyond the planned Phases II and III as a possible additional source of water for the future to supplement, or even to replace RFCSP if necessary.

PLANNED WATER SUPPLY PROJECTS FOR THE MID TERM (2021-2039)

While the *2012 Water Management Plan* expects the dry year consumption to remain at 135 GPCD beyond the year 2020, population is expected to continue to grow, resulting in an overall increase in total demand. For this reason, the Mid Term Program calls for SAWS to execute additional phases of the BGD Program and the Expanded Carrizo project.

The *2012 Water Management Plan* outlines a water management strategy that maintains SAWS current supplies, successfully develops supplies in the Short Term, and builds on those supplies in the Mid Term:

- Conservation programming that maintains consumption at 135 GPCD.
- Phase II and III of the Brackish Groundwater Desalination Program (additional 13,440 acre-feet per year by the year 2021, followed by an additional 6,720 acre-feet per year by the year 2026) for a total yield of 33,600 acre-feet for the Program.
- Phase II and III of Expanded Carrizo (additional 7,000 acre-feet per year by the year 2022, followed by an additional 7,000 acre-feet per year by the year 2026) for a total yield of 21,000 acre-feet per year.

- The completion of the water supplies identified in the Short and Mid Term Programs will ensure that SAWS has water security – even in a future repeat of drought of record-like conditions – through 2040 (see Figure 4).

It is important to note that the EAHCP has a term that will expire during this mid-term period; however, the necessity to balance the needs of the human users of the Edwards Aquifer and the Federally-listed threatened and endangered species associated with it will remain. Some form of Aquifer management for periods of record-breaking drought stress will be required to continue. While those future forms of Aquifer management cannot be predicted, SAWS will continue to represent the EAHCP commitment in water supply and demand projections beyond the expiration of the present HCP.

EDWARDS AQUIFER HABITAT CONSERVATION PROGRAM

Among other charges, the Edwards Aquifer Authority (EAA) was also directed by the Texas legislature to ensure that, not later than December 31, 2012, the continuous minimum spring flows of the Comal Springs (in New Braunfels) and the San Marcos Springs (in San Marcos) are maintained to protect endangered and threatened species. In connection with this directive, the Edwards Aquifer Recovery Implementation Program (EARIP), as described earlier, was established in 2007. The Legislature called for the EARIP to be developed through a consensus-based process that involved input from the U.S. Fish and Wildlife Service (USFWS), other appropriate federal agencies, and all interested stakeholders in the Edwards region.

The primary parties to the EARIP included the EAA, SAWS, the City of New Braunfels, the City of San Marcos and Texas State University. These parties worked through this process along with USFWS and other stakeholders through an EARIP Steering Committee over a four year period to develop a Habitat Conservation Plan (HCP). The HCP was used by the USFWS as the basis for issuing an Incidental Take Permit (ITP) which will protect San Antonio and the region from the threat of future environmental lawsuits and federal control of the aquifer over a 15-year term. This ITP was issued by the USFWS on March 18, 2013.

In order to fund the annual HCP implementation costs, the EAA approved a \$47 per acre foot HCP fee on top of the \$37 per acre foot Aquifer Management Fee bringing the total EAA pumping fee to \$84 per acre foot for municipal and industrial pumpers. It is anticipated that the EAA Board will continue to examine the adequacy of this rate each year to support the ongoing costs to implement the EAHCP throughout the term of the ITP.

A major component of the HCP includes the use of SAWS Aquifer Storage and Recovery (ASR) facilities in conjunction with other measures to contribute to modeled springflow protections during severe droughts. After the approval of the HCP SAWS and the EAA entered into an Intergovernmental Contract in August 2013 that details the implementation of the strategy. The EAA itself, or by use of an agent, acquires Edwards Aquifer groundwater withdrawal rights which are conveyed to SAWS for storage at ASR. An amount commensurate to the water stored on behalf of the region will be forborne from SAWS Edwards aquifer production during specified triggers during drought similar to Texas' drought of record. The contract and amount of water leased by the EAA and conveyed to SAWS to store, limits the forbearance SAWS is obligated to perform over the next 15 years. SAWS will be reimbursed for the incremental cost of storing HCP water in ASR and withdrawing that water during drought of record conditions to cover its forbearance requirements under the agreement.

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FINANCIAL POLICIES

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FINANCIAL POLICIES

BASIS OF ACCOUNTING

SAWS' financial statements are prepared using the accrual basis of accounting with the economic resources measurement focus as prescribed by the Governmental Accounting Standards Board (GASB). SAWS operates as a proprietary fund and applies all applicable GASB pronouncements and presents its financial statements in accordance with the GASB Codification of Governmental Accounting and Financial Reporting Standards. Under this approach, all assets and liabilities are reported in the statement of net position, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

RECOGNITION OF REVENUES

Revenues are recorded as services are provided. Customers' water meters are read and billing is prepared monthly, based on billing cycles. SAWS uses historical information to estimate and record earned revenue not yet billed.

REVENUE AND EXPENSE CLASSIFICATION

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. SAWS' principal operating revenues are charges to customers for water supply, water delivery, wastewater, and chilled water and steam services. Operating expenses include costs of service, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

ANNUAL BUDGET

Approximately sixty days prior to the beginning of each fiscal year, SAWS presents an annual budget prepared on an accrual basis to serve as a tool in controlling and administering the management and operation of the organization. The annual budget reflects an estimate of gross revenues and disposition of these revenues in accordance with the flow of funds required by Ordinance No. 75686. The annual budget is submitted to the City Council for review and consultation.

The annual budget should be a balanced budget that projects Gross Revenues sufficient to fund estimated financial requirements. The annual budget is prepared on a comprehensive basis and includes all water supply, water delivery, wastewater and chilled water and steam operations as well as a capital improvement program. The Board of Trustees may subsequently modify its approved budget by giving notice thereof to the City.

The basis of budgeting used is the same as the basis of accounting, with the exception of budgeting for employee benefits and capital asset impairment. Employee benefits are budgeted on a cash basis, rather than accrual basis. Periodically SAWS reviews its capital assets for possible impairment. Unfunded employee benefit expenses and capital assets write-offs do not meet the definition of operating and maintenance costs of SAWS in accordance with Ordinance No. 76586, as they do not require an outlay of cash.

Encumbrances are not formally recorded in the accounting system, however, SAWS monitors and controls spending by utilizing budget variance reports for each accounting unit, which are formally reviewed by the CFO and quarterly by the Executive Management Team.

All funds are appropriated in the 2014 annual operating budget. Capital Improvement Program financial projections are not appropriated. Amendments to the 2014 annual operating budget which reduce the unrestricted transfer to the Renewal and Replacement Fund must be approved by the Board of Trustees. Budget transfers between units may be approved administratively as long as total aggregate appropriations are not increased.

CORE BUSINESSES

SAWS operations are segregated into four core businesses as follows:

Water Delivery – the functions of distributing potable water to customers

Water Supply – the functions related to the development and provision of additional water resources

Wastewater – the functions of collecting and treating wastewater from the user customer

Chilled Water and Steam – the functions related to providing chilled water and steam to specific SAWS customers

RESTRICTED RESOURCES

SAWS' policy is to use restricted resources first when an expenditure is made for purposes for which both restricted and unrestricted resources are available.

CASH EQUIVALENTS

SAWS considers investments with an original maturity of three months or less at the time of purchase and all bank certificates of deposit to be cash equivalents.

INVESTMENTS

City Ordinance No. 75686, SAWS' Investment Policy, and Texas state law allow SAWS to invest in direct obligation of the United States or its agencies and instrumentalities. Other allowable investments include direct obligations of the State of Texas or its agencies and instrumentalities; secured certificates of deposit issued by depository institutions that have their main office or a branch office in the State of Texas; defined bankers acceptances and commercial paper; collateralized direct repurchase agreements, reverse repurchase agreements; bi-load money market mutual funds; investment pools; and other types of secured or guaranteed investments. These investments are subject to market risk, interest rate risk, and credit risk which may affect the value at which these investments are recorded. Investments other than money market investments are reported at fair value. Under the provisions of GASB Statement No. 31, money market investments, including US Treasury and agency obligations, with remaining maturity at time of purchase of one year or less are reported at amortized cost.

ACCOUNTS RECEIVABLE

Accounts receivable are recorded at the invoiced amounts plus an estimate of unbilled revenue receivable. The allowance for uncollectible accounts is management's best estimate of the amount of probable credit losses based on account delinquencies and historical write-off experience. Account balances are written off against the allowance when it is probable the receivable will not be recovered.

CAPITAL ASSETS

Assets in service are capitalized when the unit cost is greater than or equal to \$5,000. Utility plant additions are recorded at cost, which includes materials, labor, overhead, and interest capitalized during construction. Included in capital assets are intangible assets, which consist of purchased water rights and land easements, costs associated with acquiring additional Certificates of Convenience and Necessity (CCN) related to new service areas and development costs for internally generated computer software. Overhead consists of internal costs that are clearly related to the acquisition of capital assets. Assets acquired through capital leases are recorded on the cost basis and included in utility plant in service. Assets acquired through contributions, such as those from developers, are recorded at estimated fair market value at date of donation. Maintenance, repairs, and minor renewals are charged to operating expense; major plant replacements are capitalized. Capital assets are depreciated and property under capital lease is amortized on the straight-line method. This method is applied to all individual assets except distribution mains and intangible assets. Groups of mains are depreciated on the straight-line method using rates estimated to fully depreciate the costs of the asset group over their estimated average useful lives. Intangible assets not considered to have indefinite useful lives are amortized over their estimated useful life. Capital assets are tested for impairment when a significant unexpected decline in its service utility occurs.

CAPITAL INTEREST

Interest expense during the construction period is capitalized as part of the cost of capital assets.

CAPITAL CONTRIBUTIONS

Capital contributions consist of plant contributions from developers, capital recovery fees, and grant proceeds received from governmental agencies for facility expansion. Capital contributions are recognized in the statement of revenues, expenses, and changes in net position, after non-operating revenues (expenses) when eligibility requirements are met.

Capital recovery fees are charged to customers to connect to the water or wastewater system and may be used only for additional infrastructure capacity. In certain instances, infrastructure that facilitates expansion of SAWS' service capacity is contributed by developers. In these instances, SAWS records the donated infrastructure as plant contributions and grants credits to the developer equal to the estimated fair market value of the excess capacity of the infrastructure contributed. These credits may only be used to offset future capital recovery fees owed by the developer.

FUNDS FLOW

In accordance with City of San Antonio, Texas Ordinance No. 75686 requirements, Gross Revenues shall be pledged and appropriated to the extent required for the following uses and in the order of priority shown to:

1. Pay maintenance and operating expenses, including a two-month Operating Reserve
2. Deposit into Debt Service fund the amount required for Senior Lien debt obligations
3. Deposit into Reserve Fund
4. Deposit into Debt Service Fund for Junior Lien debt obligations
5. Deposit into Debt Service Fund for Subordinate Lien debt obligations
6. Deposit into Debt Service Fund for Inferior Lien debt obligations
7. Equal payments to the City of San Antonio's General Fund and to SAWS Renewal and Replacement Fund

Gross Revenues are defined by Ordinance No. 75686 as all revenue of SAWS excluding capital contributions, payments received under the CPS Energy contract, interest earned on Project Fund investments, and Federal subsidies received related to Build America Bonds.

PAYMENTS TO THE CITY'S GENERAL FUND

In accordance with the City of San Antonio, Texas Ordinance No. 75686 requirements, SAWS will transfer to the City of San Antonio each month after making all other payments required by the Ordinance. The amount of the transfer is determined by City Council from time to time and cannot exceed 5%. Currently SAWS transfers 2.7% of Gross Revenues to the City. Transfers to the City are reported as non-operating expense in the financial statements.

RATES AND CHARGES

In accordance with City of San Antonio, Texas Ordinance No. 75686 requirements, SAWS must establish and maintain rates and charges to produce sufficient Gross Revenues in each fiscal year to:

1. Pay maintenance and operating expenses
2. Produce Net Revenues sufficient to pay:
 - a. 1.25 times the annual debt service requirements on senior lien obligations,
 - b. Principal and interest due on any junior lien, subordinate lien and inferior lien obligations and
 - c. Amounts required to be deposited in any reserve or contingency fund created for the payment and security of bond obligations

Net Revenues are defined Ordinance No. 75686 as Gross Revenues after deducting maintenance and operating expenses.

FUND STRUCTURE

Within SAWS' enterprise fund accounts, separate self-balancing sub-funds are maintained to account for resources for various purposes, thereby distinguishing balances restricted by City Ordinance or other enabling legislation from unrestricted resources.

FUNDS ESTABLISHED BY CITY ORDINANCE NO. 75686 (ADOPTED APRIL 30, 1992)

- System Fund – All Gross Revenues shall be credited to this fund upon receipt, unless otherwise provided in City Ordinance No. 75686. All current expenses of maintenance and operations shall be paid from this fund as a first charge against the gross revenues so credited. Before making any deposits to other funds required to be made from the System Fund, the Board of Trustees shall retain in the System Fund at all times an amount at least equal to two months of the amount budgeted for the current fiscal year for current maintenance and operation expenses.
- Debt Service Fund – The sole purpose of this fund is for the payment of principal and interest on all bonds which are payable from pledged revenues.
- Reserve Fund – The purpose of this fund is to accumulate and maintain 100% of the maximum annual debt service requirement on senior lien obligations. SAWS may provide Surety policies equal to the required reserve amount in lieu of depositing cash into the Reserve Fund. This fund shall be used to pay the principal and interest on any bonds when and to the extent the amounts in the Debt Service Fund are insufficient for such purpose, and may be used for the purpose of finally retiring the last of any bonds.
- Project Fund – This fund shall be used to account for the proceeds of debt obligations and all earnings on Project Fund investments. Funds may only be used to pay for capital improvements in accordance with bond agreements and Internal Revenue Service regulations related to tax-exempt borrowings.
- Renewal and Replacement Fund – This fund shall be used for the purpose of
 1. Paying the costs of improvements, enlargements, extensions, additions, replacements, or other capital expenditures, or
 2. Paying the costs of unexpected extraordinary repairs or replacements for which System Funds are not available
 3. Paying unexpected or extraordinary expenses of maintenance and operations for which System Funds are not otherwise available
 4. Depositing any funds received by SAWS pursuant to the CPS Energy contract
 5. Paying bonds or other SAWS' obligations for which other System revenues are not available
 6. Making up any shortfall in the Payment to the City of San Antonio General Fund as required by Section 17 of Ordinance 75686 and
 7. For any other lawful purpose

DEBT MANAGEMENT

Capital Planning

A five-year Capital Improvement Program is developed and updated annually, including anticipated funding sources. During the annual budgeting process, the current year's proposed capital improvement projects are reviewed and prioritized to ensure consistency with SAWS' goals and objectives.

Capital Financing

Capital financing will typically include two types of funding - pay as you go and debt financing.

1. Pay as you go financing is an integral part of the overall capital-financing plan. Pay as you go financing is defined as all sources of funding other than debt issuance and includes unrestricted resources, developer contributions, investment earnings and certain grant proceeds.
2. The use of debt financing will be based, in part, on SAWS' long-term needs and the amount of funds available for pay as you go financing. The following criteria will be used to evaluate pay as you go versus debt financing:
 - Factors which favor pay as you go financing:
 - Current revenues and adequate liquidity are available
 - Debt levels would adversely affect SAWS' credit rating or market conditions are unstable or present difficulties in marketing debt.
 - Factors which favor debt financing include:
 - Revenues available for debt service are considered sufficient and reliable so that debt financing can be marketed with the appropriate credit rating

- Market conditions present favorable interest rates and demand for municipal financings
- Federal or State subsidized debt is available to finance specific capital improvements and current revenues and liquidity are insufficient to pay the cost of those improvements

DEBT LIMIT

There is no statutory debt limitation on the issuance of revenue indebtedness by the San Antonio Water system, acting on behalf of the City of San Antonio, Texas. SAWS has established its own policies regarding the utilization of debt instruments.

The currently outstanding bond ordinances impose conditions precedent on the issuance of additional revenue bonds and require Net Revenues of 125% of maximum annual debt service in order to issue first lien revenue bonds and 100% of average annual debt service in order to issue junior lien revenue bonds in a public offering.

DEBT POLICY

- Debt financing should only be used to fund capital improvements and should not be used for operating purposes.
- SAWS shall maintain rates and charges sufficient ensure that Net Revenues equal or exceed 1.25 times the Annual Debt Service Requirements for the current fiscal year on SAWS' outstanding Senior Lien Obligations as required by the bond indenture. SAWS target is to maintain Net Revenues equal to 2.00 times Annual Senior Lien Debt Service and 1.50 times Annual Total Debt Service to ensure the required debt coverage in times of revenue fluctuations.
- SAWS shall analyze each new debt issue to ensure compliance with SAWS' debt policies and determine the impact of the new debt issue on SAWS' overall debt capacity.
- SAWS may maintain a variable rate component of debt of no more than 30% of its outstanding debt.
- SAWS shall employ an interest rate mitigation strategy to mitigate interest rate risk associated with variable rate debt.
- SAWS seeks to maintain or improve its current credit rating to ensure continued access to capital markets and minimize borrowing cost.
- The term of debt issued should not exceed the expected useful life of the capital improvements being financed.

RESERVE POLICIES

- An operating reserve shall be maintained in the SAWS System Fund consisting of a two-month reserve of the current year's budgeted maintenance and operation expenses. This reserve will provide sufficient expenditure flexibility during times of revenue fluctuations.
- The Debt Service Fund will be funded with revenues sufficient to pay the principal and interest of SAWS' bonded debt as it becomes payable.
- Deposits shall be made to the Renewal and Replacement Fund in amounts equal to the amount payable to the City of San Antonio pursuant to the bond indenture. These funds will typically be used to fund capital improvements.
- Deposits shall be made to the Reserve Fund pursuant to SAWS bond indentures. These deposits made with proceeds from bond issued or with unrestricted resources.

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FINANCIAL PLANNING PROCESS

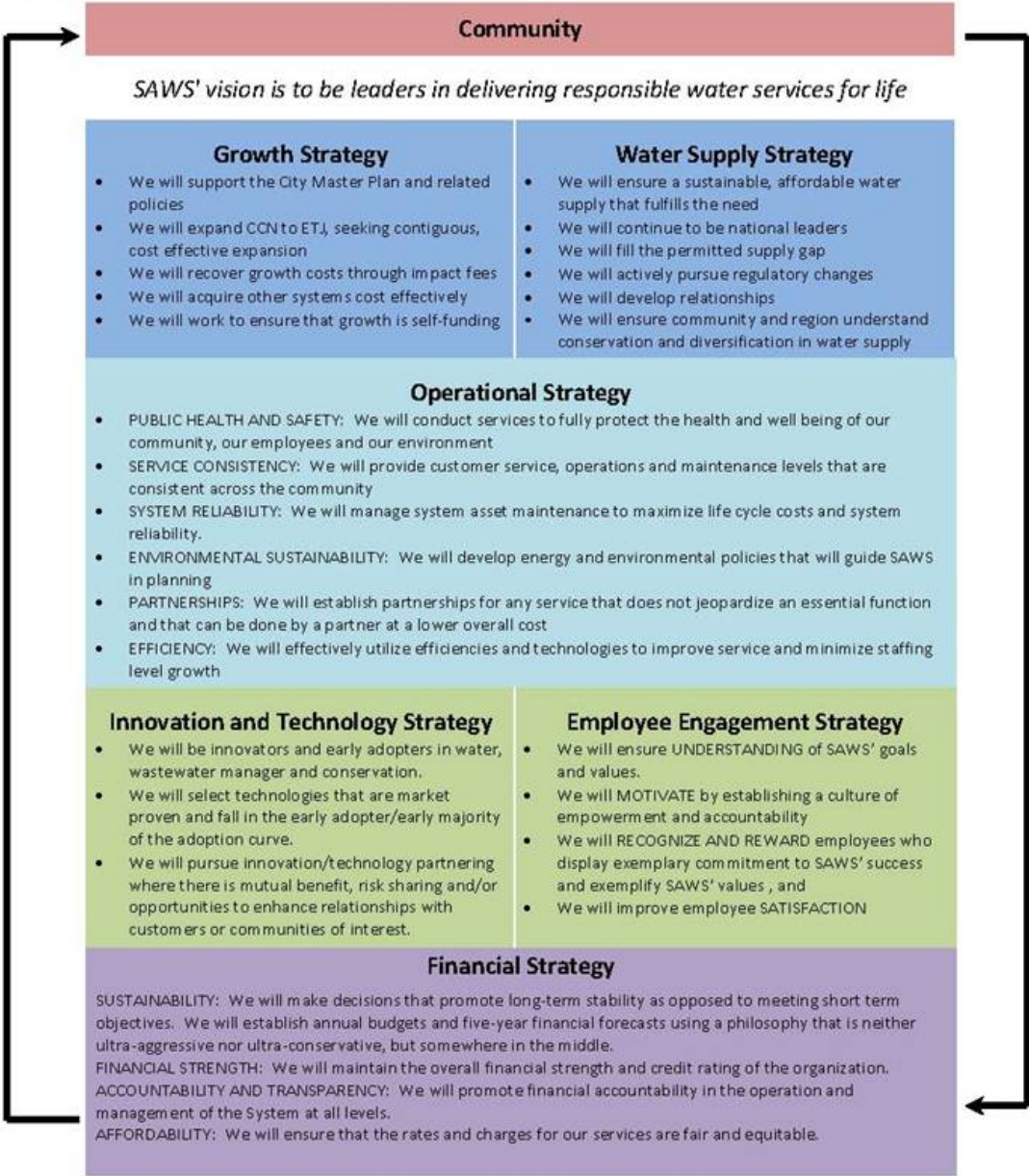
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FINANCIAL PLANNING PROCESS

STRATEGIC PLAN

San Antonio Water System continues its dedication to providing ratepayers with sustainable and affordable water services, through its commitment to the Refreshing Ideas Strategic Plan.

SAWS has framed six specific strategies that will provide employees with leadership and direction. Designed to transform our service to ratepayers, the strategies address:



MULTI-YEAR FINANCIAL PLAN

Financial Planning is critical for SAWS to accomplish its mission. In order to adequately plan for water sources and appropriate infrastructure, financial models have been developed to analyze the impacts of various growth and replacement scenarios on the company's financial position.

The multi-year financial plan serves as a foundation supporting SAWS' strategic and financial objectives. It provides long-term forecasts of revenues and expenditures for both operating and capital investment activities.

The overriding goal of financial planning, analysis, and strategy development is to increase our financial position and resources in order to meet the short term and long term operational and strategic objectives of SAWS, while providing the highest quality water and wastewater services at the lowest cost possible to our customers. A crucial component of the San Antonio Water System's financial management strategy is the Multi-Year Financial Plan (MYFP). The development of the MYFP incorporates a comprehensive 20-year financial model that provides management with timely information, analysis, and strategy on the planned uses of the financial, operational, and capital resources of the system.

A critical benefit of the MYFP is the ability of SAWS to perform scenario, simulation, and constraint analysis and modeling on the projected resources of the system to include financial forecasts of revenues, operations and maintenance expense, capital expenditures, capital financing including cash and debt financing, and rate requirements. Key financial statistics are reviewed during the budget process and incorporated into the MYFP for analysis. These financial statistics include: debt coverage ratios on all debt; percentage of capital financed with cash; and cash balances.

The fundamental structure of the MYFP is the calculation of the flow of funds and rate adjustment requirements based on the enabling ordinance of SAWS, Ordinance 75686 adopted in April 30, 1992. This ordinance outlines important financial requirements and calculations that SAWS uses in the MYFP to calculate rates and charges, flow of funds, pledged revenues toward debt service and rate requirements, minimum debt coverage ratios, and fund requirements. The MYFP incorporate forecasts and requirements by each core business of SAWS: Water Supply; Water Delivery; Wastewater; and Chilled Water and Steam.

The annual financial planning process begins with updating the financial plan. As a part of this process, Financial Planning Division staff review SAWS' financial activity, levels of service provided, customer growth and consumption patterns, weather trends and financial market trends. In addition to review and analysis of the various trends, the following are also evaluated:

- Available funding
- Financial risk
- Regulatory requirements
- Level of services that can be sustained
- Level at which capital investment can be made
- Future commitments and resource demands
- Possible variables that could cause a change in the level of revenue

In developing the financial plan, concerns of all stakeholders are considered. Various scenarios and potential risks are evaluated in reaching the optimum balance of limited resources with organizational needs and stakeholder concerns. Multiple scenarios are researched and exhaustive iterations are performed to develop an array of sound financial solutions.

Financial Planning staff and Executive Management review the resulting MYFP to ensure that forecasted revenues are sufficient to meet projected financial needs. In developing the MYFP, if it becomes evident that forecasted revenues are not sufficient to address operations, maintenance, infrastructure and water supply needs, then the Financial Planning staff evaluates rate scenarios to calculate the optimum rate adjustment that will balance affordable and competitive rates with the need to continue providing necessary services.

ANNUAL BUDGET PROCESS

OPERATION AND MAINTENANCE BUDGET PROCESS

The 2014 budget process began with identifying challenges and opportunities for the coming year:

- EPA Consent Decree – The 2013 budget provided for partial year funding. 2014 requires full year funding.
- Water Management Plan
 - Water from Regional Carrizo project and Schertz-Seguin Local Government Corporation (SSLGC) contract will be on line in 2014
 - Increase in water production and costs under terms of WECO contract
- Implementation of efficiency study recommendations
- Ensure adequate funding for critical initiatives
- Attract and retain high performance employees
- Maintain affordability of rates while ensuring long-term financial stability
- Continue to improve SAWS' customer service

Although SAWS and DSP are separate legal entities with separate budgets, their operations have been merged and they are managed as a single entity. The budget process, therefore, involved the development of a single budget for the combined SAWS/DSP operation. Through a cost allocation process, separate budgets were produced.

Current Services Level - The budget process involved a calculation of the Current Services Level budget, which was an estimate of the cost required to maintain the current level of services and benefits in 2014. The Current Services Level budget served as the baseline for all subsequent 2014 budget changes and was developed from the following components:

- A full year of current workforce salaries and benefits. The 2013 budget provided for a partial year of performance pay adjustments. The Current Services Level budget includes the full year of the 2013 salary and benefit adjustments.
- Estimated additional employee benefits costs for 2014
- Estimated 2014 utility costs including provision for electric and gas utility rate increase
- Estimated increased 2014 fuel costs
- Excludes one-time 2013 budgeted expenses
- Turnover adjusted to reflect current vacancy rate

5% Reduction - Departments were then required to submit proposals for reductions of 5% of their Current Services Level budgets.

Improvements and/or Mandates - Departments requiring additional funding for improvements or mandates that exceeded the 2014 Current Services Level were required to submit decision packages to include detailed justification for each specific request. Capacity for additional funding requests, including salary and benefit adjustments was created from approved reductions.

Budget Development and Review

- Vice presidents/department directors reviewed current programs, activities and current levels of service provided to their customers. Additionally, they evaluated and prioritized future departmental needs.
- The executive management team (EMT) conducted a comprehensive review of O&M, Capital Outlay and CIP submittals. During this review, all requests for additional funding were prioritized and were approved or denied based on this prioritization. This review by Executive Management further ensured that departmental budgets were aligned with corporate goals and objectives.
- Financial Planning staff revised the MYFP to incorporate the final Operating and Maintenance budget and Capital Improvement Program.
- Several review sessions were held with the City of San Antonio Public Utilities office to discuss the budget inputs and assumptions.

CAPITAL IMPROVEMENT PROGRAM PROCESS

The annual capital improvement program (CIP) process occurs concurrently with the O&M budget process.

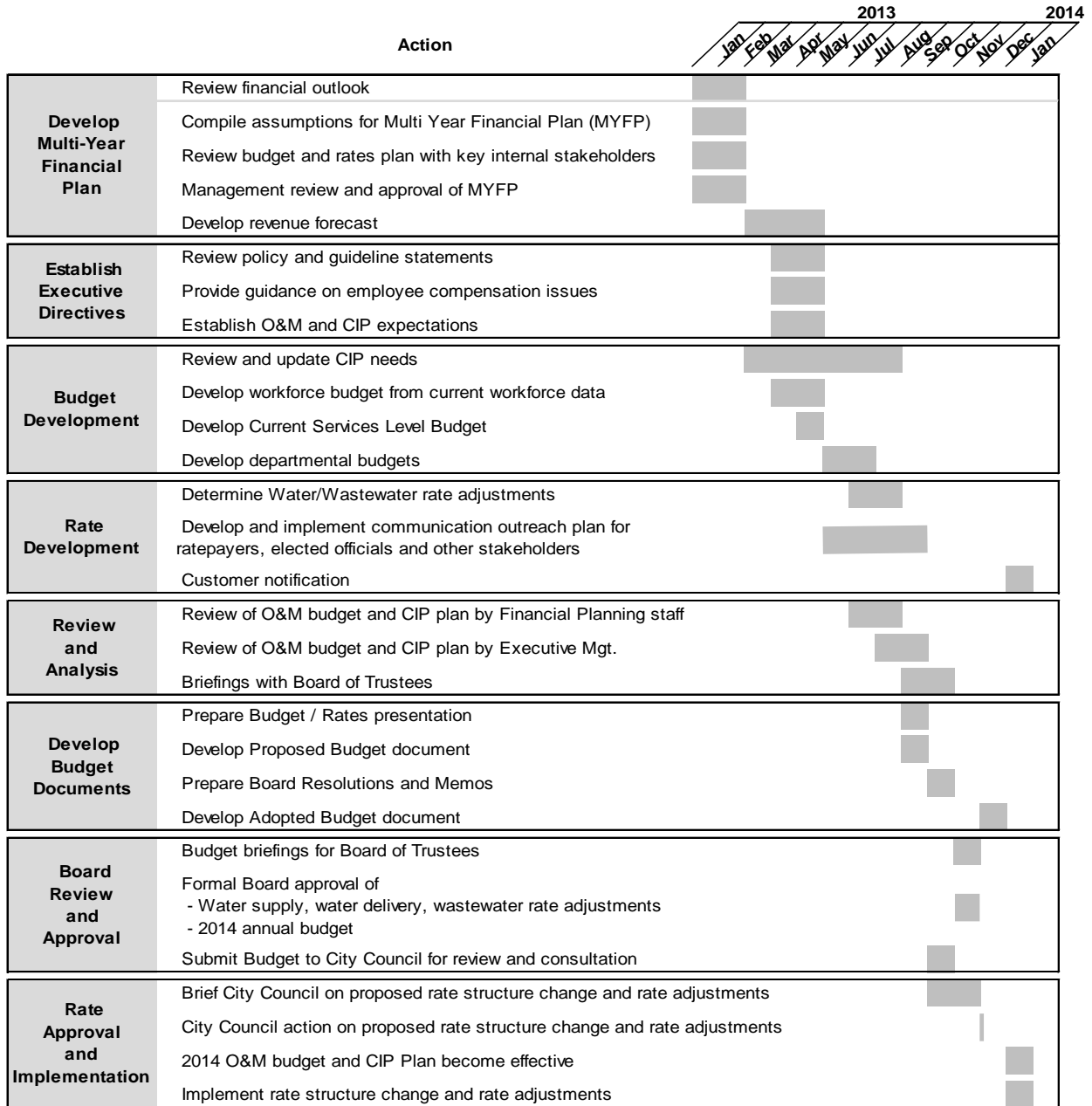
CIP Process Objective

The CIP planning process objective is to deliver a sustainable Capital Improvements Program that supports the corporate vision of providing plentiful, quality, affordable water services. Delivering a sustainable capital improvement program ensures that the use of resources and the environment today does not damage prospects for future generations.

There are four distinct phases to this process:

- 1) Build program submittal – Create the project candidate list with recommended risk ratings.
- 2) Validate and prioritize – Using the Failure Modes and Effects Analysis (FMEA) methodology, process owners, managers, directors and executive management validate project risk ratings and prioritize accordingly.
- 3) Impact assessment and mitigation – Financial analysis is done to assess the program impact on rates, and the program is adjusted for executive management concurrence.
- 4) Review and Approval - Upon executive management concurrence, the program is presented to the Board of Trustees for review and approval.

2014 BUDGET TIMELINE



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LONG RANGE FINANCIAL PLAN

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LONG RANGE FINANCIAL PLAN

Each year, the San Antonio Water System develops a 20-year financial plan as an important tool to formalize the budget of the system, but also to evaluate and provide for a financing plan of the operational and capital resources of the system. The financial plan includes annual forecasts for sources and uses of funds, revenue adjustments, and operations and capital funding in accordance with City Ordinance 75686, which established the founding of the San Antonio Water System.

The 20-year planning horizon focuses on the first five year planning horizon 2014 - 2018, but depending on the program is planned for as long as sixty years. Major long term strategic programs include long term water supply needs and wastewater infrastructure goals.

Resources planned for in the budget and financial plan include, but are not limited to, water supply, system expansion, environmental sustainability, system reliability and service consistency, innovation and technology, financial strength, and human resource development. All priorities are planned through operational, capital, and financial resource assessment and allocation, with a projection of revenues and any required revenue adjustments to fund the strategic priorities.

MEDIUM TERM FIVE YEAR FORECAST

For the period 2014 – 2018, the primary driver for the increase in revenue required is debt service. The capital improvement program is primarily funded with debt, thus the principal and interest payments associated with debt issued during the period will result in the need for additional revenues.

\$ in Millions	2013 Adopted	2014 Budget	2015 Forecast	2016 Forecast	2017 Forecast	2018 Forecast
Sources of Funds						
Revenue, incl. prior adjustments	\$436.1	\$479.9	508.4	535.3	571.7	589.6
Rate Adjustment, incremental	22.6	23.6	23.7	32.9	14.6	30.0
Nonoperating Revenues	5.0	5.4	5.7	5.9	6.1	6.9
Draw on Equity	1.4	1.4	1.4	1.4	1.4	1.4
Capital Recovery Fees	36.0	36.0	36.0	36.0	36.0	36.0
Total Sources of Funds	\$501.0	\$546.3	\$575.1	\$611.5	\$629.8	\$663.9
Uses of Funds						
Operations and Maintenance	243.9	260.3	266.0	274.8	279.1	284.0
Debt Service & Expenses	164.1	182.5	194.4	211.1	226.9	239.8
Transfer to City of San Antonio	11.7	12.9	13.6	14.6	15.1	16.0
Available for R&R Restricted	36.1	36.1	36.2	36.2	36.2	36.3
Available for R&R Unrestricted	45.2	54.5	64.9	74.8	72.5	87.8
Total Uses of Funds	\$501.0	\$546.3	\$575.1	\$611.5	\$629.8	\$663.9

The five year 2014 – 2018 capital improvement program is projected at \$1.4 billion, and reflects the allocation of capital resources toward major strategic priorities of infrastructure replacement, system growth, and sustainability. A significant priority is wastewater capital replacement projects related to the sanitary sewer overflow reduction program.

CIP (millions)	2014	2015	2016	2017	2018	Total
Water Supply	\$ 160.7	\$ 30.3	\$ 18.3	\$ 40.0	\$ 4.1	\$ 253.4
Water Delivery	87.6	51.9	58.1	102.0	74.4	374.0
Wastewater	140.1	164.4	183.0	138.1	174.5	800.1
Chilled Water & Steam	2.8	2.0	0.7	7.3	1.4	14.2
Total	\$391.2	\$248.6	\$260.1	\$287.4	\$254.4	\$1,441.7

Projected funding for the five year capital improvement program is from renewal & replacement, impact fees, investment income, and bond proceeds. The percentage of capital expenditures funded from pay as you go sources is expected to be less than the target of 35% in 2014 due to the high level of capital expenditures. Cash funding of CIP is closer to the 35% target during the next four years.

Capital Improvement Program (CIP)					
	2014	2015	2016	2017	2018
CIP Budget	\$391.2	\$248.6	\$260.1	\$287.4	\$254.4

Capital Improvement Program Funding					
	2014	2015	2016	2017	2018
Revenue/Renewal & Replacement	12.5%	29.7%	19.2%	23.0%	18.0%
Impact Fees	3.5%	5.9%	8.1%	7.4%	7.7%
Investment Income	0.0%	0.1%	0.1%	0.1%	0.1%
Bonds/Commercial Paper	84.0%	64.3%	72.7%	69.5%	74.3%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Cash Funding	62.8	88.7	71.0	87.7	65.4
Debt Funding	328.4	159.9	189.1	199.7	189.0

While debt service is the primary driver behind SAWS increased revenue requirements during the next 5 years, there is also projected growth in operating and maintenance expenditures. As discussed previously, the O&M growth in 2014 is entirely attributable to the increase in costs associated with SAWS programs to reduce sanitary sewer overflows, as well as the costs associated with bringing the Regional Carrizo water supply project on-line in late 2013. The operational costs associated with SAWS Brackish Water Desalination plant coming on-line in 2016 also results in a spike in O&M costs. Additional operations and maintenance drivers are general inflationary cost increases of the system and funding of salary and benefit costs to include increased OPEB annual contributions of \$2M per year from 2014 through 2016.

Over 90% of SAWS' funding requirements are met through metered sales of water and wastewater services. Adjustments to the metered revenues are anticipated through the planning horizon to fund the projected operational and capital needs of the system. The 2014 budget requires an adjustment to rates sufficient to generate \$23.6 million in additional revenues. The percentage increases in Water Supply Fee, water delivery, and wastewater rates to support the 2014 proposed operating and capital budget are 13.1%, 2.5%, and 3.8%

respectfully. The combined increase is 5.1% for the average SAWS water and wastewater customer, assuming an average customer uses 7,788 gallons of water and discharges 6,178 gallons of wastewater per month. The pass-through rates, Edward Aquifer Authority Fee (EAA Fee) and TCEQ Fee, overall are anticipated to decrease thus lowering the customer rate adjustment to 4.7% on the bill for the average customer.

Below is a summary of the metered rate adjustments by rate class needed to generate the additional revenues to support the uses of funds for 2014-2018.

% Rate Adjustment Needed	2014	2015	2016	2017	2018
Water Supply Fee	13.1%	6.2%	4.2%	7.1%	1.9%
Water Delivery	2.5%	2.7%	5.2%	3.7%	5.6%
Wastewater	3.8%	6.4%	9.4%	0.0%	7.7%
% Increase	5.1%	5.3%	7.1%	2.4%	5.9%
Passthrough Fees	-2.8%	0.0%	0.0%	0.0%	0.0%
% Total Increase	4.7%	5.8%	6.8%	2.3%	5.6%

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ANNUAL OPERATING BUDGET

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ANNUAL OPERATING BUDGET

FINANCIAL PLAN SUMMARY

The following table summarizes the consolidated Sources and Uses of Funds that comprise the SAWS Annual Operating Budget.

COMBINED SOURCES AND USES OF FUNDS				
	2011	2012	2013	2014
	Actual	Actual	Amended	Adopted
<i>(dollars in thousands)</i>			Budget	Budget
SOURCES OF FUNDS				
Operating Revenues				
Sewer Service Charges	\$ 145,676	\$ 163,782	\$ 184,433	\$ 206,191
Metered Water Sales	129,985	126,246	128,392	134,399
Water Supply Fee	97,582	91,929	92,107	108,910
EAA Fee	8,255	19,944	19,097	18,449
Chilled Water & Steam Sales	11,631	12,378	11,816	11,816
Conservation	10,384	9,939	9,419	9,519
Industrial Waste Surcharge	4,817	5,139	4,771	5,442
Stormwater	4,161	4,567	4,561	4,420
Recycled Water System	5,071	5,038	4,585	5,185
Recovery of TCEQ Fees	1,642	1,475	1,700	1,721
Reduction for Affordability Program	(1,335)	(1,908)	(2,201)	(2,530)
Total Operating Revenues	417,869	438,529	458,680	503,522
Nonoperating Revenues	2,210	2,136	950	1,483
Build America Bonds Subsidy	3,970	4,014	4,007	3,894
Total Revenues	424,049	444,679	463,637	508,899
Capital Recovery Fees	23,263	36,761	36,000	36,000
Draw on Equity	-	6,901	1,400	1,400
Total Sources of Funds	447,312	488,341	501,037	546,299
USES OF FUNDS				
Operations and Maintenance	193,254	233,917	243,937	260,313
Operating Reserve	1,272	3,163	5,664	952
Revenue Bond Debt Requirement	135,025	138,606	160,683	179,493
Other Debt Service Requirement	3,206	2,935	3,453	3,007
Transfer to the City of San Antonio	10,926	11,160	11,689	12,927
Balance Available for:				
Renewal and Replacement Fund (Restricted)	23,412	36,761	36,000	36,000
Renewal and Replacement Fund (Unrestricted)	80,217	61,799	39,611	53,607
Total Uses of Funds	\$ 447,312	\$ 488,341	\$ 501,037	\$ 546,299

FINANCIAL PLAN SUMMARY BY CORE BUSINESS

The San Antonio Water System comprises four core businesses, which are essentially four separate utilities. Each core business generates revenues that are designed to recover their respective cost of service. The core businesses are Water Supply, Water Delivery, Wastewater, and Chilled Water and Steam.

The following schedule reflects the 2014 consolidating summary of Sources and Uses of Funds by core business:

	Water Supply	Water Delivery	Wastewater	Chilled Water and Steam	Total
<i>(dollars in thousands)</i>					
SOURCES OF FUNDS					
Operating Revenues					
Sewer Service Charges	\$ -	\$ -	\$ 206,191	\$ -	\$ 206,191
Metered Water Sales		134,399			134,399
Water Supply Fee	108,910				108,910
EAA Fee	18,449				18,449
Chilled Water & Steam Sales				11,816	11,816
Conservation	9,519				9,519
Industrial Waste Surcharge			5,442		5,442
Stormwater	4,420				4,420
Recycled Water System	5,185				5,185
Recovery of TCEQ Fees		1,222	499		1,721
Reduction for Affordability Program	(692)	(692)	(1,146)		(2,530)
Intercompany Reallocations	5,630	(5,630)			-
Total Operating Revenues	151,421	129,299	210,986	11,816	503,522
Nonoperating Revenues					
Build America Bonds Subsidy	896	253	272	62	1,483
	1,022	1,192	1,680	-	3,894
Total Revenues	153,339	130,744	212,938	11,878	508,899
Capital Recovery Fees	9,818	11,455	14,727	-	36,000
Draw on Equity	1,400	-	-	-	1,400
Total Sources of Funds	\$ 164,557	\$ 142,199	\$ 227,665	\$ 11,878	\$ 546,299
USES OF FUNDS					
Operations and Maintenance	\$ 82,459	\$ 61,151	\$ 105,999	\$ 10,704	\$ 260,313
Operating Reserve	598	96	258	-	952
Revenue Bond Debt Requirement	53,930	47,692	75,300	2,571	179,493
Other Debt Service Requirement	429	854	1,715	9	3,007
Transfer to the City of San Antonio	3,406	3,497	5,703	321	12,927
Balance Available for:					
Renewal and Replacement Fund (Restricted)	9,818	11,455	14,727	-	36,000
Renewal and Replacement Fund (Unrestricted)	13,917	17,454	23,963	(1,727)	53,607
Total Uses of Funds	\$ 164,557	\$ 142,199	\$ 227,665	\$ 11,878	\$ 546,299

WATER SUPPLY CORE BUSINESS

The Water Supply core business is responsible for all functions related to the development and provision of additional water resources, including recycled water. In order to support the cost associated with these initiatives, SAWS implemented the Water Supply Fee, which is a separate funding mechanism for water supply development and water quality protection. The Water Supply core business also strives to extend SAWS' existing water supplies by promoting water conservation practices

	2011 Actual	2012 Actual	2013 Amended Budget	2014 Adopted Budget
<i>(dollars in thousands)</i>				
SOURCES OF FUNDS				
Operating Revenues				
Water Supply Fee	\$ 97,582	\$ 91,929	\$ 92,107	\$ 108,910
Conservation	10,384	9,939	9,419	9,519
EAA Fee	8,255	19,944	19,097	18,449
Recycled Water System	5,071	5,038	4,585	5,185
Stormwater	4,161	4,567	4,561	4,420
Reduction for Affordability Program	(327)	(343)	(602)	(692)
Intercompany Reallocations	5,630	5,630	5,630	5,630
Total Operating Revenues	130,756	136,704	134,797	151,421
Nonoperating Revenues	570	1,021	281	896
Build America Bonds Subsidy	1,045	1,051	1,050	1,022
Total Revenues	132,371	138,776	136,128	153,339
Capital Recovery Fees	6,384	9,645	9,818	9,818
Draw on Equity	-	1,660	1,400	1,400
Total Sources of Funds	\$ 138,755	\$ 150,081	\$ 147,346	\$ 164,557
USES OF FUNDS				
Operations and Maintenance	\$ 37,531	\$ 78,564	\$ 79,960	\$ 82,459
Operating Reserve	94	2,457	1,288	598
Revenue Bond Debt Requirement	38,614	39,790	44,753	53,930
Other Debt Service Requirement	654	419	487	429
Transfer to the City of San Antonio	3,208	3,164	2,927	3,406
Balance Available for:				
Renewal and Replacement Fund (Restricted)	6,376	9,642	9,818	9,818
Renewal and Replacement Fund (Unrestricted)	52,278	16,045	8,113	13,917
Total Uses of Funds	\$ 138,755	\$ 150,081	\$ 147,346	\$ 164,557

WATER DELIVERY CORE BUSINESS

The Water Delivery core business is responsible for the actual distribution of water from the source to the customers' premises. SAWS delivers potable water service to residential, commercial, multifamily, industrial and wholesale customers. Another primary function of this core business is the maintenance of the water system infrastructure.

	2011 Actual	2012 Actual	2013 Amended Budget	2014 Adopted Budget
<i>(dollars in thousands)</i>				
SOURCES OF FUNDS				
Operating Revenues				
Metered Water Sales	\$ 129,985	\$ 126,246	\$ 128,392	\$ 134,399
Recovery of TCEQ Fees	1,178	1,064	1,208	1,222
Reduction for Affordability Program	(345)	(602)	(602)	(692)
Intercompany Reallocations	(5,630)	(5,630)	(5,630)	(5,630)
Total Operating Revenues	125,188	121,078	123,368	129,299
Nonoperating Revenues	407	308	187	253
Build America Bonds Subsidy	1,214	1,230	1,228	1,192
Total Revenues	126,809	122,616	124,783	130,744
Capital Recovery Fees	8,688	13,464	11,455	11,455
Draw on Equity	-	2,094	-	-
Total Sources of Funds	\$ 135,497	\$ 138,174	\$ 136,238	\$ 142,199
USES OF FUNDS				
Operations and Maintenance	\$ 69,249	\$ 62,702	\$ 60,309	\$ 61,151
Operating Reserve	521	76	(413)	96
Revenue Bond Debt Requirement	35,699	37,541	43,641	47,692
Other Debt Service Requirement	947	785	974	854
Transfer to the City of San Antonio	3,316	3,099	3,336	3,497
Balance Available for:				
Renewal and Replacement Fund (Restricted)	8,756	13,472	11,455	11,455
Renewal and Replacement Fund (Unrestricted)	17,009	20,499	16,936	17,454
Total Uses of Funds	\$ 135,497	\$ 138,174	\$ 136,238	\$ 142,199

WASTEWATER CORE BUSINESS

The Wastewater core business's primary function is the collection and treatment of wastewater. The functions also extend to monitoring wastewater discharged by large industries into the sewer collection system.

	2011 Actual	2012 Actual	2013 Amended Budget	2014 Adopted Budget
<i>(dollars in thousands)</i>				
SOURCES OF FUNDS				
Operating Revenues				
Sewer Service Charges	\$ 145,676	\$ 163,782	\$ 184,433	\$ 206,191
Industrial Waste Surcharge	4,817	5,139	4,771	5,442
Recovery of TCEQ Fees	464	411	492	499
Reduction for Affordability Program	(662)	(963)	(997)	(1,146)
Total Operating Revenues	150,295	168,369	188,699	210,986
Nonoperating Revenues	1,035	657	462	272
Build America Bonds Subsidy	1,711	1,733	1,729	1,680
Total Revenues	153,041	170,759	190,890	212,938
Capital Recovery Fees	8,190	13,651	14,727	14,727
Draw on Equity	-	2,970	-	-
Total Sources of Funds	\$ 161,231	\$ 187,380	\$ 205,617	\$ 227,665
USES OF FUNDS				
Operations and Maintenance	\$ 76,685	\$ 82,984	\$ 94,272	\$ 105,999
Operating Reserve	646	673	4,755	258
Revenue Bond Debt Requirement	59,000	59,240	69,651	75,300
Other Debt Service Requirement	1,539	1,710	1,981	1,715
Transfer to the City of San Antonio	4,083	4,559	5,106	5,703
Balance Available for:				
Renewal and Replacement Fund (Restricted)	8,280	13,811	14,727	14,727
Renewal and Replacement Fund (Unrestricted)	10,998	24,403	15,125	23,963
Total Uses of Funds	\$ 161,231	\$ 187,380	\$ 205,617	\$ 227,665

CHILLED WATER AND STEAM

The Chilled Water and Steam core business provides heating and cooling to customers of the System, including various downtown hotels, City of San Antonio convention facilities, Hemisfair Plaza, the Alamodome, and Port Authority of San Antonio .

	2011 Actual	2012 Actual	2013 Amended Budget	2014 Adopted Budget
<i>(dollars in thousands)</i>				
SOURCES OF FUNDS				
Operating Revenues				
Chilled Water and Steam Sales	\$ 11,631	\$ 12,378	\$ 11,816	\$ 11,816
Total Operating Revenues	11,631	12,378	11,816	11,816
Nonoperating Revenues	198	150	20	62
Build America Bonds Subsidy	-	-	-	-
Total Revenues	11,829	12,528	11,836	11,878
Capital Recovery Fees	-	-	-	-
Draw on Equity	-	177	-	-
Total Sources of Funds	\$ 11,829	\$ 12,705	\$ 11,836	\$ 11,878
USES OF FUNDS				
Operations and Maintenance	\$ 9,789	\$ 9,667	\$ 9,396	\$ 10,704
Operating Reserve	11	(43)	34	-
Revenue Bond Debt Requirement	1,712	2,035	2,638	2,571
Other Debt Service Requirement	65	21	11	9
Transfer to the City of San Antonio	319	338	320	321
Balance Available for:				
Renewal and Replacement Fund (Restricted)	-	-	-	-
Renewal and Replacement Fund (Unrestricted)	(67)	685	(563)	(1,727)
Total Uses of Funds	\$ 11,829	\$ 12,703	\$ 11,836	\$ 11,878

CHANGE IN EQUITY

Change in equity reflects the projected result of operations and capital investment. Equity is the difference between the assets and liabilities as reflected on the statement of net position and is a key indicator of financial condition. It is the measure of financial resources available for future use after payment of all obligations.

SAWS is an enterprise fund, with separate self-balancing sub-funds which are maintained to account for resources for various purposes, thereby distinguishing balances restricted by City Ordinance or other enabling legislation from unrestricted resources.

The following schedule reflects the projected change in equity for 2014. Total equity is expected to increase by \$73.6 million or 3.6% during 2014.

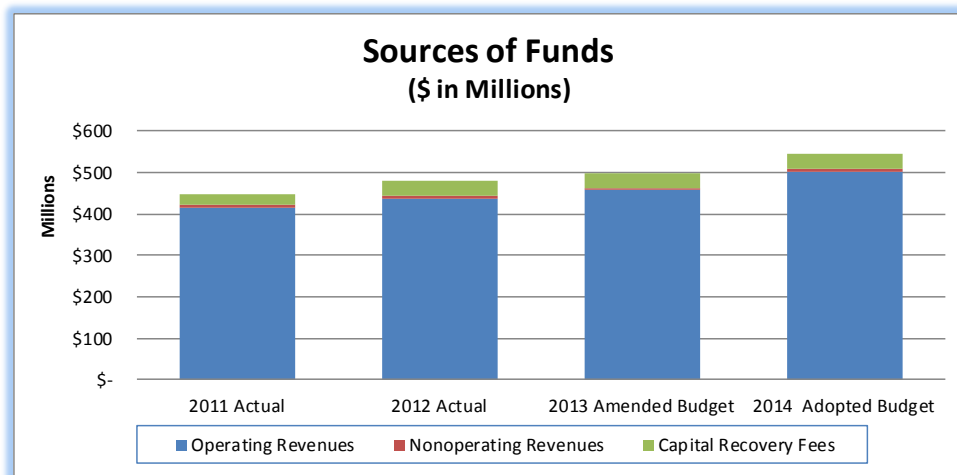
<i>(\$ in thousands)</i>	System Fund	Debt Service Fund	Debt Reserve Fund	Renewal and Replacement Fund	Project Fund	Combined Total
Equity, December 31, 2013	\$ 1,513,493	\$ 39,710	\$ 62,560	\$ 220,353	\$ 188,807	\$ 2,024,923
Change in Equity - brought forward	97,524	(106,186)	-	82,082	148	73,568
Transfers in (out)	(179,493)	179,493	3,674	(3,674)	-	-
Proceeds from Bond Issue	(296,969)	-	-	-	296,969	-
Bond Issue Costs	3,129	-	-	-	(3,129)	-
Retirement of Bonds	64,484	(64,484)	-	-	-	-
Commercial paper retired	3,105	(3,105)	-	-	-	-
Expenditures for plant additions	391,200	-	-	(62,690)	(328,510)	-
Equity, December 31, 2014	\$ 1,596,474	\$ 45,428	\$ 66,234	\$ 236,070	\$ 154,285	\$ 2,098,491

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SOURCES OF FUNDS

The following table summarizes the 2014 budgeted Sources of Funds for all core businesses.

	2011 Actual	2012 Actual	2013 Amended Budget	2014 Adopted Budget
<i>(dollars in thousands)</i>				
SOURCES OF FUNDS				
Operating Revenues				
Sewer Service Charges	\$ 145,676	\$ 163,782	\$ 184,433	\$ 206,191
Metered Water Sales	129,985	126,246	128,392	134,399
Water Supply Fee	97,582	91,929	92,107	108,910
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Recycled Water System	5,071	5,038	4,585	5,185
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Reduction for Affordability Program	(1,335)	(1,908)	(2,201)	(2,530)
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Nonoperating Revenues	2,210	2,136	950	1,483
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Capital Recovery Fees	23,263	36,761	36,000	36,000
Draw on Equity	-	6,901	1,400	1,400
Total Sources of Funds	\$ 447,312	\$ 488,341	\$ 501,037	\$ 546,299



REVENUES

Sources of funds consist of operating revenues, non-operating revenues, Build America Bonds subsidy, and capital recovery fees. Operating revenues include revenues from water (potable and recycled), water supply, and wastewater services accounted for through metered billings. Additional revenues include Special Services fees designed to recover costs associated with providing services that typically benefit a particular customer or type of service. These services include various permit, sampling or laboratory fees, and account services.

WATER AND WASTEWATER CUSTOMER AND USAGE TRENDS

Over 90% of operating revenues consist of the Water Supply Fee, Metered Water Sales, EAA Fee and Sewer Service Charges, all of which are highly dependent upon customers' metered water usage. Fluctuations in metered water usage is primarily the result of changes in:

- the number of customers
- the average use per customer

In the budget process, customer and usage data, statistics and trends are tracked by each rate block to generate multiple revenue forecast projections, including:

- each rate class of SAWS (residential, general, wholesale and irrigation)
- each rate block
- inside and outside city limit customers

Due to this systematic and comprehensive approach to forecasting the metered revenues, SAWS has been able to identify developing shifts in usage patterns and underlying trends in the uses of the water resources by its customers. These customer and usage forecasts are aggregated to develop a comprehensive forecast for water, irrigation and wastewater revenues of the system.

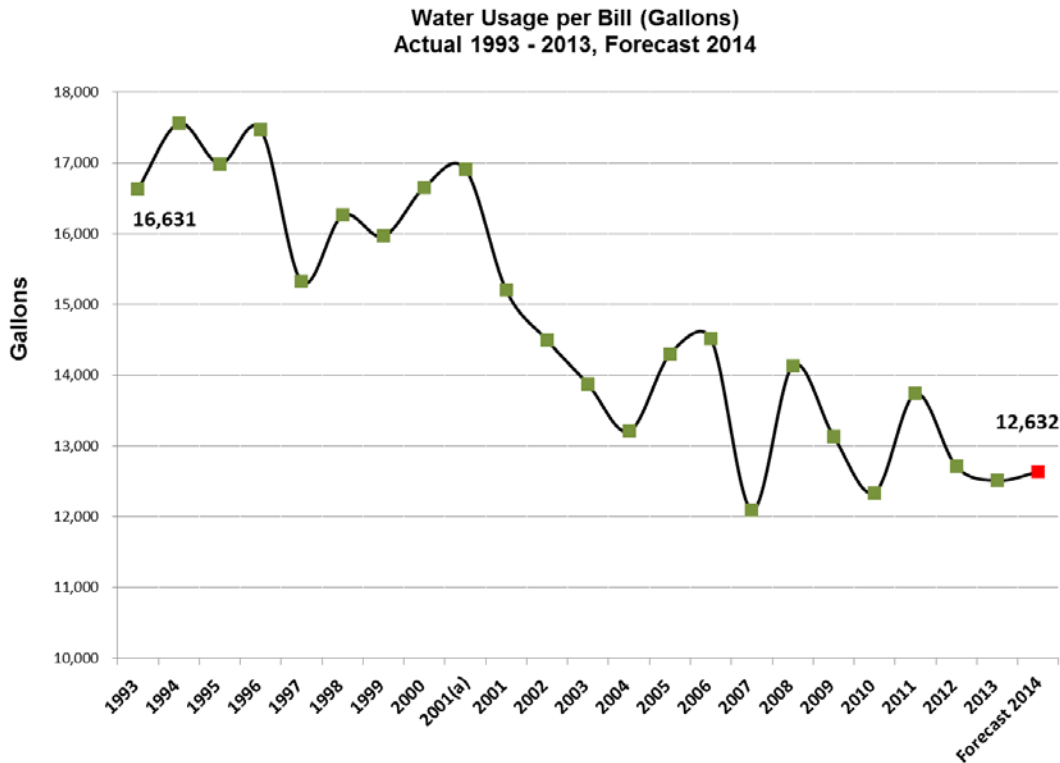
Over the last several years, the wastewater customer growth has exhibited slightly higher growth than that of the SAWS water service area. With this trend expected to continue, 2014 customer growth is forecasted at 1.5% with the following breakdown between water and wastewater:

- 1.4% for water customers
- 1.7% for wastewater customers

Average usage per customer is typically driven by weather, seasonal, cyclical, price elasticity, conservation, and drought restriction effects. Thus the modeling of the average usage per customer incorporates multivariate regression statistical forecasting to incorporate these variables.

As shown in the following Water Use per Bill chart, average water usage per customer exhibits:

- A significant, persistent downward trend: 1999 – 2007
- Volatility in the trend due to the weather:
 - Drought year peaks: 2005-2006, 2008-2009, and 2011
 - Rainy year troughs: 2004, 2007, 2010, and 2012
- Lowering effect of conservation and drought restrictions: 2008 dry without restrictions lowering to 2009 and 2011 with restrictions.



Weather fluctuations, from very rainy to dry drought conditions and resulting drought restrictions, factor into future water usage forecasts. Extreme weather profiles of 2007 wet and 2011 dry conditions provide a proxy for the expected range of usage conditions in the future.

During 2007, rainfall fell for most of the year resulting in the lowest usage per bill in the historical sample horizon, thus providing for a possible lower range of expected usage in the future. 2011 was extremely dry, but also had drought restrictions for most of the year unlike 2008 which was very dry without restrictions. Given the likelihood of drought restrictions during extremely dry periods, 2011 provides a possible upper range of expected usage in the future.

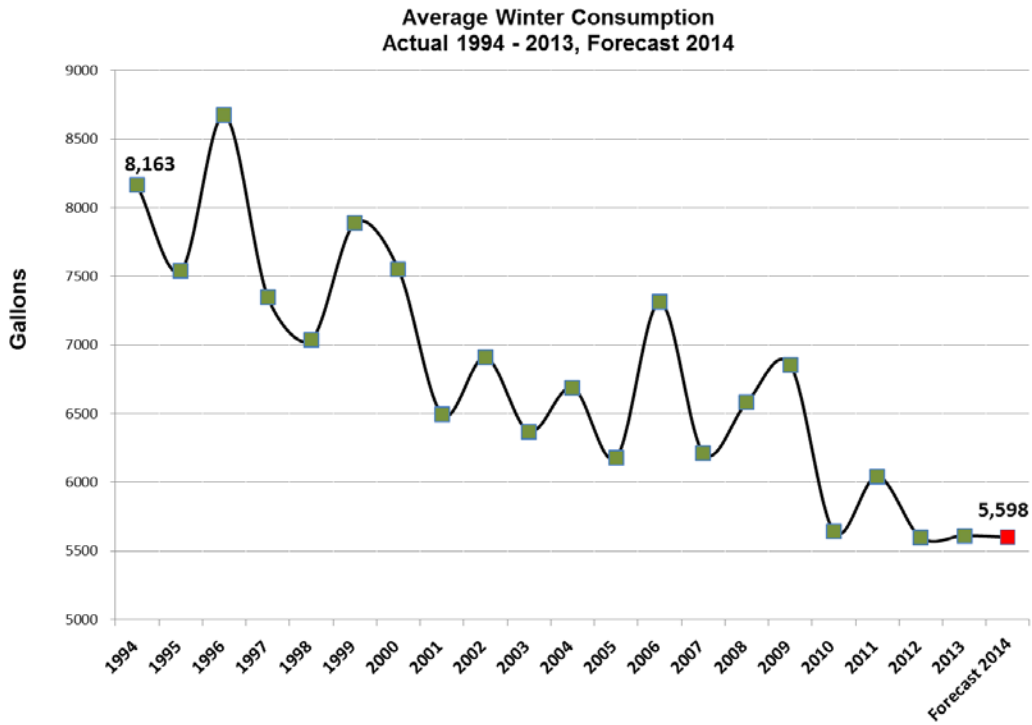
The 2014 use per customer forecast compared to the 2007 and 2011 range is an indication of the conservative nature and reduced revenue risk of the water revenue forecast. Details of the 2014 water usage forecast are as follows:

- Use per customer forecast of 12,632 gallons is at the 34th percentile of the 2007 to 2011 range
- Total adjusted water usage is forecasted at 56.0 billion gallons, higher than the 54.4 billion gallons budgeted in 2013 due to customer growth and use per bill forecast adjustments of 1.5% each.

Metered wastewater volumetric revenues are based on contributed flow estimated through water usage. For the commercial class, water usage for irrigation (metered or assumed) is not subject to wastewater charges. For the residential class, the contributed flow is estimated through the average winter consumption (AWC), which is the average water usage for a 90 day period during three consecutive billing periods beginning after November 15 and ending on or about March 15 of each year.

The AWC, as shown in the following chart, has declined dramatically over the last decade as a result of indoor conservation efforts and public awareness about the winter averaging method and measurement period. As reflected in the AWC chart below, the 2010-2012 AWC levels were significantly lower than 2006-2009 values. The 2014 AWC budget of 5,598 gallons assumes normal weather conditions during the winter averaging period in

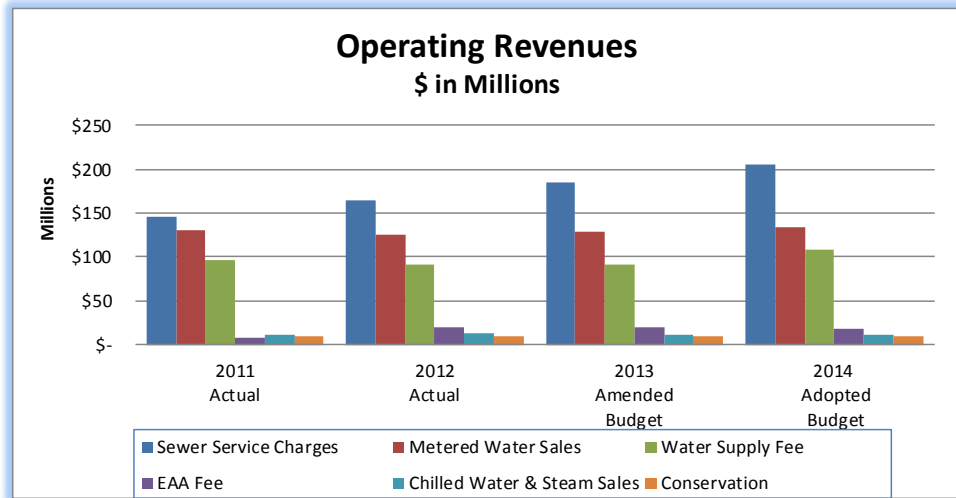
addition to a systematic decline in use per customer due to water conservation and awareness of rate adjustments.



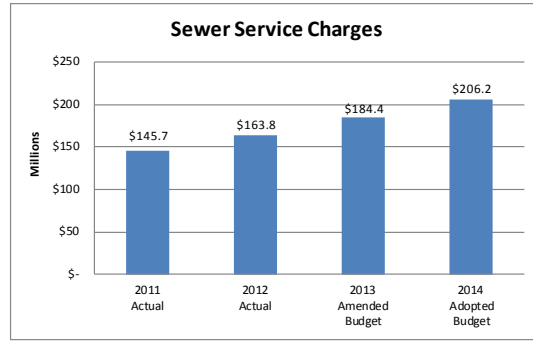
OPERATING REVENUES

The 2014 revenue budget includes a rate adjustment of 5.1% on an average residential bill (7,788 gallons water; 6,178 wastewater assumed). Details of the rate adjustment are as follows:

- 13.1% Water Supply Fee, 2.5% water delivery, and 3.8% wastewater rate adjustments
- Rate increases are effective for usage beginning January 1, 2014
- 0.4% reduction in the average residential bill due to EAA Fee rate reduction
- Rate adjustments result in projected additional operating revenue of \$23.6 million in 2014



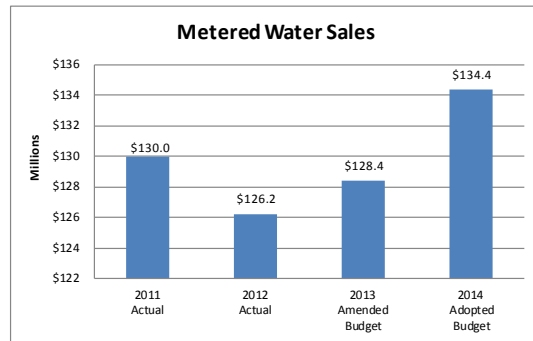
Sewer Service Charges



Sewer service charges are fees for the collection and treatment of residential, commercial, and industrial sewage. As discussed previously, metered sewer revenues include residential revenues, which are assessed based upon a customer’s average winter water consumption. For all other customers, actual monthly water usage, excluding any amount used for irrigation, is used to calculate contributed wastewater usage.

2014 wastewater operating revenues are forecast at \$211 million and consist primarily \$206 million in sewer service charges and \$5 million in sewer surcharge revenues. Net metered wastewater revenues include a 3.8% rate adjustment forecast to generate \$7.5 million in additional wastewater revenue in 2014.

Metered Water Sales

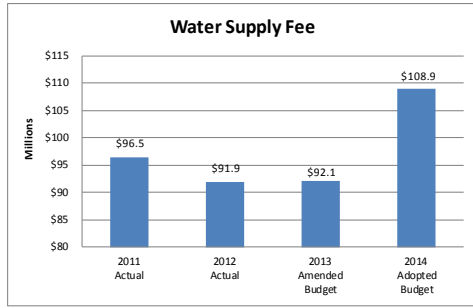


Water charges are designed to recover the costs associated with the production, transmission, and distribution of water to the customer. 2014 water operating revenues are forecast at \$129.3 million, including a 2.5% rate adjustment forecast to generate \$3.4 million in additional water revenue in 2014.

The 2014 revenue forecast assumes that total water sales will increase slightly to 56.0 billion gallons from the 54.4 billion gallons forecasted for 2014, primarily due to assumed customer growth of 1.5%

From the metered water sales revenues, \$5.6 million is budgeted to be transferred to the Water Supply core business to account for a portion of the water delivery rate schedule that continues to fund those Water Supply programs implemented before the Water Supply Fee was developed.

Water Supply Fee Revenues



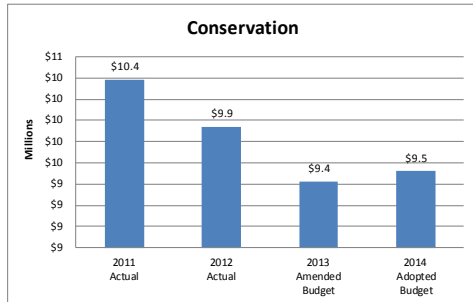
The Water Supply Fee was adopted in 2000 to support one of SAWS fundamental responsibilities: developing and procuring additional water supplies. In 2014, net metered water supply fee revenues are projected at \$108.9 million including a 13.1% Water Supply Fee rate adjustment forecast to generate \$12.7 million in additional revenue in 2014.

Consistent with Water Delivery, the revenue forecast is based on 56.0 billion gallons of billed water usage, with an additional \$5.6 million being transferred from the Water Delivery core business as previously discussed.

Recycled Water Revenues

Recycled water revenues are forecast at \$5.2 million, including a 2.5% rate adjustment on all metered recycled water sales not including the CPS Energy contract. The forecasted receipt of \$3.2 million from the CPS Energy contract is projected contribute 62.0% of recycled water revenues. Recycled water sales and operations are considered to be a part of the Water Supply core business.

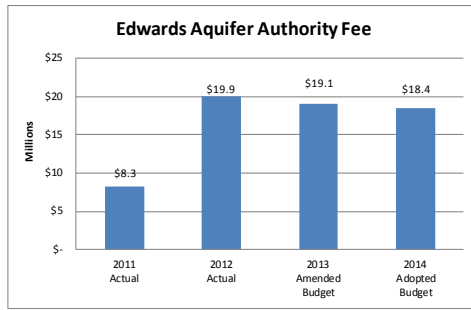
Conservation Revenues



Conservation revenues are used to fund residential and commercial conservation programs. Revenues are derived from a portion of the residential and irrigation revenues generated for monthly usage in excess of 17,205 gallons. Additionally a set portion of the monthly meter charge for non-residential customers is allocated for conservation.

For 2014, conservation revenues are budgeted at \$9.5 million or 6.2% of Water Supply operating revenues.

Edwards Aquifer Authority Fee



The Edwards Aquifer Authority (EAA) is statutorily empowered to impose an annual permit fee on all parties permitted to pump water from the Edwards Aquifer. The annual permit fee charged to SAWS is based on the number of acre-feet per year that SAWS is allowed to pump from the Edwards Aquifer and is recovered by SAWS through the assessment of a pass-through volumetric charge to its customers; the EAA Fee.

The 2014 EAA Fee budgeted revenue is \$18.4 million, based on the permit fee and rebates from the Edwards Aquifer Authority (EAA). The estimated 2014 EAA permit fee is 254,380 acre feet at \$84 per acre foot, totaling \$21.4 million. EAA rebates received in 2013 of \$3.0 million are subtracted from the EAA permit fee of \$21.4 million charge, resulting in \$18.4 million projected to be recovered from the billing of the 2014 EAA Fee.

Stormwater Fee

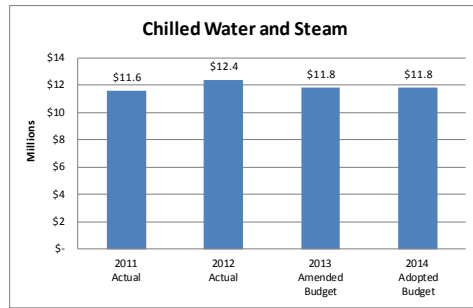
The San Antonio Water System bills stormwater charges and provides certain other services related to the City of San Antonio’s Stormwater Program. The City provides a reimbursement to SAWS which substantially offsets the cost of providing those services. For 2014, \$4.4 million in stormwater expenses are budgeted to be reimbursed by the City. Projected 2014 stormwater costs are \$4.4 million, comprised of \$4.3 million in operations and maintenance expenses and \$0.1 million in capital outlay expenses.

State-Imposed TCEQ Fee

The TCEQ Fee is a monthly pass-through fee charged by SAWS to its water and wastewater customers necessary to recover fees assessed to SAWS by the Texas Commission on Environmental Quality (TCEQ). The fee is expected to generate \$1.7 million in operating revenue in 2014.

The TCEQ Fee applies to all billed retail water and wastewater accounts of SAWS, excluding irrigation and recycled water only accounts. Additionally, the TCEQ Fee is structured so that SAWS is delegated the authority to administratively adjust such TCEQ Fee pass-through on an annual basis. For 2014, TCEQ Fees were increased slightly, with the water fee going from \$0.17 to \$0.18 per customer per month and the wastewater fee going from \$0.05 to \$0.06 per customer per month.

Chilled Water and Steam Sales



SAWS provides chilled water and steam for heating and cooling purposes primarily to commercial customers located in downtown San Antonio and the Port Authority of San Antonio. 2014 revenues are projected at \$11.9 million, or 2.3% of total operating revenues.

Affordability Program

The San Antonio Water System provides a variety of assistance to low income customers through its Affordability Program. One type of assistance, the Affordability Discount, provides a sliding scale bill discount based on the income level of those certified under the program. For 2014, \$2.5 million has been set aside for the discount, or 0.5% of total operating revenues.

NON-OPERATING REVENUES

2014 non-operating revenues, budgeted at \$5.4 million, are comprised of \$1.5 million of interest earnings on investments and a \$3.9 million federal subsidy to be received on Build America Bonds. In total, non-operating revenues account for 1.0% of the total sources of funds for 2014.

For the 2014 budget, the average investment base is assumed to be \$475 million. The interest earnings rate is estimated to be 0.25% annual rate, remaining at historically low levels.

DRAW ON EQUITY

The 2014 Draw on Equity of \$1.4 million is based on projected annual payments from the Lower Colorado River Authority (LCRA). LCRA and SAWS settled a lawsuit in 2011 stipulating that LCRA pay \$1.4 million annually through 2019.

CAPITAL RECOVERY FEES

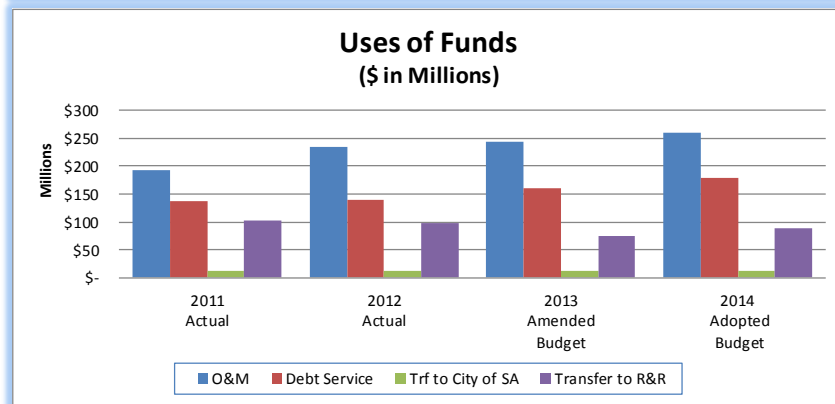
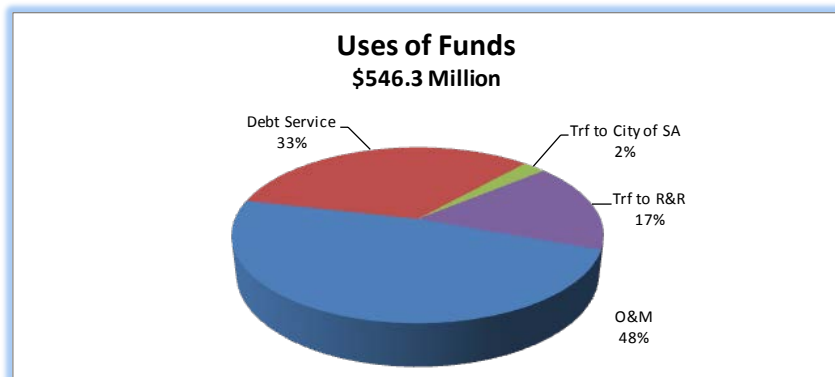
Capital recovery fees are codified in Chapter 395 of the Texas Local Government Code and provide for collection of fees to recover capital improvement costs necessary to serve new development. Through the city ordinances that formed SAWS, capital recovery fees are not considered to be included in Gross Revenues in the flow of funds. Instead, these fees are treated as capital contributions dedicated to fund eligible projects in the capital improvement program.

For 2014, capital recovery fees are projected at \$36.0 million. In total, such fees are projected to account for 6.6% of the total sources of funds for 2014.

USES OF FUNDS

Uses of funds are summarized in the following table:

	2011 Actual	2012 Actual	2013 Amended Budget	2014 Adopted Budget
<i>(dollars in thousands)</i>				
USES OF FUNDS				
Operations and Maintenance	\$ 193,254	\$ 233,917	\$ 243,937	\$ 260,313
Operating Reserve	1,272	3,163	5,664	952
Revenue Bond Debt Requirement	135,025	138,606	160,683	179,493
Other Debt Service Requirement	3,206	2,935	3,453	3,007
Transfer to the City of San Antonio	10,926	11,160	11,689	12,927
Balance Available for:				
Renewal and Replacement Fund (Restricted)	23,412	36,761	36,000	36,000
Renewal and Replacement Fund (Unrestricted)	80,217	61,799	39,611	53,607
Total Uses of Funds	\$ 447,312	\$ 488,341	\$ 501,037	\$ 546,299

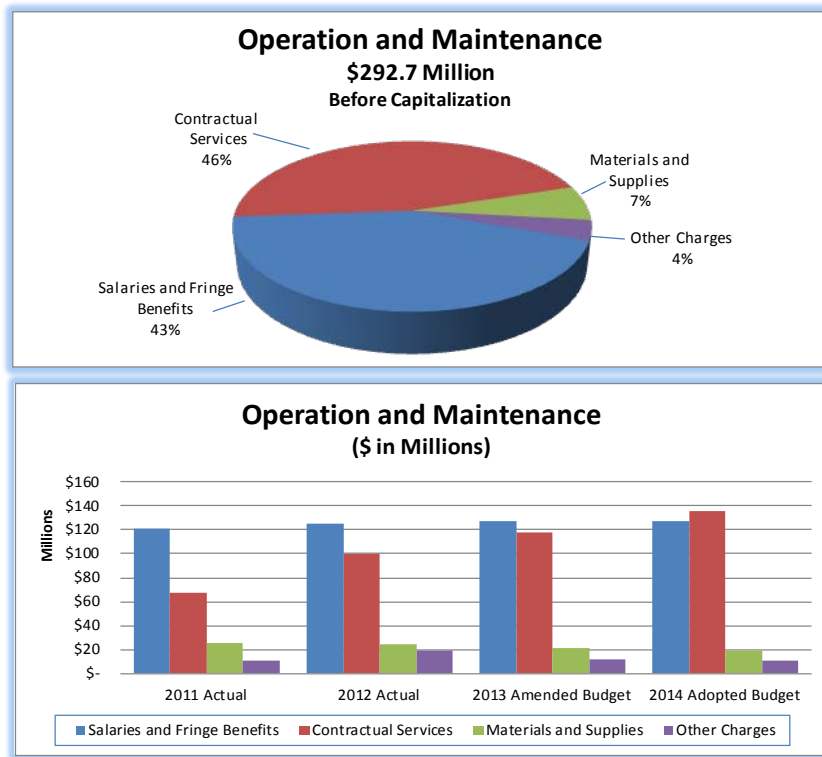


OPERATION AND MAINTENANCE EXPENSE

The cost to operate and maintain the System on a daily basis comprises the largest single requirement of SAWS' revenues. Approximately 48 cents of every dollar collected from customers goes to support ongoing operations and maintenance. The costs in the adopted budget are prudent and necessary for:

- Planning and development of water resources
- Production and delivery of quality drinking water
- Repair and maintenance of distribution mains and pumping facilities
- Collection and treatment of wastewater
- Implementation of new and expanded programs designed to further reduce sewer overflows
- Billing and collection of customer accounts
- Responding to customer inquiries
- Maintaining books and accounts of record
- Administrative and planning activities

SAWS operation and maintenance expenses are categorized into four major expenditure types: Salaries and Fringe Benefits, Contractual Services, Materials and Supplies, and Other Charges.



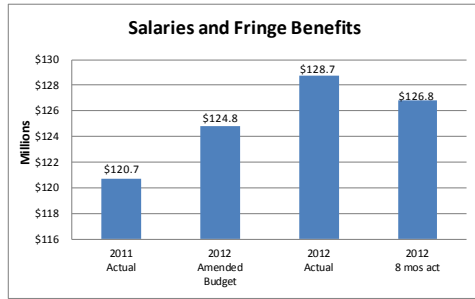
OPERATION AND MAINTENANCE BY EXPENSE CLASSIFICATION

(\$ in thousands)	2011 Actual	2012 Actual	2013 Amended Budget	2014 Adopted Budget
Salaries and Fringe Benefits				
511100 Salaries	\$ 79,872	\$ 80,769	\$ 82,734	\$ 80,466
511140 Overtime Pay	3,222	3,070	2,398	2,611
511150 On-Call Pay	333	405	340	462
511160 Employee Insurance	15,450	14,358	14,677	14,457
511162 Retirement	19,439	20,074	22,181	20,508
511164 Unused Sick Leave Buyback	29	33	35	31
511166 Personal Leave Buyback	851	874	887	885
511168 Accrued Vacation Leave	1,176	876	1,169	1,328
511170 Incentive Pay	319	287	297	58
511175 Other Post Employment Benefits	-	4,033	4,000	6,000
Salaries and Fringe Benefits Total	120,691	124,779	128,718	126,806
Contractual Services				
511210 Operating Expense	1,951	2,092	1,808	1,826
511211 Rental of Facilities	336	255	237	265
511212 Alarm and Security	1,838	1,606	1,576	1,143
511213 Collection Expense	189	160	82	-
511214 Uniforms and Shoe Allowance	62	88	258	282
511216 Catering Svcs & Luncheons	113	89	92	76
511219 Program Rebates	400	404	935	611
511220 Maintenance Expense	10,141	9,395	9,317	8,587
511221 Street Cut Permit Admin Fee	692	602	886	627
511222 St Pave/Repair Fee	4,652	986	1,002	842
511223 Preventive Maintenance	61	65	67	62
511224 Corrective Maintenance	1,120	1,283	1,050	1,243
511225 Damage Repair	227	133	175	144
511230 Equipment Rental Charges	535	540	340	704
511240 Travel	184	172	165	116
511245 Training	639	614	542	479
511247 Conferences	55	40	44	60
511250 Memberships and Subscriptions	416	395	346	312
511260 Utilities	24,930	23,319	24,368	25,984
511261 Water Options	15,069	15,406	16,789	25,281
511265 Ground Water District Pay	7,261	19,471	21,351	21,643
511270 Mail and Parcel Post	2,000	1,990	2,082	2,018
511280 Telemetering Charges	46	45	50	35
511309 Educational Assist-Books	15	8	15	13
511310 Educational Assistance	207	140	210	182
511311 Sludge Removal and Haul	3	-	-	-
511312 Contractual Prof Svcs	(14,644)	10,886	22,983	33,953
511313 Inspect & Assessment Fees	1,466	1,497	1,646	1,586
511315 Temporary Employees	614	799	468	356
511320 Legal Services	2,162	3,310	3,287	2,178
511370 Communications	1,014	963	1,138	1,118
511381 Software and Hardware Maintenance	3,145	3,413	3,434	3,712
Contractual Services Total	66,899	100,166	116,743	135,438

OPERATION AND MAINTENANCE BY EXPENSE CLASSIFICATION (CONTINUED)

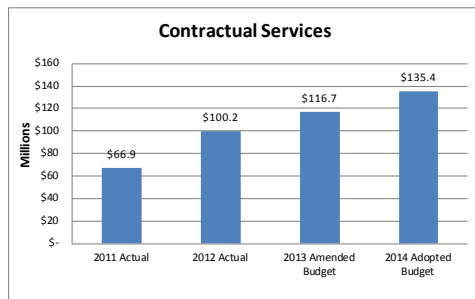
(\$ in thousands)	2011 Actual	2012 Actual	2013 Amended Budget	2014 Adopted Budget
Materials and Supplies				
511410 Small Tools	850	716	577	544
511417 Copy and Printing Expense	19	10	25	25
511420 Operating Materials	3,071	2,734	2,466	2,077
511421 Heating Fuel	80	44	77	77
511422 Chemicals	6,314	6,602	6,479	5,507
511425 Education of School Children	34	50	25	20
511426 Public Awareness-WQEE	1	-	1	1
511427 Enforcement	34	33	120	16
511428 Program Materials	1,620	1,333	864	712
511430 Maintenance Materials	7,834	7,354	6,344	6,088
511440 Safety Materials & Supplies	914	728	748	642
511441 Inventory Variances	(8)	5	19	13
511450 Tires and Tubes	572	652	501	611
511451 Motor Fuel & Lubricants	3,534	3,705	3,204	3,095
Materials and Supplies Total	24,869	23,966	21,450	19,428
Other Charges				
511510 Judgements and Claims	685	2,439	621	563
511511 AL & GL Claims - Cont. Liab.	492	(292)	482	216
511520 Bank Charges	830	881	830	516
511525 Cash Short/(Over)	1	-	-	-
511530 Employee Relations	310	271	270	185
511540 Retiree Insurance	6,840	14,721	6,824	7,094
511570 Casualty Insurance	1,147	1,218	1,414	1,327
511580 Unemployment Compensation	50	75	42	69
511590 Workers Comp Medical	813	479	600	866
511600 WC-Contigent Liab Adjust	(288)	(309)	-	-
511610 Workers Comp Benefits	253	62	250	203
511620 WC-Misc Claims Expense	24	35	30	35
Other Charges Total	11,157	19,580	11,363	11,074
Total Operations and Maintenance Expense Before Capitalized Costs	223,616	268,491	278,274	292,742
Capitalized Costs	(30,362)	(33,414)	(34,337)	(32,429)
Intercenter Transfers	-	(1,160)	-	-
Grand Total	\$ 193,254	\$ 233,917	\$ 243,937	\$ 260,313

Salaries and Fringe Benefits



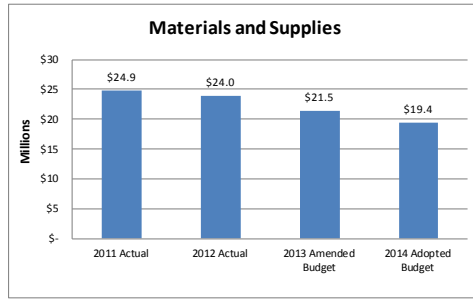
Salaries and fringe benefits include full time and part time salaries, overtime, on-call pay, employees’ insurance and retirement benefits, and contributions to a trust established to provide other post-employment benefits (OPEB). Total salary and fringe benefit costs for 2014 are estimated at \$126.8 million, or 43.3% of gross operation and maintenance expenditures, and reflect a 1.5% decrease from the prior year budget. The primary driver behind this decrease is the reduction of 101 full-time equivalent positions. These reductions were achieved through the elimination of vacant positions and a voluntary retirement program. Partially offsetting the reduction in salaries and benefits associated with the reduced headcount are merit-based salary increases totaling 2.9% in the aggregate and a \$2.0 million increase in the contribution to SAWS’ OPEB trust fund.

Contractual Services



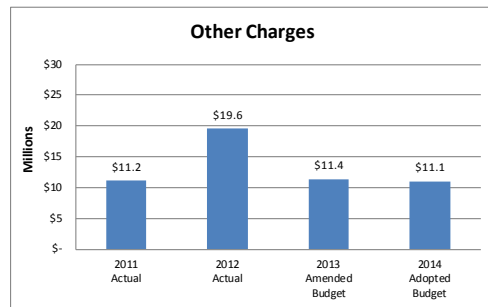
Contractual services costs represent expenditures for services that are obtained by express or implied contract. Total Contractual Services for 2014 are budgeted at \$135.4 million, which is 46.3% of the gross operation and maintenance expenditures and reflects a 16.0% increase from the 2013 budget. Additional funding to continue the operational aspects of SAWS’ SSO reduction program was the primary reason for the budget increase in the category. Other increases are attributed to a projected \$1.6 million increase in utility costs associated with the production of water from the Carrizo Aquifer in Gonzalez County (Region Carrizo Project) which came on-line in late 2013.

Materials and Supplies



The Materials and Supplies budget of \$19.4 million (6.6% of gross operation and maintenance expenditures) has decreased 9.4% as compared to the prior year budget. The decrease is due primarily to a reduction in chemical costs as a result of efficiencies achieved in odor control of sewage in the collection system. Other efficiency efforts across the organization contributed the remaining savings in this category.

Other Charges



Other Charges for 2014 are estimated at \$11.1 million, or 3.8% of gross operation and maintenance expenditures, and reflect a 2.5% decrease from the prior year budget. Also budgeted in this category are bank charges and retirees’ healthcare costs. Projected reductions in auto and general liability claims, casualty insurance and bank charges more than offset increases in retiree healthcare and workers compensation costs.

Capitalized Costs

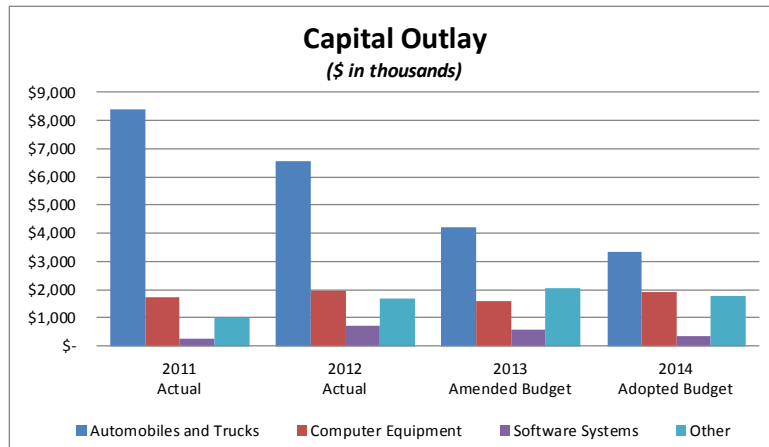
Operating and maintenance costs that support functions directly related to capital acquisitions are reflected as reductions to the gross Operations and Maintenance costs and are funded as part of SAWS Capital Improvement Program. In 2014, Capitalized Costs are estimated at \$32.4 million, which is a decrease of 5.6% from 2013.

CAPITAL OUTLAY

Capital Outlay expenditures are expenditures for certain capital assets not included in SAWS Capital Improvement Program. These assets have an individual cost of \$5,000 or more and a useful life greater than one year but less than fifteen years. This includes machinery and equipment, computer hardware, software systems, laboratory equipment, vehicles, heavy equipment, communication equipment, and miscellaneous equipment. The Capital Outlay budget is based on priorities established by executive management. The 2014 capital outlay budget will fund \$7.4 million of capital expenditures meeting the above criteria.

The table below summarizes the planned 2014 expenditures for the capital outlay program. The proposed expenditure level represents a decrease of \$1.1 million from the prior-year level.

<i>(\$ in thousands)</i>	2011 Actual	2012 Actual	2013 Amended Budget	2014 Adopted Budget
Automobiles and Trucks	\$ 8,397	\$ 6,556	\$ 4,230	\$ 3,332
Communications Equipment	48	-	281	
Computer Equipment	1,725	1,941	1,600	1,909
Lab Equipment	-	292	242	219
Light Equipment	104	-	94	
Machinery and Equipment	-	-	210	90
Miscellaneous Equipment	759	1,215	486	820
Office Furniture and Equipment	-	46	-	
Pumping Equipment	69	61	739	640
Software Systems	239	693	590	366
Structures and Improvements	25	45	-	
Total	\$ 11,366	\$ 10,849	\$ 8,472	\$ 7,376



OTHER USES OF FUNDS

Operating Reserve

The operating reserve requirement reflects compliance with Ordinance No. 75686, which dictates that SAWS maintain a “two month reserve amount based upon the budgeted amount of operations and maintenance expenses for the current fiscal year”. In 2014, the projected operating reserve requirement is \$1.0 million as a result of the budgeted increase in operating and maintenance expenditures between 2013 and 2014.

Transfer to the City of San Antonio

Pursuant to City Ordinance No. 75686, SAWS is required to transfer to the General Fund of the City an amount of money (as determined by City Council) up to 5% of the Gross Revenues. Since the inception of SAWS in 1992, the percentage of the transfer amount to the City has been set at 2.7% of non-exempt total revenues. Assuming this same level of transfer, SAWS has budgeted the amount of this transfer at \$12.9 million for 2014.

Balance Available for Transfer to Renewal and Replacement Fund

After meeting all other requirements of system revenues including operations and maintenance, operating reserve, debt service, and transfer to the City’s General Fund, \$89.6 million is estimated to be available for transfer to the Renewal and Replacement Fund (R&R) of which \$36 million due to the collection of capital recovery fees. The Renewal and Replacement Fund is used for the purpose of funding improvements, extensions, additions, replacements, or other capital expenditures related to the System and for any other lawful purpose. At a minimum, SAWS is required to transfer to this fund an amount equal to the amount transferred to the City’s General Fund.

The Renewal and Replacement Fund also pays for capital outlay expenditures, as discussed previously.

After funding of \$7.4 million for 2014 capital outlay expenditures, \$82.2 million is expected to be added to the Renewal and Replacement Fund. These funds are expected to be utilized to provide pay-as-you-go funding to support the 2014 Capital Improvement Program.

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DEBT SERVICE

San Antonio Water System utilizes both long-term and short-term debt to finance the Capital Improvements Program (CIP). SAWS' currently outstanding revenue bonds consist of fixed-rate and variable rate obligations. Commercial paper provides SAWS with flexibility and efficiency in the timing and amount of debt issued. The commercial paper program and variable rate debt provides a hedge to partially offset the variable rate nature of its investment portfolio.

REVENUE BONDS

SAWS currently has Senior Lien Water System Revenue Bonds and Junior Lien Water System Revenue Bonds outstanding.

- **Senior Lien Water System Revenue Bonds** - comprised of Series 2004, Series 2005, Series 2007, Series 2009, Series 2009A, Series 2009B, Series 2010B, Series 2011, Series 2011A, Series 2012, and Series 2012A outstanding in the amount of \$1,506,725,000 as of December 31, 2013, are collateralized by a senior lien and pledge of the gross revenues of the System after deducting and paying the current expenses of operation and maintenance of the System and maintaining an operating reserve for operating and maintenance expenses.
- **Junior Lien Water System Revenue Bonds** - comprised of Series 2004, Series 2004-A, Series 2007, Series 2007A, Series 2008, Series 2008A, Series 2009, Series 2009A, Series 2010, Series 2010A, Series 2011, Series 2011A, Series 2012 (NO RESERVE FUND), Series 2012, Series 2013A, Series 2013B (NO RESERVE FUND), Series 2013C, Series 2013D, and Series 2013E (NO RESERVE FUND) outstanding in the amount of \$634,190,000 as of December 31, 2013, are collateralized by a junior lien and pledge of the gross revenues of the System after deducting and paying the current expenses of operation and maintenance of the System, maintaining an operating reserve for operating and maintenance expenses, and paying the debt service on senior lien debt.
- **Junior Lien Water System Variable Rate Revenue Bonds** – comprised of the \$100,000,000 Series 2013F (NO RESERVE FUND) Bonds (the “Bonds”) issued as multi-modal variable rate bonds, initially issued in a Securities Industry and Financial Markets Association (SIFMA) Index Mode. During the initial term of the Bonds, the interest rate will reset weekly based on the SIFMA Swap Index, plus a spread of 0.68%. The initial term expires October 31, 2016, at which time; the Bonds will be remarketed into a successive SIFMA Index Mode, or another mode as allowed under the authorizing ordinance. The debt service for the Bonds is collateralized by a junior lien and pledge of the gross revenues of the System after deducting and paying the current expenses of operation and maintenance of the System, maintaining an operating reserve for operating and maintenance expenses, and paying the debt service on senior lien debt.
- **Subordinate Lien Revenue and Refunding Bonds - Interest Rate Hedge Agreement (Swap)** - In 2003, \$122.5 million of “City of San Antonio, Texas Water System Subordinate Lien Revenue and Refunding Bonds, Series 2003-A and 2003-B” (the “Subordinate Lien Obligations”) were issued in a weekly interest rate mode. To hedge against changes in interest expenses, the City of San Antonio, through SAWS, entered into an interest rate hedge agreement (the “Swap Agreement”) under which SAWS must pay a fixed rate of 4.18% and receive a variable rate which corresponds to the Municipal Swap Index published by SIFMA. The rates are applied to a specified notional amount which matches the amortization schedule of the principal amount of the Subordinate Lien Obligations. The payments under this obligation are collateralized by a subordinate lien and pledge of the gross revenues of the System after deducting and paying the current expenses of operation and maintenance of the system, maintaining an operating reserve for operating and maintenance expenses, and paying debt service on senior lien and junior lien debt.

In 2008, SAWS issued a Notice of Partial Redemption for \$110.6 million of the Subordinate Lien Obligations due to unfavorable market conditions relating to variable rate demand obligations, resulting in the related interest rate hedge agreement not providing an effective hedge against short term interest rate movements applicable to the related obligations. The Subordinate Lien Obligations were redeemed with commercial paper notes. \$98,000,000 of the commercial paper notes outstanding at December 31, 2013 are hedged by the Swap Agreement.

SAWS still considers the Swap Agreement to be a valuable variable rate management tool within its debt portfolio. The obligation to pay the fixed rate of 4.18% on the notional amount outstanding remains and is included in the 2014 budgeted debt service requirements of SAWS at the original principal amortization of the Subordinate Lien Obligations.

Annual Revenue Bond Debt Service Requirement

The bonded debt service requirement is comprised of bond interest costs and the retirement of a certain portion of bond principal. This requirement is projected based on maturity schedules or ordinance formula. The debt service schedules assume the issuance of approximately \$311.7 million of bonds in 2014. The amount necessary to fulfill total bonded debt service requirements in 2014 is projected to be \$182.5 million.

Reserve Fund Requirement

SAWS' bond ordinance requires the maintenance of a reserve fund for the payment of senior lien and junior lien debt obligations in an amount equal to 100% of the maximum annual debt service requirement for the senior lien obligations and 100% of the average annual debt service requirement for the junior lien obligations requiring a reserve fund. The ordinance provides for the use of cash, debt, and surety policies or a combination thereof, to satisfy the reserve fund requirement. The debt service schedules for the bonds anticipated to be issued in 2014 assumes the funding of the reserve fund from bond proceeds for bonds requiring a reserve fund.

OTHER DEBT SERVICE REQUIREMENTS

Tax Exempt Commercial Paper (TECP)

SAWS also maintains a commercial paper program that is used to provide funds for the interim financing of a portion of the capital improvements program. City Council of the City of San Antonio has authorized a commercial paper program of up to \$500 million. The TECP program is supported by two revolving credit agreements, one with Bank of Tokyo-Mitsubishi UFJ, Ltd., and the other with Wells Fargo Bank, N.A (the "Agreements"). Bank of Tokyo-Mitsubishi UFJ, Ltd. currently supports a \$250 million program of Series A TECP notes, and Wells Fargo Bank, N.A. currently supports a \$150 million program of Series B TECP notes. The current Agreements extend to October 5, 2015. Pursuant to the Agreements, the revolving line of credit currently totals \$400 million.

The 2014 Budget assumes \$302 million of commercial paper will be outstanding to fund ongoing capital improvement projects through 2014. As stated in the "Interest Rate Hedge Agreement (Swap)" section herein, \$98 million of the commercial paper program is attributable to the redemption of the Subordinate Lien Obligations. The 2014 Budget assumes that the interest to be paid on the \$98.0 million of TECP attributable to the redemption of the Subordinate Lien Obligations will be offset in its entirety by the amount to be received under the variable rate leg of the Swap, and this amount has been subtracted from the projected average commercial paper balance in calculating the projected commercial paper interest expense. SAWS' capital financing plan provides for the refunding of commercial paper as the outstanding balance trends toward the upper limit of the Agreement to ensure the outstanding balance does not exceed the revolving line of credit amount.

Other Debt Expense

SAWS expects to pay approximately \$2.5 million in debt related expenses in 2014. These expenses include remarketing agent fees, credit liquidity facility fees, rating agency fees, and paying agent fees. Remarketing agents are investment-banking firms responsible for the marketing and remarketing of variable rate obligations to investors as they mature. The credit liquidity facility provider commits to purchasing the maturing variable rate obligations should the remarketing agent be unable to remarket the variable rate obligations

BOND AND COMMERCIAL PAPER RATINGS

In March 2013, Standard & Poor's Rating Services ("S&P") raised the credit rating of SAWS' senior lien debt to "AA+" from "AA", and SAWS' junior lien debt to "AA" from "AA-". S&P cited SAWS' strong management and planning as one factor for the upgrade. Subsequent to this upgrade, SAWS' credit ratings are as follows:

	Senior Lien	Junior Lien	TECP Series A/TECP Series B
Fitch Ratings	AA+	AA	F1/F1+
Moody's Investors Service	Aa1	Aa2	P-1/P-1
Standard & Poor's	AA+	AA	A-1+/A-1+

The high quality ratings reflects SAWS' large, diverse and growing service area; sound financial performance, long term planning in water supply and infrastructure needs, and competitive water and sewer rates.

DEBT COVERAGE

SAWS is required by ordinance to maintain a debt coverage ratio of 1.25 times the annual debt service on outstanding senior lien debt. The 2013 Annual Operating Budget projects an estimated annual Senior Lien Debt Coverage ratio of 1.86 times, which exceeds the ordinance requirement of 1.25 times.

DEBT COVERAGE CALCULATION

Total Sources of Funds	\$ 546,299,112
Less Revenues from:	
City Public Service contract	3,223,125
Interest on CPS contract	
Capital Recovery Fees	36,000,000
Transfer from Renewal & Replacement Fund	1,400,000
Interest on Project Funds	148,310
Gross Revenues as defined by Ordinance No. 75686	\$ 505,527,677
Less: Operations & Maintenance	260,313,112 *
Pledged Revenues as defined by Ordinance No. 75686	\$ 245,214,565
Annual Senior Lien Debt Service Requirement	\$ 125,447,225
Annual Senior Lien Debt Coverage Ratio	1.95
Maximum Annual Senior Lien Debt Service Requirement (Year 2027)	\$ 138,919,850
Maximum Annual Senior Lien Debt Coverage Ratio	1.77
Annual Combined Debt Service Requirement	\$ 179,493,202
Annual Combined Debt Coverage Ratio	1.37
Maximum Annual Combined Bonded Debt Service Requirement (Year 2017)	\$ 184,186,566
Maximum Annual Combined Bonded Debt Coverage Ratio	1.33

* This amount does not include non-cash expenses associated with post-retirement obligations.

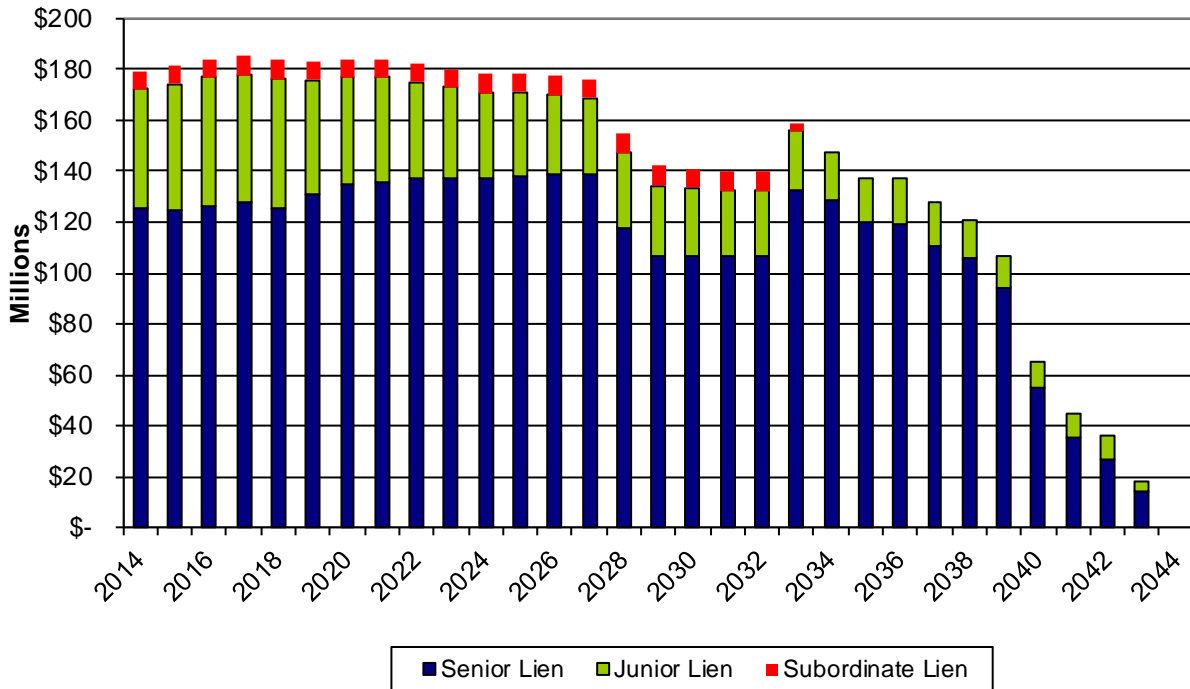
BUDGETED REVENUE AND REFUNDING BONDS DEBT SERVICE SCHEDULES

Fiscal Year December 31.	Senior Lien			Junior Lien		
	Principal	Interest	Total	Principal	Interest	Total
2014	\$ 34,703,333	\$ 90,743,892	\$ 125,447,225	\$ 29,687,727	\$ 17,150,042	\$ 46,837,770
2015	35,525,000	89,229,367	124,754,367	32,428,333	16,872,275	49,300,609
2016	39,036,667	87,625,110	126,661,777	33,901,667	16,307,030	50,208,697
2017	41,771,667	85,798,195	127,569,862	34,766,667	15,420,795	50,187,461
2018	41,558,333	83,847,933	125,406,266	36,360,000	14,420,937	50,780,937
2019	48,811,667	81,933,058	130,744,725	31,816,667	13,345,241	45,161,907
2020	54,930,000	79,656,821	134,586,821	29,805,000	12,429,438	42,234,437
2021	59,006,667	77,019,278	136,025,945	29,273,333	11,581,535	40,854,868
2022	63,006,667	74,133,595	137,140,261	27,003,333	10,731,813	37,735,146
2023	66,525,000	71,023,988	137,548,988	25,361,667	9,976,693	35,338,360
2024	69,873,333	67,730,704	137,604,037	23,965,000	9,292,796	33,257,796
2025	74,141,667	64,250,888	138,392,555	23,875,000	8,653,532	32,528,532
2026	78,231,667	60,550,684	138,782,351	23,198,333	8,016,163	31,214,497
2027	82,271,667	56,648,183	138,919,850	22,593,333	7,386,888	29,980,222
2028	64,761,667	52,787,759	117,549,426	22,951,667	6,767,064	29,718,731
2029	57,051,667	49,680,046	106,731,713	21,618,333	6,126,300	27,744,633
2030	59,755,000	46,882,495	106,637,495	21,250,000	5,506,859	26,756,860
2031	62,561,667	43,938,776	106,500,443	20,955,000	4,891,226	25,846,225
2032	65,990,000	40,895,752	106,885,752	21,131,667	4,255,792	25,387,459
2033	94,638,333	37,738,050	132,376,383	19,920,000	3,597,161	23,517,161
2034	95,260,000	33,039,197	128,299,197	16,188,333	2,946,922	19,135,255
2035	91,600,000	28,160,348	119,760,348	14,970,000	2,451,913	17,421,913
2036	96,041,667	23,573,935	119,615,601	15,396,667	2,034,115	17,430,782
2037	91,596,667	18,821,785	110,418,452	15,746,667	1,601,735	17,348,402
2038	91,528,333	14,236,284	105,764,618	14,185,000	1,156,439	15,341,439
2039	84,665,000	9,603,517	94,268,518	11,518,333	776,398	12,294,731
2040	49,566,667	5,299,098	54,865,764	10,158,333	514,663	10,672,996
2041	32,523,333	2,828,597	35,351,930	9,425,000	312,728	9,737,728
2042	25,813,333	1,379,041	27,192,374	8,716,667	140,145	8,856,811
2043	13,670,000	358,838	14,028,838	4,125,000	30,938	4,155,938
2044	-	-	-	-	-	-
	\$1,866,416,667	\$1,479,415,213	\$3,345,831,880	\$ 652,292,727	\$ 214,695,577	\$ 866,988,304

BUDGETED REVENUE AND REFUNDING BONDS DEBT SCHEDULES

Fiscal Year December 31,	Interest Rate Hedge (Swap)			Total Bonded Debt Service		
	Principal	Interest	Total	Principal	Interest	Total
2014	\$ 3,198,333	\$ 4,009,874	\$ 7,208,207	\$ 67,589,394	\$ 111,903,809	\$ 179,493,202
2015	3,345,000	3,876,184	7,221,184	71,298,333	109,977,826	181,276,159
2016	3,498,333	3,736,363	7,234,696	76,436,667	107,668,503	184,105,170
2017	3,656,667	3,590,132	7,246,799	80,195,000	104,809,122	185,004,122
2018	3,823,333	3,437,284	7,260,617	81,741,666	101,706,154	183,447,820
2019	3,996,667	3,277,468	7,274,135	84,625,000	98,555,767	183,180,767
2020	4,178,333	3,110,408	7,288,741	88,913,333	95,196,666	184,110,000
2021	4,370,000	2,935,753	7,305,753	92,650,000	91,536,566	184,186,566
2022	4,571,667	2,753,087	7,324,754	94,581,667	87,618,495	182,200,162
2023	4,780,000	2,561,992	7,341,992	96,666,667	83,562,673	180,229,340
2024	4,996,667	2,362,188	7,358,854	98,835,000	79,385,688	178,220,688
2025	5,226,667	2,153,327	7,379,994	103,243,333	75,057,748	178,301,081
2026	5,461,667	1,934,852	7,396,519	106,891,667	70,501,700	177,393,366
2027	5,710,000	1,706,555	7,416,555	110,575,000	65,741,626	176,316,626
2028	5,971,667	1,467,877	7,439,543	93,685,000	61,022,700	154,707,700
2029	6,243,333	1,218,261	7,461,594	84,913,333	57,024,607	141,937,940
2030	6,528,333	957,290	7,485,623	87,533,334	53,346,644	140,879,978
2031	6,825,000	684,405	7,509,405	90,341,666	49,514,407	139,856,074
2032	7,135,000	399,120	7,534,120	94,256,667	45,550,665	139,807,332
2033	2,413,333	100,877	2,514,211	116,971,667	41,436,088	158,407,755
2034	-	-	-	111,448,333	35,986,119	147,434,452
2035	-	-	-	106,570,000	30,612,261	137,182,261
2036	-	-	-	111,438,333	25,608,050	137,046,383
2037	-	-	-	107,343,333	20,423,520	127,766,853
2038	-	-	-	105,713,333	15,392,723	121,106,056
2039	-	-	-	96,183,333	10,379,916	106,563,249
2040	-	-	-	59,725,000	5,813,761	65,538,761
2041	-	-	-	41,948,333	3,141,325	45,089,658
2042	-	-	-	34,530,000	1,519,185	36,049,185
2043	-	-	-	17,795,000	389,775	18,184,775
2044	-	-	-	-	-	-
	\$ 95,930,000	\$ 46,273,297	\$ 142,203,297	\$2,614,639,394	\$1,740,384,087	\$4,355,023,481

Total Senior Lien, Junior Lien, and Interest Rate Hedge Debt Service



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ORGANIZATION AND STAFFING

ORGANIZATION AND STAFFING

OPERATION AND MAINTENANCE EXPENSE BY DEPARTMENT

(\$ in thousands)	2011 Actual	2012 Actual	2013 Amended Budget	2014 Adopted Budget
Board of Trustees and Pres/CEO Group				
Office of the President-CEO	\$ 990	\$ 919	\$ 909	\$ 913
Board of Trustees	49	59	57	52
Board of Trustees Support	397	375	353	259
Efficiencies and Innovation	-	-	-	297
Internal Audit Dept	476	382	403	461
Board of Trustees and Pres/CEO Group Total	1,912	1,735	1,722	1,982
Engineering and Construction Group				
Office of the VP	329	363	629	365
Collection and Distribution Department	1,426	1,519	1,489	1,377
Governmental Engineering Department	1,917	2,216	2,220	1,541
Infrastructure Planning Department	4,454	4,814	5,057	5,233
Operations and Maintenance Eng.	792	816	785	-
Pipeline Inspections Department	4,169	4,343	4,468	3,946
Production, Recycle, Treatment Engineering Dep	3,156	3,378	3,446	2,719
Service Center Facility Plan	106	112	107	100
Engineering and Construction Group Total	16,349	17,562	18,202	15,281
Water Resources and Conservation Group				
Office of the VP	253	226	215	210
Conservation Department	5,068	4,481	4,850	4,363
Laboratory Technical Services Department	1,908	1,649	1,712	2,349
Resource Protection & Compliance Div	5,498	5,698	5,710	6,572
Water Resources Department	(2,565)	37,436	40,571	50,630
Water Resources and Conservation Group Total	10,163	49,489	53,057	64,124
Operations Group				
Ofc of Chief Operating Officer	1,399	1,334	1,115	1,078
Fleet and Facilities	22,032	22,990	21,607	21,371
Security	2,904	2,519	2,571	2,195
Emergency Operations Center	1,122	1,311	1,196	1,062
Operations Group Total	27,458	28,154	26,489	25,706
Distribution and Collection Operations Group				
Office of the VP	326	318	278	254
Construction and Maintenance	12,455	12,193	12,348	12,227
Distribution and Collection Support Services	696	743	711	641
Dos Rios Service Center	-	-	622	1,491
Eastern Service Centers	14,352	11,426	10,301	10,515
Medio Creek Service Center	-	-	652	1,132
Western Service Centers	13,063	10,095	7,887	6,477
Distribution and Collection Operations Group Total	40,891	34,775	32,800	32,737
Production and Treatment Operations				
Office of the VP	100	108	30	39
Ofc of Director - Production and Treatment Oper	-	-	-	257
Production Department	27,334	25,432	27,684	25,324
Treatment Maintenance Management	10,075	11,072	9,716	10,425
Treatment Operations Management	19,322	20,342	21,026	19,509
Production and Treatment Operations Total	56,830	56,955	58,456	55,555
Sewer System Improvements				
Capacity Assessment	-	-	1,518	3,563
Capacity Mgt O&M (CMOM)	-	-	7,062	5,205
Program Administration	1,047	1,249	2,680	5,222
Structural Sewer Assessment	-	-	2,407	9,077
Sewer System Improvements Total	1,047	1,249	13,667	23,067

OPERATION AND MAINTENANCE EXPENSE BY DEPARTMENT (CONTINUED)

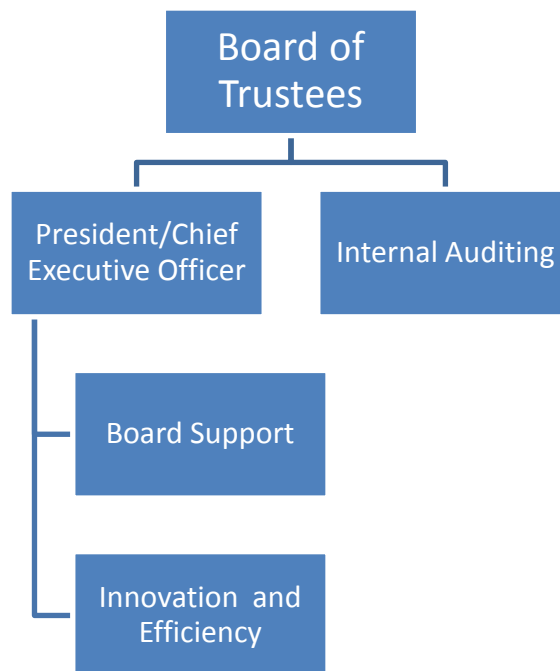
(\$ in thousands)	2011 Actual	2012 Actual	2013 Amended Budget	2014 Adopted Budget
Financial Services Group				
Office of the CFO	333	335	308	301
Accounting	2,332	2,255	2,349	2,402
Financial Planning	648	597	632	483
Purchasing	633	539	505	588
Treasury	826	815	894	1,394
Financial Services Group Total	4,772	4,542	4,689	5,168
Information Systems				
Administration	520	516	519	973
Application Services Section	2,420	2,515	2,571	3,182
Information Services Programs	437	334	557	485
Information Technology	8,820	8,576	9,113	8,096
Information Systems Total	12,196	11,941	12,761	12,736
Customer Service				
Customer Service Administration	275	429	516	562
Billing	1,661	1,386	1,677	1,797
Customer Care	2,760	2,646	2,649	2,942
Field Operations	6,647	6,862	6,687	7,241
Quality	477	440	714	353
Customer Service Total	11,819	11,763	12,243	12,896
Legal Group				
Contracting Department	1,527	1,669	1,874	1,690
Corporate Real Estate Department	878	775	730	794
Legal Department	3,313	4,595	4,709	3,568
Legal Group Total	5,718	7,039	7,313	6,053
Human Resources Group				
Office of the VP	631	645	580	412
Human Resources	3,488	3,275	3,478	2,931
Risk Management	2,795	3,004	3,323	3,104
Human Resources Group Total	6,914	6,924	7,381	6,447
Public Affairs				
Communications	1,708	1,841	1,517	1,289
Communications Administration	365	332	376	312
External Relations	2,173	2,086	2,133	1,919
Public Affairs Total	4,245	4,259	4,026	3,520
Other Requirements	23,301	32,103	25,469	27,471
Total Operations and Maintenance Expense Before Capitalized Costs	223,616	268,491	278,274	292,742
Capitalized Costs	(30,362)	(33,414)	(34,337)	(32,429)
Intercenter Transfers	-	(1,160)	-	-
Grand Total	\$ 193,254	\$ 233,917	\$ 243,937	\$ 260,313

BOARD OF TRUSTEES AND PRESIDENT/CEO

SAWS is governed by the San Antonio Water System Board of Trustees. The Board consists of the Mayor and six members appointed by the City Council. The Board of Trustees is responsible for overall policy and guidance of the system.

The President/CEO is responsible and accountable for overall leadership and management of the San Antonio Water System. Following the guidance and direction of the Board of Trustees and City Council, the President/CEO implements policy, directs and works alongside employees to achieve SAWS' mission and goals as well as efficiencies within the organization.

- **Management** – Oversees all operations of the Office of the President/CEO including Board support functions, managing staff, budgets, administration, policies and procedures.
- **Strategic Communications** – Identifies and manages critical issues that have public impact and require the attention of the President/CEO and Executive Management Team.
- **Planning** – Develops and implements strategic and business planning processes.
- **Innovation and Efficiency** – Conducts performance reviews and process analysis across the organization to streamline operations, maximize budgetary resources, promote efficiencies, enhance customer service and implement innovative management practices.



BOARD OF TRUSTEES AND PRESIDENT/CEO (CONTINUED)

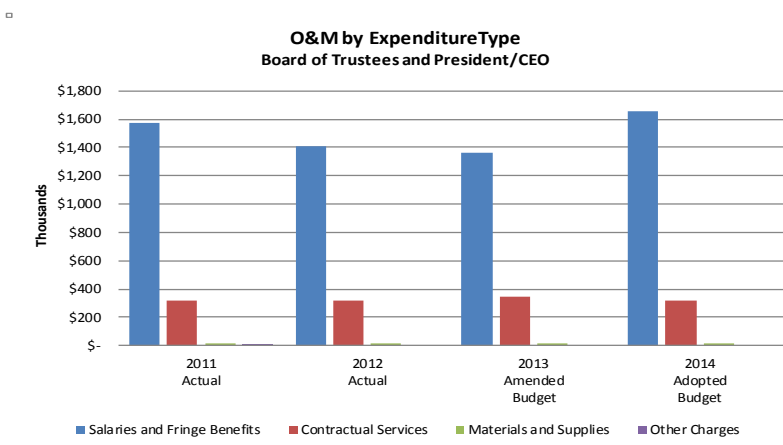
(\$ in thousands)

EXPENDITURES BY TYPE	2011 Actual	2012 Actual	2013 Amended Budget	2014 Adopted Budget
O&M Before Capitalized Cost				
Salaries and Fringe Benefits	\$ 1,571	\$ 1,405	\$ 1,360	\$ 1,651
Contractual Services	317	316	345	317
Materials and Supplies	19	14	17	14
Other Charges	6	-	-	-
Total O&M Before Capitalized Cost	1,912	1,735	1,722	1,982
Capitalized Cost	-	-	-	-
Intercenter Transfers	-	-	-	-
Net Change in Equity Total	\$ 1,912	\$ 1,735	\$ 1,722	\$ 1,982

Capital Outlay	\$ -	\$ -	\$ -	\$ 2
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EXPENDITURES BY DEPARTMENT	2011 Actual	2012 Actual	2013 Amended Budget	2014 Adopted Budget
Office of the President-CEO	\$ 990	\$ 919	\$ 909	\$ 913
Board of Trustees	49	59	57	52
Board of Trustees Support	397	375	353	259
Efficiencies and Innovation	-	-	-	297
Internal Audit Dept	476	382	403	461
O&M Before Capitalized Cost Total	1,912	1,735	1,722	1,982
Capitalized Cost	-	-	-	-
Intercenter Transfers	-	-	-	-
Net Change in Equity Total	\$ 1,912	\$ 1,735	\$ 1,722	\$ 1,982

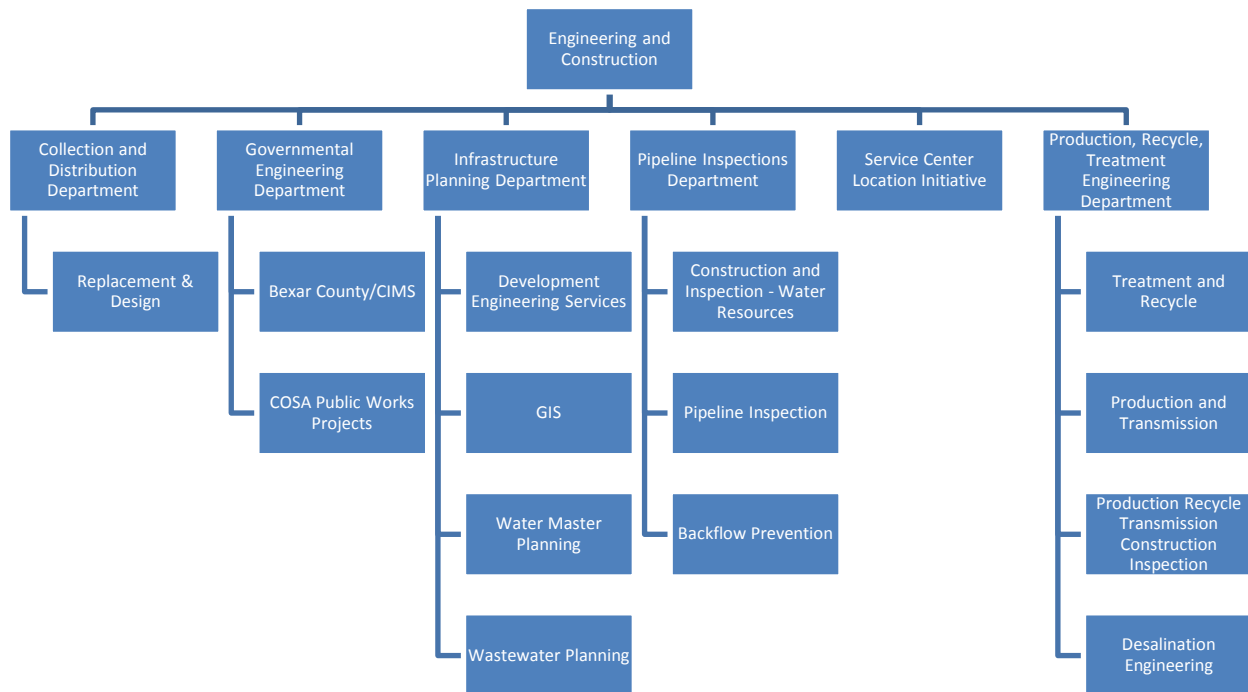
FULL-TIME EQUIVALENTS	2011 Adopted Budget	2012 Adopted Budget	2013 Amended Budget	2014 Adopted Budget
Office of the President-CEO	6.0	6.0	6.0	5.2
Board of Trustees Support	2.0	2.0	2.0	0.9
Efficiencies and Innovation				2.6
Internal Audit Dept	5.0	5.0	5.0	3.9
Total FULL-TIME EQUIVALENTS	13.0	13.0	13.0	12.6



ENGINEERING AND CONSTRUCTION

Engineering and Construction coordinates the development and execution of the annual Capital Improvements Program. The group performs engineering analysis of existing facilities and plans new infrastructure to meet the increasing water and wastewater demands of the growing community. The group also designs and manages the construction of new and replacement water and wastewater infrastructure. The Engineering and Construction group is comprised of the following departments:

- **Infrastructure Planning** – Manages impact fee program; maintains infrastructure maps and GIS databases; develops water and wastewater master plans, manages new development. .
- **Production, Recycle, Treatment Engineering** – Handles planning, design and construction management for water production facilities and water recycling plants.
- **Collection & Distribution Engineering** – Plans and designs water distribution system and wastewater collection system.
- **Governmental Engineering**: manages all intergovernmental capital projects.
- **Pipeline Inspections** – Inspects pipeline construction projects and water supply projects, and manages the backflow prevention program.
- **Service Center Location Initiative** – Assesses service and customer center location needs; identifies the most cost-effective and operationally efficient facility plan for these service centers



ENGINEERING AND CONSTRUCTION (CONTINUED)

(\$ in thousands)

EXPENDITURES BY TYPE	2011 Actual	2012 Actual	2013 Amended Budget	2014 Adopted Budget
O&M Before Capitalized Cost				
Salaries and Fringe Benefits	\$ 15,288	\$ 16,558	\$ 16,675	\$ 14,086
Contractual Services	876	923	1,444	1,138
Materials and Supplies	186	82	83	57
Other Charges	-	-	-	-
Total O&M Before Capitalized Cost	16,349	17,562	18,202	15,281
Capitalized Cost	(15,002)	(16,115)	(16,639)	(13,823)
Intercenter Transfers	1	1	-	-
Net Change in Equity Total	\$ 1,348	\$ 1,449	\$ 1,563	\$ 1,458

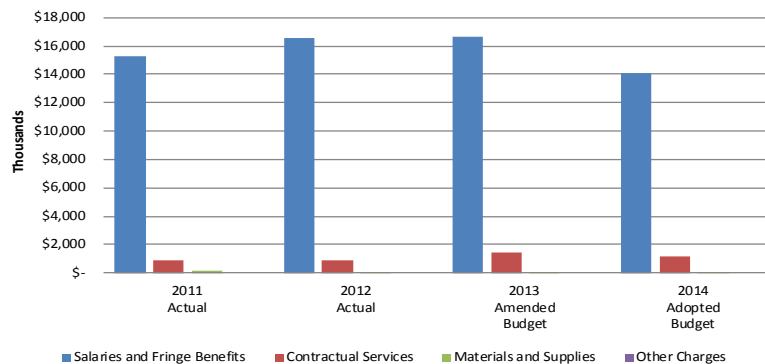
Capital Outlay	\$ 11	\$ 389	\$ 32	\$ -
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EXPENDITURES BY DEPARTMENT	2011 Actual	2012 Actual	2013 Amended Budget	2014 Adopted Budget
Office of the VP	\$ 329	\$ 363	\$ 629	\$ 365
Collection and Distribution Department	1,426	1,519	1,489	1,377
Governmental Engineering Department	1,917	2,216	2,220	1,541
Infrastructure Planning Department	4,454	4,814	5,057	5,233
Operations and Maintenance Eng.	792	816	785	-
Pipeline Inspections Department	4,169	4,343	4,468	3,946
Production, Recycle, Treatment Engineering	3,156	3,378	3,446	2,719
Service Center Facility Plan	106	112	107	99
O&M Before Capitalized Cost Total	16,349	17,562	18,202	15,281
Capitalized Cost	(15,002)	(16,115)	(16,639)	(13,823)
Intercenter Transfers	1	1	-	-
Net Change in Equity Total	\$ 1,348	\$ 1,449	\$ 1,563	\$ 1,458

FULL-TIME EQUIVALENTS	2011 Adopted Budget	2012 Adopted Budget	2013 Amended Budget	2014 Adopted Budget
Office of the VP	3.0	3.0	5.0	1.7
Collection and Distribution Department	17.0	17.0	17.0	15.3
Governmental Engineering Department	26.0	25.0	26.0	16.9
Infrastructure Planning Department	59.5	57.5	57.5	58.7
Operations and Maintenance Eng.	10.0	9.0	9.0	-
Pipeline Inspections Department	60.0	62.0	63.0	58.2
Production, Recycle, Treatment Engineering	33.0	34.0	36.0	29.1
Service Center Facility Plan	1.0	1.0	1.0	0.9
Total FULL-TIME EQUIVALENTS	209.5	208.5	214.5	180.9

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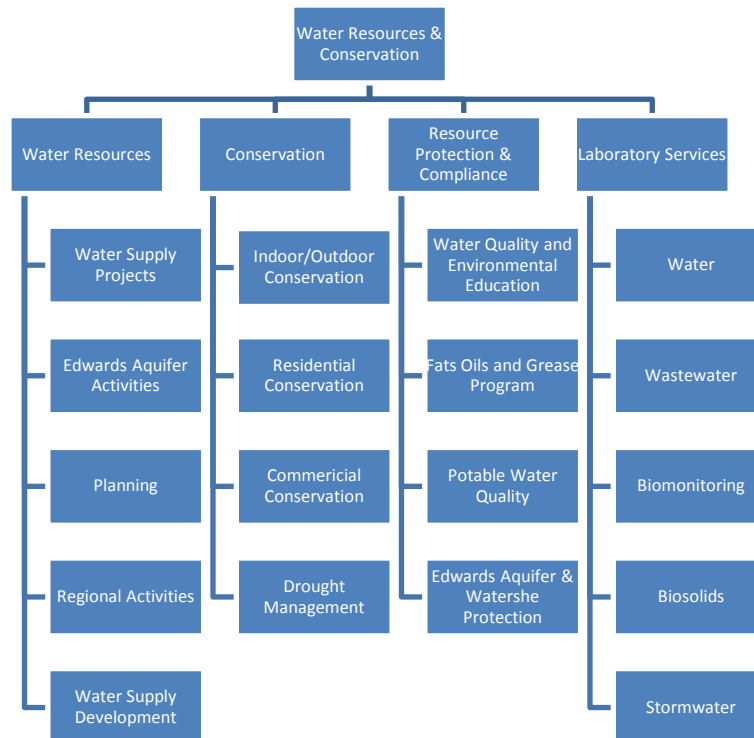
O&M by Expenditure Type
Engineering and Construction



WATER RESOURCES AND CONSERVATION

The Water Resources and Conservation group is responsible for the development, management and conservation of water supplies, as well as drought management and water rights acquisitions. The group also is responsible for all water quality issues and ensuring extensive sampling and monitoring for compliance purposes. SAWS' proven conservation programs have become a cornerstone of the community's long-term water management strategy. The group consists of the following four departments:

- Water Resources** – Develops and implements long-term, sustainable water projects while proactively managing existing supplies. SAWS already manages supplies from Canyon Lake, Trinity Aquifer, Carrizo Aquifer, Medina Lake and River as well as Lake Dunlap to supplement our foundational Edwards Aquifer supply. Groundwater Desalinization, a future supply, is currently under construction. Other proven innovations, like our 100-mile recycled water system and underground storage reservoir, leverage technology to secure San Antonio's water future.
- Conservation** – Delivers nationally recognized programs that achieve cost-effective water savings while enhancing quality of life. San Antonio's cheapest source of water is conservation – water we don't use. To help keep rates affordable, SAWS aggressively promotes more efficient landscape water use through education, outreach and drought ordinance rules, while continuing to encourage indoor conservation via high-efficiency fixtures for homes and businesses, rebates for residential and commercial users.
- Resource Protection & Compliance** – Ensures water quality of all sources are protected; enforces the regulatory requirements established to protect regional water quality; monitors best management practices at construction sites; utilizes an extensive sampling and monitoring network for compliance purposes.
- Laboratory Services** – Provides analytical services; activities include sample testing, environmental and safety tests, regulatory reporting, analytical planning, training and quality assurance. The lab is certified by the National Environmental Laboratory Accreditation Conference.



WATER RESOURCES AND CONSERVATION (CONTINUED)

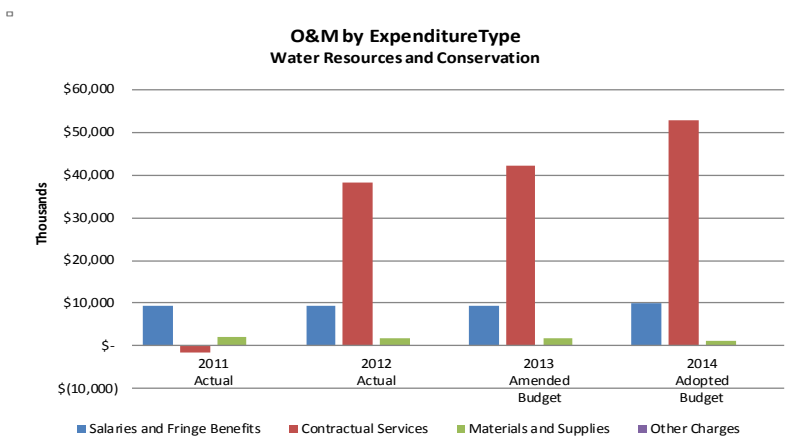
(\$ in thousands)

EXPENDITURES BY TYPE	2011 Actual	2012 Actual	2013 Amended Budget	2014 Adopted Budget
O&M Before Capitalized Cost				
Salaries and Fringe Benefits	\$ 9,474	\$ 9,484	\$ 9,258	\$ 10,017
Contractual Services	(1,562)	38,156	42,036	52,897
Materials and Supplies	2,252	1,849	1,762	1,210
Other Charges	-	-	-	-
Total O&M Before Capitalized Cost	10,163	49,489	53,057	64,124
Capitalized Cost	(87)	(170)	(167)	(252)
Intercenter Transfers	2	(2)	-	-
Net Change in Equity Total	\$ 10,078	\$ 49,317	\$ 52,890	\$ 63,873

Capital Outlay	\$ -	\$ 338	\$ 217	\$ 195
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EXPENDITURES BY DEPARTMENT	2011 Actual	2012 Actual	2013 Amended Budget	2014 Adopted Budget
Office of the VP	\$ 253	\$ 226	\$ 215	\$ 210
Conservation Department	5,068	4,481	4,850	4,363
Laboratory Technical Services Department	1,908	1,649	1,712	2,349
Resource Protection & Compliance Div	5,498	5,698	5,710	6,572
Water Resources Department	(2,565)	37,436	40,571	50,630
O&M Before Capitalized Cost Total	10,163	49,489	53,057	64,124
Capitalized Cost	(87)	(170)	(167)	(252)
Intercenter Transfers	2	(2)	-	-
Net Change in Equity Total	\$ 10,078	\$ 49,317	\$ 52,890	\$ 63,873

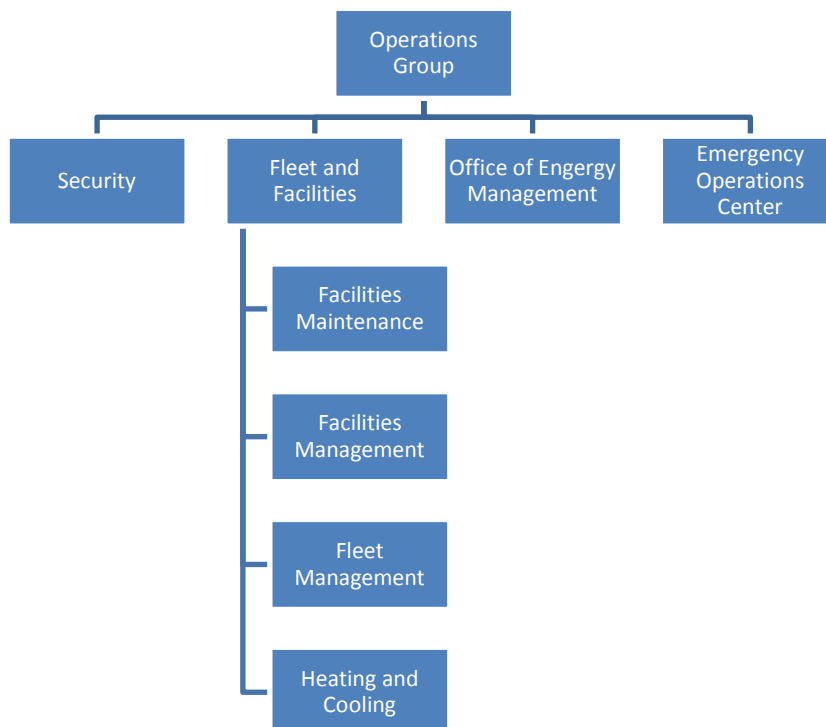
FULL-TIME EQUIVALENTS	2011 Adopted Budget	2012 Adopted Budget	2013 Amended Budget	2014 Adopted Budget
Office of the VP	2.0	2.0	2.0	1.6
Conservation Department	24.5	24.5	25.6	19.4
Laboratory Technical Services Department	22.0	23.0	23.0	23.0
Resource Protection & Compliance Div	69.0	71.0	71.0	72.6
Water Resources Department	20.0	20.0	19.0	17.6
Total FULL-TIME EQUIVALENTS	137.5	140.5	140.6	134.2



OPERATIONS GROUP

The Operations Group is managed by the Chief Operating Officer (COO), who also oversees the Production & Treatment, Distribution & Collection and Sewer System Improvement Groups. The area is responsible for managing the operation and maintenance of the water distribution and wastewater collection systems, and the water and wastewater treatment plants. The group consists of the following departments:

- **Fleet and Facilities** – several areas fall under this department.
 - *Heating and Cooling* is responsible for the production of chilled water and steam to provide centralized thermal services to federal, city and private facilities in San Antonio.
 - *Facilities Management and Maintenance* provides building maintenance and management services at corporate headquarters including space planning, office reconfigurations, oversight of HVAC systems, mailroom and contracts for custodial, landscaping and cafeteria services at the headquarters. The area is also responsible for maintenance of buildings and grounds at SAWS service centers and treatment plants. This includes internal and external building maintenance and repairs, as well as landscaping, fencing, parking lots, gates and roads.
 - *Fleet* provides comprehensive maintenance services for vehicles and equipment. The Fleet Department manages vehicle replacement and disposal, company fuel, and operates the corporate vehicle pool program.
- **Security** – Manages a proactive security program and associated support contracts for all SAWS employees and properties; monitors available threat-level information and develops strategies for ongoing security-related communications with employees, response organizations and employees.
- **Office of Energy Management** – Manages the CPS Energy metering and bill review and payment process. Develops the energy budget and tracks expenses and analysis trends. Monitors the energy Demand Side Management program with CPS Energy.
- **Emergency Operations Center** – Manages the 24-hour emergency center and reports/dispatches crews for water leaks, main breaks and overall tactical response to problems with the system. Monitors lift stations across the city through SCADA.



OPERATIONS GROUP (CONTINUED)

(\$ in thousands)

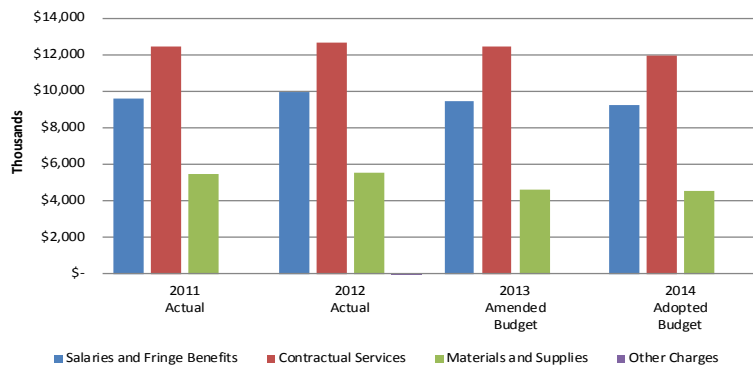
EXPENDITURES BY TYPE	2011 Actual	2012 Actual	2013 Amended Budget	2014 Adopted Budget
O&M Before Capitalized Cost				
Salaries and Fringe Benefits	\$ 9,569	\$ 9,981	\$ 9,444	\$ 9,216
Contractual Services	12,452	12,631	12,430	11,981
Materials and Supplies	5,437	5,540	4,615	4,509
Other Charges	-	2	-	-
Total O&M Before Capitalized Cost	27,458	28,154	26,489	25,706
Capitalized Cost	(1,340)	(1,474)	(1,393)	(2,500)
Intercenter Transfers	194	58	-	-
Net Change in Equity Total	\$ 26,312	\$ 26,737	\$ 25,096	\$ 23,206

Capital Outlay	\$ 8,580	\$ 6,809	\$ 6,348	\$ 3,335
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EXPENDITURES BY DEPARTMENT	2011 Actual	2012 Actual	2013 Amended Budget	2014 Adopted Budget
Ofc of Chief Operating Officer	\$ 1,399	\$ 1,334	\$ 1,115	\$ 1,078
Fleet and Facilities	22,032	22,990	21,607	21,371
Security	2,904	2,519	2,571	2,195
Emergency Operations Center	1,122	1,311	1,196	1,062
O&M Before Capitalized Cost Total	27,458	28,154	26,489	25,706
Capitalized Cost	(1,340)	(1,474)	(1,393)	(2,500)
Intercenter Transfers	194	58	-	-
Net Change in Equity Total	\$ 26,312	\$ 26,737	\$ 25,096	\$ 23,206

FULL-TIME EQUIVALENTS	2011 Adopted Budget	2012 Adopted Budget	2013 Amended Budget	2014 Adopted Budget
Ofc of Chief Operating Officer	11.0	10.0	9.5	10.0
Emergency Operations Center	20.0	26.0	23.0	20.0
Environmental Services	1.0	2.0	2.0	
Fleet and Facilities	116.0	109.0	107.5	103.9
Security	7.0	9.0	9.0	7.8
Total FULL-TIME EQUIVALENTS	155.0	156.0	151.0	141.6

O&M by Expenditure Type
Operations



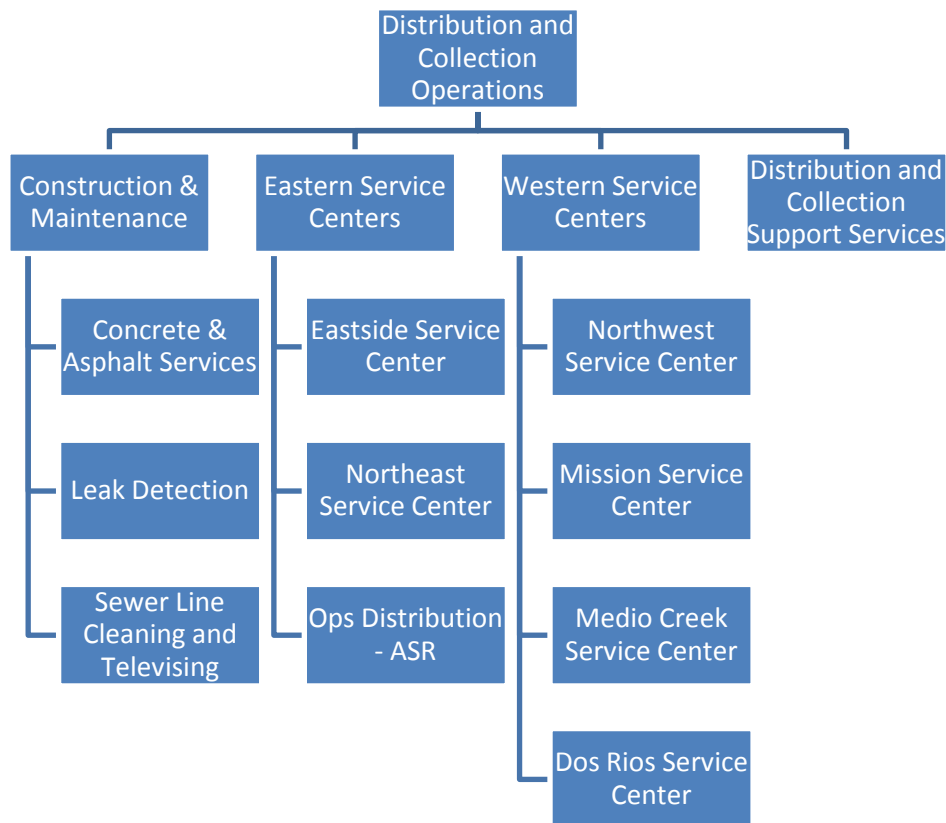
DISTRIBUTION AND COLLECTION

The Distribution and Collection Operations Group operates, maintains and repairs over 10,000 miles of combined water distribution and wastewater collection mains ensuring our customers receive uninterrupted, quality potable water and associated wastewater services.

This is accomplished by providing:

- **Emergency Response** – Provides critical support to SAWS customers and crews 24/7.
- **Construction Crews** – Offers in-house construction expertise, including asphalt and concrete services, to improve service restoration and increase customer satisfaction.
- **Leak Detection Program** – Ensures water leaks are identified, reducing water loss.
- **SSO Line Cleaning and Televising Program** – Supports commitments under the EPA consent decree.

SAWS distribution and collection crews are mobilized from six strategically located service centers throughout the city: Eastside, Mission Road (south central), Northeast and Northwest. Medio Creek and Dos Rios have recently been added as part of the integration of the DSP infrastructure.



DISTRIBUTION AND COLLECTION (CONTINUED)

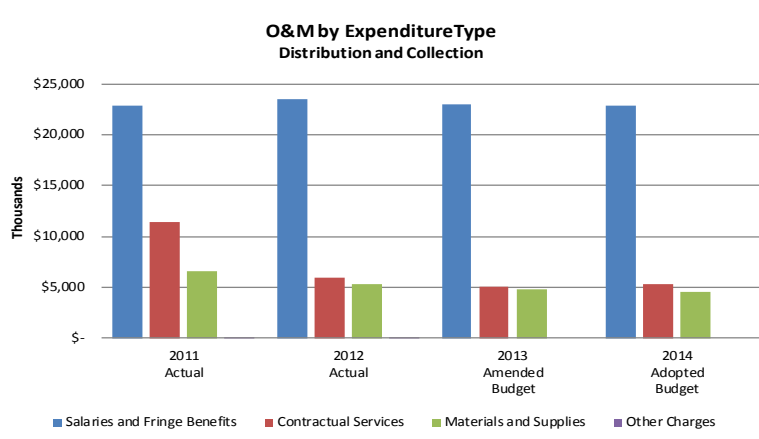
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EXPENDITURES BY TYPE	2011 Actual	2012 Actual	2013 Amended Budget	2014 Adopted Budget
O&M Before Capitalized Cost				
Salaries and Fringe Benefits	\$ 22,892	\$ 23,515	\$ 22,967	\$ 22,880
Contractual Services	11,379	5,977	5,028	5,293
Materials and Supplies	6,611	5,267	4,805	4,563
Other Charges	9	16	-	-
Total O&M Before Capitalized Cost	40,891	34,775	32,800	32,737
Capitalized Cost	(3,927)	(4,351)	(3,808)	(3,171)
Intercenter Transfers	(104)	(877)	-	-
Net Change in Equity Total	\$ 36,860	\$ 29,547	\$ 28,992	\$ 29,566

Capital Outlay	\$ 403	\$ -	\$ -	\$ 219
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EXPENDITURES BY DEPARTMENT	2011 Actual	2012 Actual	2013 Amended Budget	2014 Adopted Budget
Office of the VP	\$ 326	\$ 318	\$ 278	\$ 254
Construction and Maintenance	12,455	12,193	12,348	12,227
Distribution and Collection Support Services	696	743	711	641
Dos Rios Service Center	-	-	622	1,491
Eastern Service Centers	14,352	11,426	10,301	10,515
Medio Creek Service Center	-	-	652	1,132
Western Service Centers	13,063	10,095	7,887	6,477
O&M Before Capitalized Cost Total	40,891	34,775	32,800	32,737
Capitalized Cost	(3,927)	(4,351)	(3,808)	(3,171)
Intercenter Transfers	(104)	(877)	-	-
Net Change in Equity Total	\$ 36,860	\$ 29,547	\$ 28,992	\$ 29,566

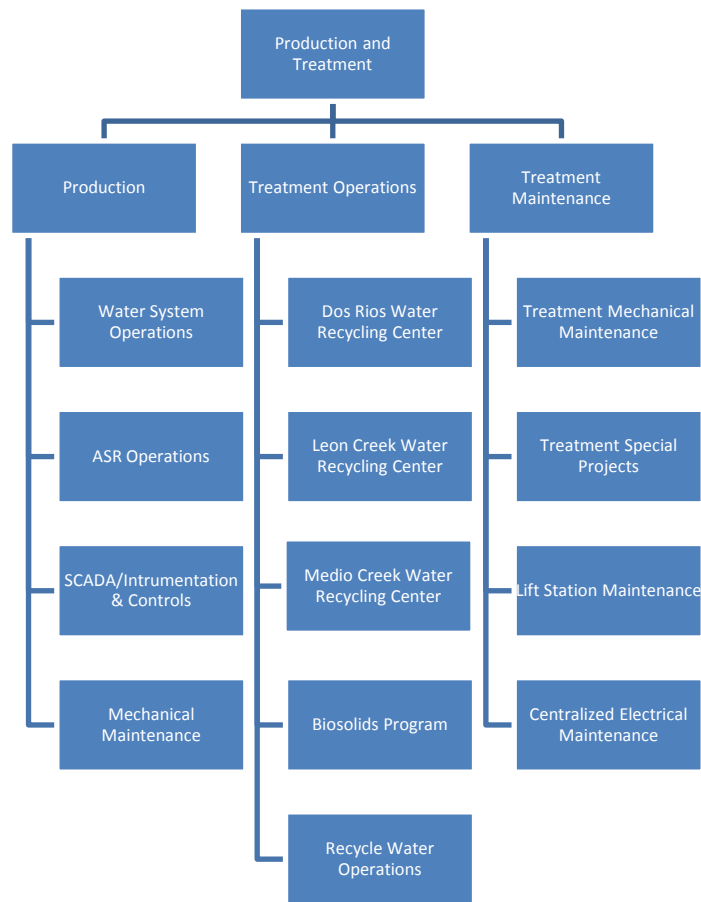
FULL-TIME EQUIVALENTS	2011 Adopted Budget	2012 Adopted Budget	2013 Amended Budget	2014 Adopted Budget
Office of the VP	2.0	2.0	2.0	1.8
Construction and Maintenance	125.5	122.5	151.0	144.7
Distribution and Collection Support Services	12.5	12.5	12.5	11.0
Dos Rios Service Center	-	-	12.0	20.7
Eastern Service Centers	154.0	155.0	140.0	147.4
Medio Creek Service Center	-	-	9.0	16.9
Western Service Centers	149.0	146.0	111.0	82.9
Total FULL-TIME EQUIVALENTS	443.0	438.0	437.5	425.3



PRODUCTION AND TREATMENT

The Production and Treatment Operations Group reports directly to the Sr. Vice President & Chief Operating Officer and provides the essential function of managing the 24-hour-a-day operation of the water and wastewater systems. The group is responsible for the operation, maintenance, and repair of facilities and equipment involved in the production and distribution of potable water; the operation, maintenance, and repair of the System’s water recycling facilities; and the processing of wastewater biosolids for ultimate disposal. This group consists of the following departments:

- **Production** – Manages the production of potable water across SAWS service area.
- **Treatment Operations** – Oversees all operations of the water recycling centers as well as manages all the biosolids to ensure proper recycling or disposal in compliance with state and federal regulations.
- **Treatment Maintenance** – Manages centralized electrical maintenance across all SAWS services, manages the mechanical maintenance of SAWS’ water recycling centers, lift stations, and the Aquifer Storage & Recovery (ASR).



PRODUCTION AND TREATMENT (CONTINUED)

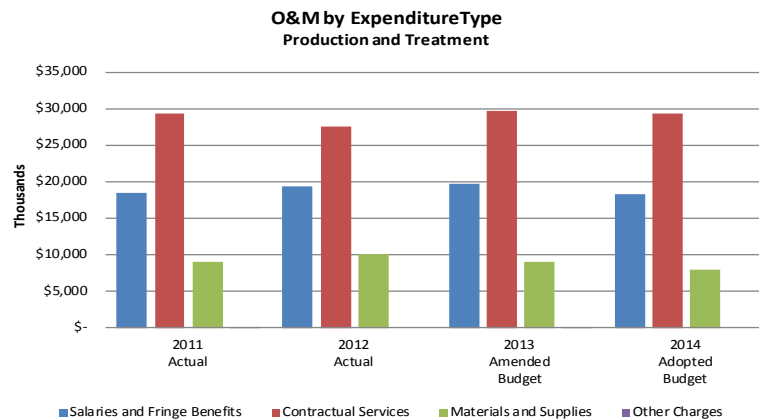
(\$ in thousands)

EXPENDITURES BY TYPE	2011 Actual	2012 Actual	2013 Amended Budget	2014 Adopted Budget
O&M Before Capitalized Cost				
Salaries and Fringe Benefits	\$ 18,547	\$ 19,409	\$ 19,665	\$ 18,303
Contractual Services	29,253	27,489	29,703	29,340
Materials and Supplies	9,026	10,056	9,088	7,911
Other Charges	4	-	1	-
Total O&M Before Capitalized Cost	56,830	56,955	58,456	55,555
Capitalized Cost	(1,237)	(1,176)	(2,388)	(2,129)
Intercenter Transfers	(126)	(394)	-	-
Net Change in Equity Total	\$ 55,467	\$ 55,384	\$ 56,068	\$ 53,426

Capital Outlay	\$ 371	\$ 1,259	\$ 1,814	\$ 1,355
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EXPENDITURES BY DEPARTMENT	2011 Actual	2012 Actual	2013 Amended Budget	2014 Adopted Budget
Office of the VP	\$ 100	\$ 108	\$ 30	\$ 39
Ofc of Director - Production and Treatment O	-	-	-	257
Production Department	27,333	25,432	27,684	25,324
Treatment Maintenance Management	10,075	11,072	9,716	10,425
Treatment Operations Management	19,322	20,342	21,026	19,509
O&M Before Capitalized Cost Total	56,830	56,955	58,456	55,555
Capitalized Cost	(1,237)	(1,176)	(2,388)	(2,129)
Intercenter Transfers	(126)	(394)	-	-
Net Change in Equity Total	\$ 55,467	\$ 55,384	\$ 56,068	\$ 53,426

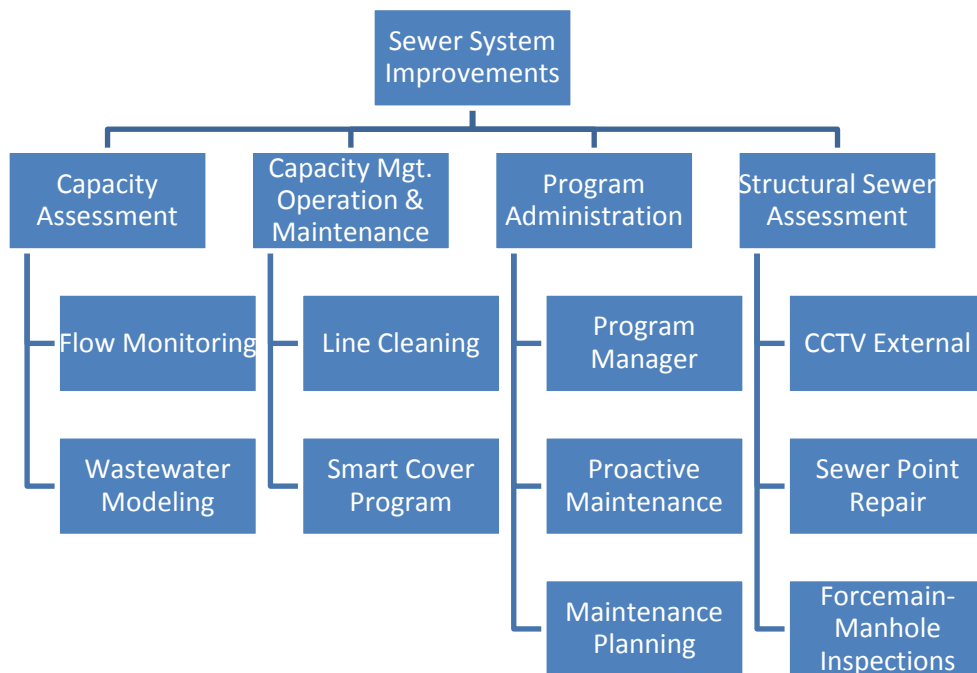
FULL-TIME EQUIVALENTS	2011 Adopted Budget	2012 Adopted Budget	2013 Amended Budget	2014 Adopted Budget
Ofc of Director - Production and Treatment Operati				2.5
Production Department	100.0	100.0	97.5	70.4
Treatment Maintenance Management	118.0	117.0	119.0	123.7
Treatment Operations Management	84.0	82.0	85.0	79.0
Total FULL-TIME EQUIVALENTS	302.0	299.0	301.5	275.6



SEWER SYSTEM IMPROVEMENTS

The Sewer System Improvements Department is responsible for developing, implementing and administering various programs designed to reduce sanitary sewer overflows in the wastewater collection and transmission system (WCTS). This is accomplished through the following functions:

- **Capacity Assessment** – Responsible for evaluating the capacity of the WCTS that includes flow monitoring and a series of hydraulic modeling and investigative steps to identify and prioritize capacity constraints.
- **Capacity, Management, Operation & Maintenance (CMOM)** – Comprehensive program encompassing activities to optimize the performance of the WCTS related to SSO reduction, including a system-wide cleaning program and Fats, Oils, and Grease Control Program.
- **Program Administration** – Leads the comprehensive Sewer System Improvement program activities related to SSO reduction. Provides overall data management and reporting pertaining to the operations and maintenance of the WCTS.
- **Structural Sewer Assessment** – Provides program direction for activities associated with inspecting, assessing and performing remedial measures associated with condition and capacity constraints in the WCTS.



SEWER SYSTEM IMPROVEMENTS (CONTINUED)

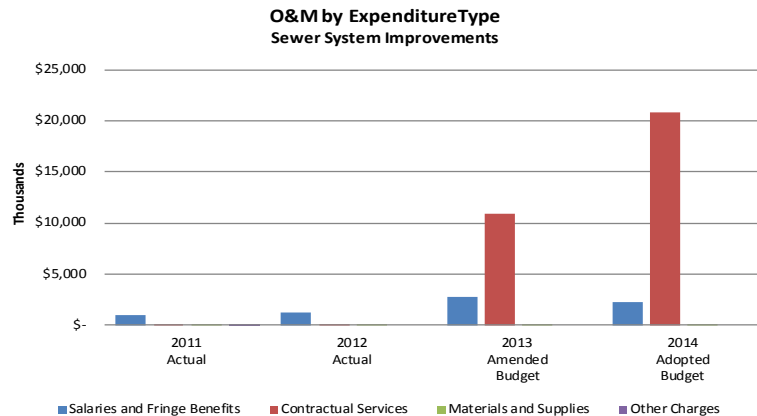
(\$ in thousands)

EXPENDITURES BY TYPE	2011 Actual	2012 Actual	2013 Amended Budget	2014 Adopted Budget
O&M Before Capitalized Cost				
Salaries and Fringe Benefits	\$ 1,029	\$ 1,229	\$ 2,765	\$ 2,222
Contractual Services	13	12	10,893	20,832
Materials and Supplies	5	8	9	12
Other Charges	1	-	-	-
Total O&M Before Capitalized Cost	1,047	1,249	13,667	23,067
Capitalized Cost	(197)	(225)	(507)	(1,604)
Intercenter Transfers	-	(1)	-	-
Net Change in Equity Total	\$ 851	\$ 1,023	\$ 13,160	\$ 21,463

Capital Outlay	\$ -	\$ -	\$ -	\$ 180
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EXPENDITURES BY DEPARTMENT	2011 Actual	2012 Actual	2013 Amended Budget	2014 Adopted Budget
Capacity Assessment	\$ -	\$ -	\$ 1,518	\$ 3,563
Capacity Mgt O&M (CMOM)	-	-	7,062	5,205
Program Administration	1,047	1,249	2,680	5,222
Structural Sewer Assessment	-	-	2,407	9,077
O&M Before Capitalized Cost Total	1,047	1,249	13,667	23,067
Capitalized Cost	(197)	(225)	(507)	(1,604)
Intercenter Transfers	-	(1)	-	-
Net Change in Equity Total	\$ 851	\$ 1,023	\$ 13,160	\$ 21,463

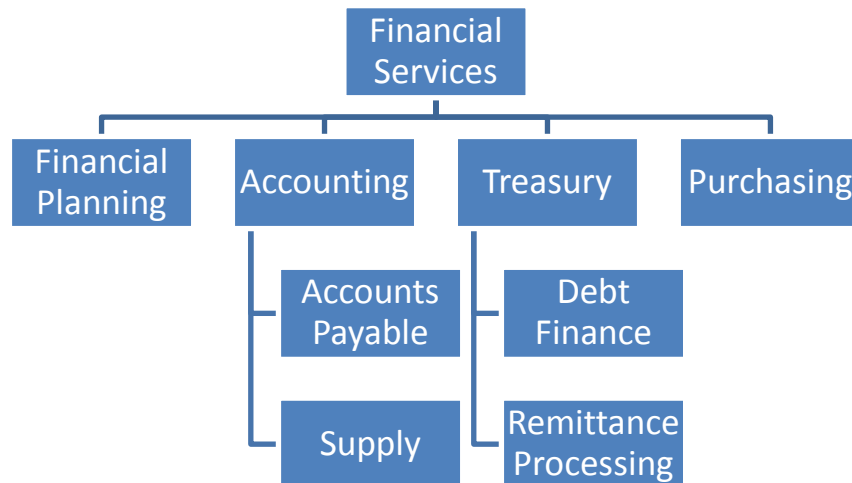
FULL-TIME EQUIVALENTS	2011 Adopted Budget	2012 Adopted Budget	2013 Amended Budget	2014 Adopted Budget
Capacity Assessment			1.0	
Capacity Mgt O&M (CMOM)			13.0	
Program Administration	16.0	16.0	22.0	29.0
Structural Sewer Assessment			2.0	
Total FULL-TIME EQUIVALENTS	16.0	16.0	38.0	29.0



FINANCIAL SERVICES

The Financial Services Group ensures the utility’s efficient operation by effectively managing and reporting on the corporate financial position, ensuring financial compliance with current legal and regulatory requirements, and providing timely financial support, services and guidance to internal and external stakeholders. This is accomplished through the following functions:

- **Financial Planning** – Responsible for short and long range financial plans and developing and implementing the budget.
- **Accounting** – Consists of general accounting, property accounting, payroll, accounts payable and supply departments.
- **Treasury** – Responsible for banking relationships, investment and debt management, and remittance (customer payment) processing.
- **Purchasing** – Responsible for the processing and contracting of all procurement requests for materials, supplies and services.



FINANCIAL SERVICES (CONTINUED)

(\$ in thousands)

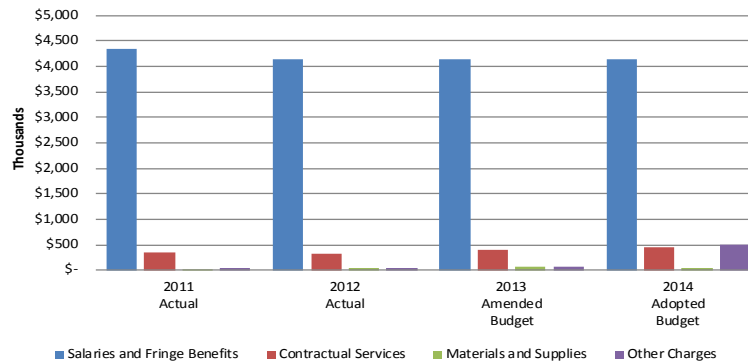
EXPENDITURES BY TYPE	2011 Actual	2012 Actual	2013 Amended Budget	2014 Adopted Budget
O&M Before Capitalized Cost				
Salaries and Fringe Benefits	\$ 4,341	\$ 4,135	\$ 4,145	\$ 4,144
Contractual Services	360	324	406	449
Materials and Supplies	27	41	63	58
Other Charges	45	41	74	516
Total O&M Before Capitalized Cost	4,772	4,542	4,689	5,168
Capitalized Cost	(948)	(896)	(977)	(1,010)
Intercenter Transfers	(1)	(1)	-	-
Net Change in Equity Total	\$ 3,823	\$ 3,645	\$ 3,712	\$ 4,157

Capital Outlay	\$ -	\$ -	\$ -	\$ -
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EXPENDITURES BY DEPARTMENT	2011 Actual	2012 Actual	2013 Amended Budget	2014 Adopted Budget
Office of the CFO	\$ 333	\$ 335	\$ 308	\$ 301
Accounting	2,332	2,255	2,349	2,402
Financial Planning	648	597	632	483
Purchasing	633	539	505	588
Treasury	826	815	894	1,394
O&M Before Capitalized Cost Total	4,772	4,542	4,689	5,168
Capitalized Cost	(948)	(896)	(977)	(1,010)
Intercenter Transfers	(1)	(1)	-	-
Net Change in Equity Total	\$ 3,823	\$ 3,645	\$ 3,712	\$ 4,157

FULL-TIME EQUIVALENTS	2011 Adopted Budget	2012 Adopted Budget	2013 Amended Budget	2014 Adopted Budget
Office of the CFO	2.0	2.0	2.0	1.7
Accounting	37.5	36.5	36.0	32.0
Financial Planning	8.0	8.0	8.0	5.2
Purchasing	7.0	7.0	6.0	6.5
Treasury	13.0	12.0	12.0	12.9
Total FULL-TIME EQUIVALENTS	67.5	65.5	64.0	58.3

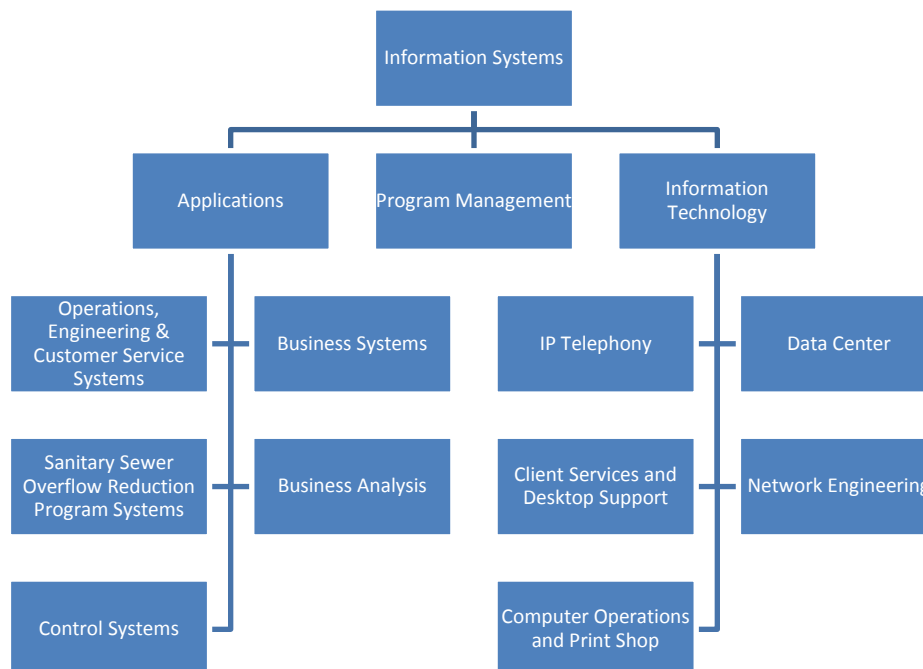
O&M by Expenditure Type
Financial Services



INFORMATION SYSTEMS

The Information Systems Group is responsible for the delivery of applications and information technology services, designed to promote innovation to sustain growth and enable SAWS to better serve the community. Information Systems includes:

- **Information Technology:**
 - *Data Center* – Responsible for SAWS 24/7, including all aspects of systems administration, database administration, systems software and hardware, the storage area network, backup and disaster recovery.
 - *Network Engineering* – Provides network and Internet services 24/7, including all aspects of network architecture and engineering, cyber security, network infrastructure and operations for SAWS facilities.
 - *IP Telephony* – Manages SAWS telecommunication services 24/7 including IP telephony, teleconferencing, Call Center systems, interactive voice response systems, recording systems, digital radio systems and 911 systems.
 - *Client Services and Desktop Support* – Supports workstation and related peripheral devices across SAWS, including desktop support services as well as technology and software orders and requisitions.
 - *Computer Operations and Print Shop* – Provides computer operations and bill printing services as well as copy services.
- **Applications** - Supports all functional areas of SAWS and responsible for SAWS software from requirements and design through programming, configuration, implementation, 24/7 operations, upgrades and sustainability.
- **Program Management** - Includes Information Systems program administration, project management, business process re-engineering, quality assurance, organizational change management to support SAWS' Innovation and Technology strategies.



INFORMATION SYSTEMS (CONTINUED)

(\$ in thousands)

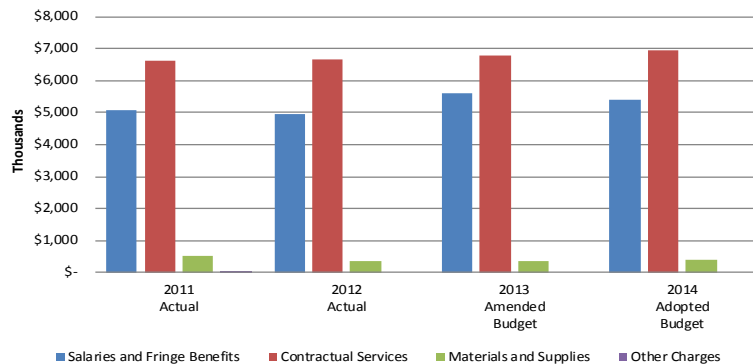
EXPENDITURES BY TYPE	2011 Actual	2012 Actual	2013 Amended Budget	2014 Adopted Budget
O&M Before Capitalized Cost				
Salaries and Fringe Benefits	\$ 5,083	\$ 4,942	\$ 5,608	\$ 5,402
Contractual Services	6,611	6,660	6,792	6,948
Materials and Supplies	502	339	361	387
Other Charges	1	-	-	-
Total O&M Before Capitalized Cost	12,196	11,941	12,761	12,736
Capitalized Cost	(772)	(762)	(1,138)	(1,162)
Intercenter Transfers	(1)	-	-	-
Net Change in Equity Total	\$ 11,423	\$ 11,178	\$ 11,622	\$ 11,575

Capital Outlay	\$ 2,000	\$ 2,009	\$ 1,780	\$ 1,904
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EXPENDITURES BY DEPARTMENT	2011 Actual	2012 Actual	2013 Amended Budget	2014 Adopted Budget
Administration	\$ 520	\$ 516	\$ 519	\$ 973
Application Services Section	2,420	2,515	2,571	3,182
Information Services Programs	437	334	557	485
Information Technology	8,820	8,576	9,113	8,096
O&M Before Capitalized Cost Total	12,196	11,941	12,761	12,736
Capitalized Cost	(772)	(762)	(1,138)	(1,162)
Intercenter Transfers	(1)	-	-	-
Net Change in Equity Total	\$ 11,423	\$ 11,178	\$ 11,622	\$ 11,575

FULL-TIME EQUIVALENTS	2011 Adopted Budget	2012 Adopted Budget	2013 Amended Budget	2014 Adopted Budget
Administration	3.0	4.0	3.0	8.2
Application Services Section	15.0	15.0	15.0	14.0
Information Services Programs	6.0	5.0	6.0	5.2
Information Technology	38.0	37.0	37.0	30.6
Total FULL-TIME EQUIVALENTS	62.0	61.0	61.0	58.0

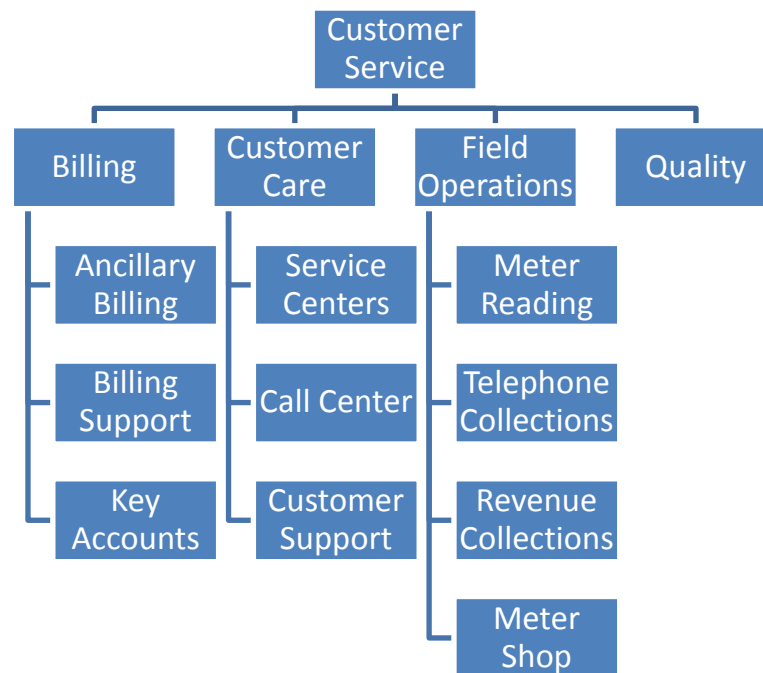
O&M by Expenditure Type
Information Systems



CUSTOMER SERVICE

The Customer Service Group is responsible for providing the highest level of service to SAWS customers at all times, responding in the most expedient and professional manner possible. This group is also responsible for the accurate and timely billing of SAWS customers and the maintenance of customer accounts.

- **Billing** – Reviews the billing process for accuracy of all SAWS bills printed daily; resolves customer service online billing issues.
- **Customer Care** – Promptly handles all inbound telephone customer inquiries regarding billing, account information, service problems and payments.
 - **Customer Centers** – Four full service walk-in locations provide friendly, personal interaction with our residential and commercial customers.
- **Field Operations** – Responsible for service turn-on/turn-off requests; collection of delinquent accounts; fire hydrant meter readings; and setting, removing and testing water meters.
 - **Meter Reading** – Ensures that all SAWS water meters are read on schedule, recorded and researched for accurate billing.
 - **Automated Meter Reading** – Responsible for deploying and maintaining a complete network of wireless meter reading devices, as well as meter data management for billing, account review, work order, meter shop, field investigation, and call center uses.
 - **Revenue Collections** – Determines and ensures correct billing format for customer accounts; and handles inbound calls regarding collection of delinquent accounts.
- **Quality** – Responsible for training and process improvements throughout Customer Service



CUSTOMER SERVICE (CONTINUED)

(\$ in thousands)

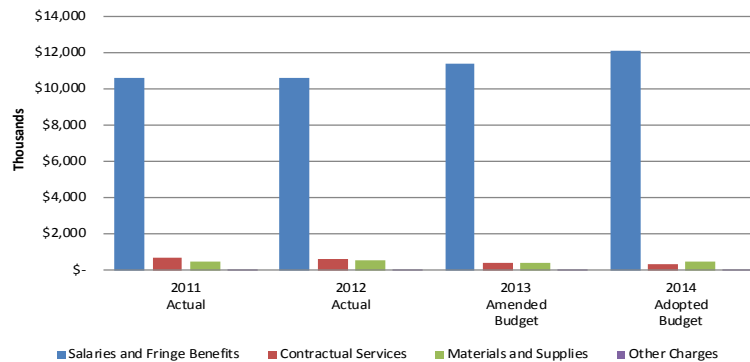
EXPENDITURES BY TYPE	2011 Actual	2012 Actual	2013 Amended Budget	2014 Adopted Budget
O&M Before Capitalized Cost				
Salaries and Fringe Benefits	\$ 10,620	\$ 10,611	\$ 11,398	\$ 12,065
Contractual Services	709	613	427	319
Materials and Supplies	487	535	413	509
Other Charges	4	4	6	3
Total O&M Before Capitalized Cost	11,819	11,763	12,243	12,896
Capitalized Cost	(519)	(369)	(480)	(424)
Intercenter Transfers	36	57	-	-
Net Change in Equity Total	\$ 11,336	\$ 11,450	\$ 11,763	\$ 12,473

Capital Outlay	\$ -	\$ 45	\$ 281	\$ 186
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EXPENDITURES BY DEPARTMENT	2011 Actual	2012 Actual	2013 Amended Budget	2014 Adopted Budget
Customer Service Administration	\$ 275	\$ 429	\$ 516	\$ 562
Billing	1,661	1,386	1,677	1,797
Customer Care	2,760	2,646	2,649	2,942
Field Operations	6,647	6,862	6,687	7,241
Quality	477	440	714	353
O&M Before Capitalized Cost Total	11,819	11,763	12,243	12,896
Capitalized Cost	(519)	(369)	(480)	(424)
Intercenter Transfers	36	57	-	-
Net Change in Equity Total	\$ 11,336	\$ 11,450	\$ 11,763	\$ 12,473

FULL-TIME EQUIVALENTS	2011 Adopted Budget	2012 Adopted Budget	2013 Amended Budget	2014 Adopted Budget
Customer Service Administration	2.0	2.0	6.0	5.6
Billing	31.0	33.0	31.0	31.9
Customer Care	57.0	57.0	51.0	61.3
Field Operations	120.0	120.0	121.0	140.3
Quality	7.0	8.0	11.0	5.6
Total FULL-TIME EQUIVALENTS	217.0	220.0	220.0	244.7

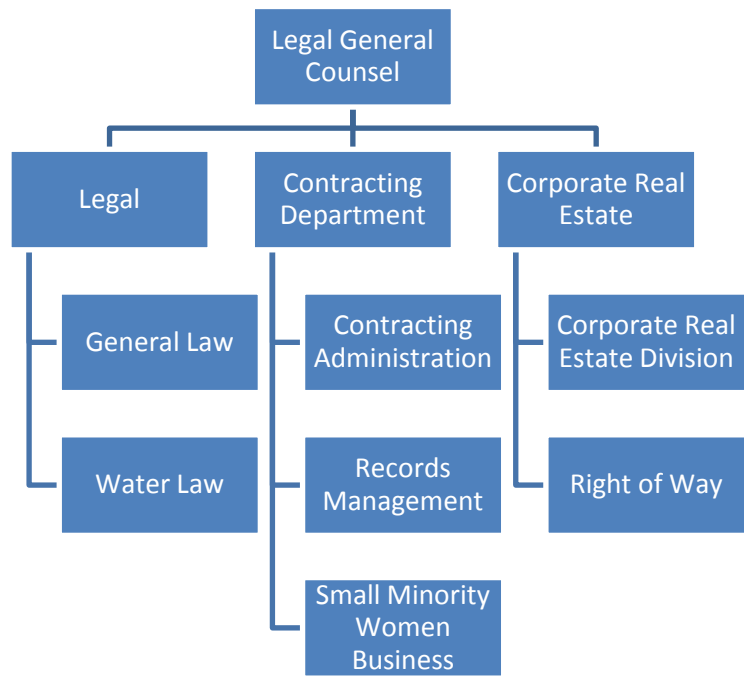
O&M by ExpenditureType
Customer Service



LEGAL

The Legal Group is headed by the Vice President and General Counsel. The Group consists of the Legal Services Department, the Contracting Department and the Corporate Real Estate Department, whose functions are described below:

- **Legal Services**– Provides full service, in-house legal support to the SAWS’ Board of Trustees, Executive Management and staff; provides legal advice and opinions, researches legal issues, drafts legal documents and memorandums, and manages the activities of outside legal counsel. The range of legal expertise includes water resources, labor and employment, litigation management, real estate, general transactional, environmental, and public law.
- **Contracting** – Manages the administration of all construction and professional services contracts; including those funded through the Texas Water Development Board capital funding program; manages all utility records in compliance with the Texas Local Government Records Act and Texas Public Information Act and best records management practices; oversees administration of SAWS’ Small, Minority and Women Owned Business Program.
- **Corporate Real Estate** – Implements property acquisitions, dispositions and lease management activities; manages third-party use of utility-owned property; supports all construction and maintenance activities by obtaining all rights of entry and easements involving access to property of third parties.



LEGAL (CONTINUED)

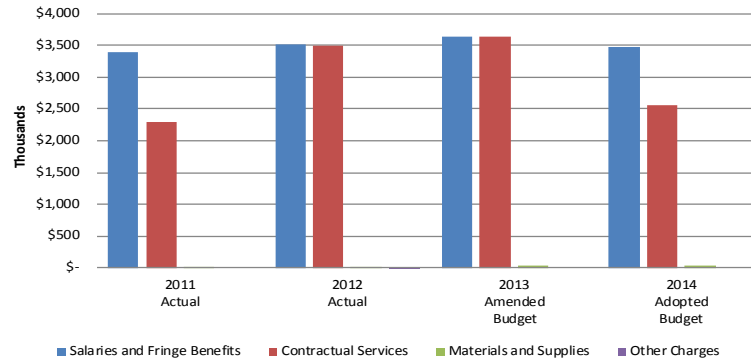
(\$ in thousands)

EXPENDITURES BY TYPE	2011 Actual	2012 Actual	2013 Amended Budget	2014 Adopted Budget
O&M Before Capitalized Cost				
Salaries and Fringe Benefits	\$ 3,386	\$ 3,515	\$ 3,641	\$ 3,472
Contractual Services	2,305	3,501	3,638	2,553
Materials and Supplies	26	21	34	28
Other Charges	-	2	-	-
Total O&M Before Capitalized Cost	5,718	7,039	7,313	6,053
Capitalized Cost	(2,571)	(2,787)	(3,007)	(2,763)
Intercenter Transfers	-	-	-	-
Net Change in Equity Total	\$ 3,147	\$ 4,252	\$ 4,306	\$ 3,290
Capital Outlay	\$ -	\$ -	\$ -	\$ -

EXPENDITURES BY DEPARTMENT	2011 Actual	2012 Actual	2013 Amended Budget	2014 Adopted Budget
Contracting Department	\$ 1,527	\$ 1,669	\$ 1,874	\$ 1,690
Corporate Real Estate Department	878	775	730	794
Legal Department	3,313	4,595	4,709	3,568
O&M Before Capitalized Cost Total	5,718	7,039	7,313	6,053
Capitalized Cost	(2,571)	(2,787)	(3,007)	(2,763)
Intercenter Transfers	-	-	-	-
Net Change in Equity Total	\$ 3,147	\$ 4,252	\$ 4,306	\$ 3,290

FULL-TIME EQUIVALENTS	2011 Adopted Budget	2012 Adopted Budget	2013 Amended Budget	2014 Adopted Budget
Contracting Department	17.0	18.0	22.0	18.9
Corporate Real Estate Department	8.0	9.0	8.0	6.9
Legal Department	11.5	11.5	11.5	11.8
Total FULL-TIME EQUIVALENTS	36.5	38.5	41.5	37.6

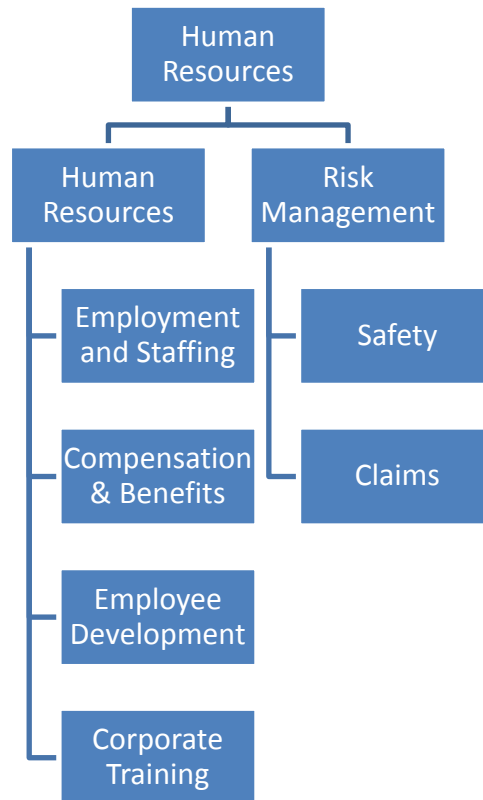
O&M by Expenditure Type
Legal



HUMAN RESOURCES

The Human Resource Group engages in attracting, training, and retaining a workforce of qualified employees to help SAWS in reaching its organizational goals and mission through a focus on safety, excellence and continuous improvement. This is accomplished through the functions listed below, which are performed by 2 departments: Human Resources and Risk Management.

- **Employment and Staffing** – Provides staffing and recruiting for both internal and external positions to promote workforce diversity and talent and obtain the most qualified candidates.
- **Compensation & Benefits** – Plans, develops and manages the employees' compensation, benefit and wellness programs to ensure competitive and cost-effective plans and programs are in place.
- **Employee Development** – Develops and administers a variety of employee programs including career development, orientations, education assistance, internships and mentoring programs.
- **Training & Development** – Establishes training objectives and strategies that integrate with SAWS' strategic plan and implements both in-house and contracted employee training for career- and self-development.
- **Risk Management** – Manages all facets of the utility's comprehensive commercial insurance program as well as the conduct of premises risk assessments.
 - **Safety** – Coordinates all SAWS safety activities and ensures a safe environment for all SAWS employees.
 - **Claims** – Operates as an in-house insurance office for SAWS, handling all workers compensation, casualty and subrogation claims.



HUMAN RESOURCES (CONTINUED)

(\$ in thousands)

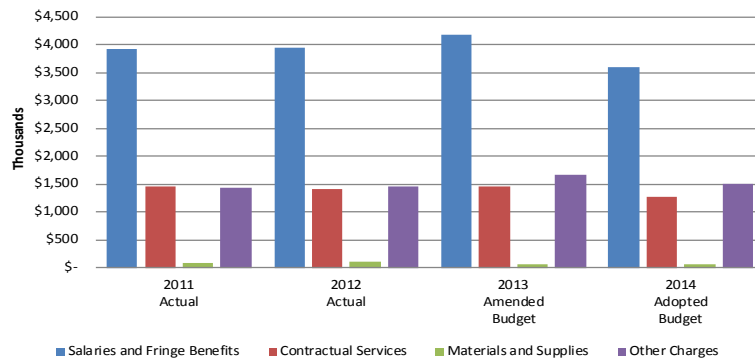
EXPENDITURES BY TYPE	2011 Actual	2012 Actual	2013 Amended Budget	2014 Adopted Budget
O&M Before Capitalized Cost				
Salaries and Fringe Benefits	\$ 3,919	\$ 3,947	\$ 4,173	\$ 3,602
Contractual Services	1,463	1,408	1,463	1,278
Materials and Supplies	94	101	71	61
Other Charges	1,437	1,468	1,674	1,506
Total O&M Before Capitalized Cost	6,914	6,924	7,381	6,447
Capitalized Cost	(96)	(102)	(116)	(109)
Intercenter Transfers	-	-	-	-
Net Change in Equity Total	\$ 6,817	\$ 6,823	\$ 7,264	\$ 6,338

Capital Outlay	\$ -	\$ -	\$ -	\$ -
-----------------------	-------------	-------------	-------------	-------------

EXPENDITURES BY DEPARTMENT	2011 Actual	2012 Actual	2013 Amended Budget	2014 Adopted Budget
Office of the VP	\$ 631	\$ 645	\$ 580	\$ 412
Human Resources	3,488	3,275	3,478	2,931
Risk Management	2,795	3,004	3,323	3,104
O&M Before Capitalized Cost Total	6,914	6,924	7,381	6,447
Capitalized Cost	(96)	(102)	(116)	(109)
Intercenter Transfers	-	-	-	-
Net Change in Equity Total	\$ 6,817	\$ 6,823	\$ 7,264	\$ 6,338

FULL-TIME EQUIVALENTS	2011 Adopted Budget	2012 Adopted Budget	2013 Amended Budget	2014 Adopted Budget
Office of the VP	5.0	5.0	5.0	3.5
Human Resources	26.5	26.5	24.0	19.9
Risk Management	20.0	20.5	23.0	19.5
Total FULL-TIME EQUIVALENTS	51.5	52.0	52.0	42.9

O&M by Expenditure Type
Human Resources

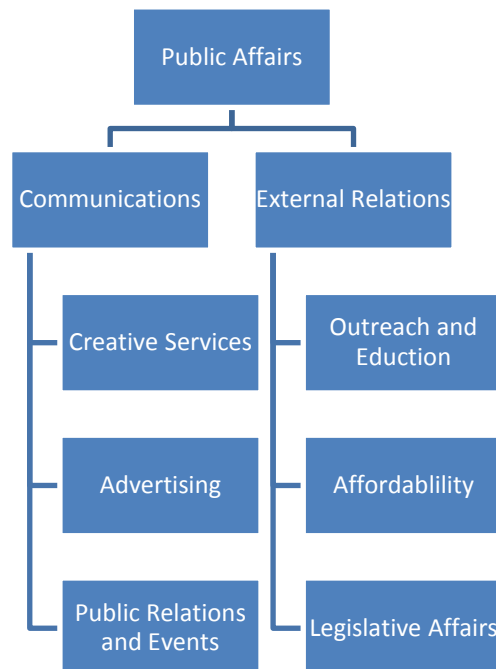


PUBLIC AFFAIRS

The Public Affairs Group engages in proactive strategic outreach and partnerships to inform and involve SAWS customers and stakeholders, driving the image and success of the organization.

This is accomplished through:

- **Communications** – Encompasses mass communications efforts.
 - **Creative Services** – This department handles internal and external publications, including newsletters, brochure development, Internet, intranet, marketing brochures, audio/video presentation support, video production, etc.
 - **Public Relations** – Encompasses media relations for accuracy in news coverage concerning SAWS and advertising for building and maintaining awareness of corporate programs, projects and image.
- **External Relations** – Covers all targeted community outreach efforts such as community relations with neighborhood leaders; inter-governmental relations in San Antonio, neighboring counties, Austin and Washington, D.C. with elected officials and agencies; and youth education in developing tomorrow's informed water consumers.



PUBLIC AFFAIRS (CONTINUED)

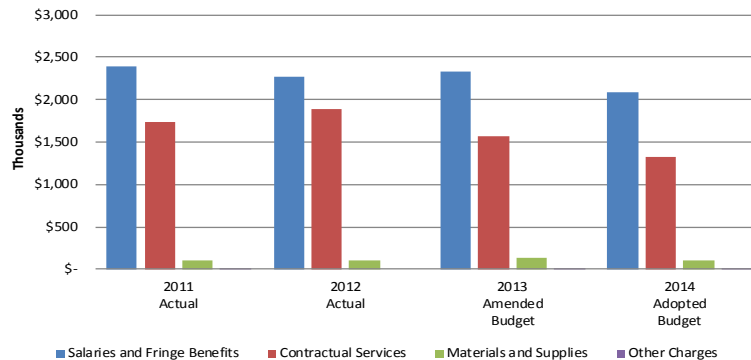
(\$ in thousands)

EXPENDITURES BY TYPE	2011 Actual	2012 Actual	2013 Amended Budget	2014 Adopted Budget
O&M Before Capitalized Cost				
Salaries and Fringe Benefits	\$ 2,399	\$ 2,264	\$ 2,324	\$ 2,087
Contractual Services	1,737	1,891	1,568	1,324
Materials and Supplies	104	104	130	105
Other Charges	5	-	3	4
Total O&M Before Capitalized Cost	4,245	4,259	4,026	3,520
Capitalized Cost	(791)	(776)	(792)	(603)
Intercenter Transfers	-	-	-	-
Net Change in Equity Total	\$ 3,455	\$ 3,483	\$ 3,234	\$ 2,916
Capital Outlay	\$ -	\$ -	\$ -	\$ -

EXPENDITURES BY DEPARTMENT	2011 Actual	2012 Actual	2013 Amended Budget	2014 Adopted Budget
Communications	\$ 1,708	\$ 1,841	\$ 1,517	\$ 1,289
Communications Administration	365	332	376	312
External Relations	2,173	2,086	2,133	1,919
O&M Before Capitalized Cost Total	4,245	4,259	4,026	3,520
Capitalized Cost	(791)	(776)	(792)	(603)
Intercenter Transfers	-	-	-	-
Net Change in Equity Total	\$ 3,455	\$ 3,483	\$ 3,234	\$ 2,916

FULL-TIME EQUIVALENTS	2011 Adopted Budget	2012 Adopted Budget	2013 Amended Budget	2014 Adopted Budget
Communications Administration	4.0	3.0	3.0	2.1
Communications	12.0	13.0	13.0	10.7
External Relations	15.5	15.5	15.5	11.7
Total FULL-TIME EQUIVALENTS	31.5	31.5	31.5	24.6

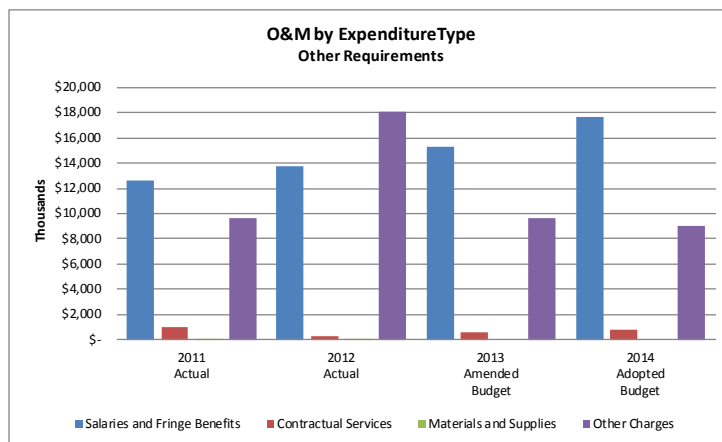
O&M by ExpenditureType
Public Affairs



OTHER REQUIREMENTS

Other Requirements has been established to account for the maintenance and operational expenses that impact the overall organization and are difficult to associate with specific departments. These expenses affect all departments across the organization and are accumulated within this department to facilitate the budgeting and accounting process

EXPENDITURES BY TYPE	2011 Actual	2012 Actual	2013 Amended Budget	2014 Adopted Budget
O&M Before Capitalized Cost				
Salaries and Fringe Benefits	\$ 12,573	\$ 13,784	\$ 15,295	\$ 17,659
Contractual Services	987	263	569	766
Materials and Supplies	92	9	-	-
Other Charges	9,648	18,047	9,605	9,046
Total O&M Before Capitalized Cost	23,301	32,103	25,469	27,471
Capitalized Cost	(2,875)	(4,211)	(2,925)	(2,880)
Intercenter Transfers	-	-	-	-
Net Change in Equity Total	\$ 20,426	\$ 27,893	\$ 22,545	\$ 24,590
Capital Outlay	\$ -	\$ -	\$ -	\$ -



AUTHORIZED POSITIONS

The 2014 Budget includes funding for 1,665.3 full-time equivalent (FTE) positions. This represents a reduction of 100.8 authorized FTE positions from the 1,766.1 FTE positions budgeted in 2013. The reduction in FTE positions for 2014 reflects the results of the comprehensive in-house review of operations undertaken by SAWS in 2013 to find efficiencies and to reduce costs. The reduction in positions was accomplished by eliminating vacant positions as well as offering a retirement incentive to eligible employees.

The below table shows the distribution of funded FTE positions within each SAWS organizational unit authorized in each budget year from 2011 through 2014. Periodically, FTE positions and resources are reallocated among different areas of the organization in order to better meet changing needs. In such instances, where possible, prior year authorized FTE position levels have been restated as reflected in the below table in order to be consistent with the current year organizational structure.

	2011 Adopted Budget	2012 Adopted Budget	2013 Amended Budget	2014 Adopted Budget
Board of Trustees and President/CEO	13.0	13.0	13.0	12.6
Engineering and Construction	209.5	208.5	214.5	180.9
Water Resources and Conservation	137.5	140.5	140.6	134.2
Operations	155.0	156.0	151.0	141.6
Distribution and Collection	443.0	438.0	437.5	425.3
Production and Treatment	302.0	299.0	301.5	275.6
Sewer System Improvements	16.0	16.0	38.0	29.0
Financial Services	67.5	65.5	64.0	58.3
Information Systems	62.0	61.0	61.0	58.0
Customer Service	217.0	220.0	220.0	244.7
Legal	36.5	38.5	41.5	37.6
Human Resources	51.5	52.0	52.0	42.9
Public Affairs	31.5	31.5	31.5	24.6
Total Budgeted Full-Time Equivalents	1,742.0	1,739.5	1,766.1	1,665.3

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CAPITAL IMPROVEMENT PROGRAM

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CAPITAL IMPROVEMENT PROGRAM

The Capital Improvement Program (CIP) is a planning and budgeting tool that provides information about SAWS' infrastructure needs. It identifies requirements for sustaining, restoring and modernizing the facilities and infrastructure that support water supply and delivery, wastewater collection and treatment, and heating and cooling requirements in the SAWS service area. It also prioritizes and schedules the projects for funding and implementation through a multi-year plan.

The CIP supports four core business areas: Heating and Cooling, Water Delivery, Wastewater and Water Resources. The proposed 2014 program totals \$391.2 million.

Core Business	Approximate Funding
Water Supply	\$ 160,690,984
Water Delivery	87,554,342
Wastewater	140,117,473
Heating and Cooling	2,837,500
Total	\$ 391,200,299

The 2014 program was developed using a refined prioritization process started in 2006. Projects generated by the SAWS CIP stakeholder groups were reviewed and scored by a CIP Planning Group consisting of vice presidents, directors and managers. The scoring process resulted in a risk assessment that prioritized necessary projects for each core business. In addition to the risk assessment scoring, the prioritization of projects also give consideration to other factors including:

- project coordination,
- savings to the annual Operations and Maintenance budget,
- improved customer service,
- regulatory mandates,
- criticality,
- priority in relation to other projects, and
- availability of funds

The proposed CIP projects were totaled by dollar amount, compared to the long term funding strategy, and final selections were made by SAWS' Executive Management Team and approved by SAWS' Board of Trustees.

A special emphasis in the 2014 CIP is an expanded Sanitary Sewer Improvements program. This program is designed to reduce sanitary sewer overflows through visual inspection, cleaning, and repairing or replacing aging and defective sewer mains. The program will increase capacity in certain outfalls and fix or eliminate lift stations that could contribute to sanitary sewer overflows. \$71.9 million of the 2014 wastewater program is budgeted specifically for the Sanitary Sewer Improvements Program. This program will adhere to the requirements of the Environmental Protection Agency's Consent Decree.

Another critical project for the 2014 program is Phase 1 of the Water Resources Integration Pipeline and Pump Stations project. This project that was identified in the 2012 Water Management Plan, and will have the capacity to transport 50 million gallons per day of new water supplies being developed at Twin Oaks (Brackish Groundwater Desalination Facility, Local Carrizo, Expanded Carrizo, and stored Edwards Aquifer water) to the SAWS distribution system.

The 2014 CIP includes SAWS highest priority capital projects.

SIGNIFICANT NON-ROUTINE CAPITAL EXPENDITURES

The majority of SAWS' CIP projects provide for routine, ongoing expenditures for major repair or replacement of infrastructure. Projects that are typically "one time" in nature and involve the construction or expansion of new facilities or infrastructure, extensive renovation of existing facilities, or the acquisition of new technology which will enhance service delivery could be considered significant non-routine capital expenditures. The 2014 CIP includes two projects, which are considered significant and non-routine, and account for \$ 157.1 million or 40.1% of the 2013 CIP. The projects are listed as follows:

- **Integration: Water Transmission Line and Pump Stations Phase 1** - This project, identified in the 2012 Water Management Plan, is required to transport new and existing supplies from southern Bexar County into San Antonio. This pipeline will be utilized to distribute water from the desalination plant, local Carrizo Aquifer Project, and Expanded Carrizo Project to high growth areas in western San Antonio. Construction of Phase 1 will allow delivery of 50 million gallons of water per day. Additional phases of the project are necessary to reach Anderson Pump Station in order to fully integrate the three phases of Brackish Groundwater Desalination and the Expanded Carrizo. The 2014 budget for this project is \$143.6 million.
- **Service Center Facility Plan Project** – SAWS will construct two new facilities which will facilitate an overall realignment of all SAWS' field crews to a level distribution throughout Bexar County. This project will address the addition of the former Bexar Metropolitan Water District (DSP) service area and improve response time to sanitary sewer overflows over the Edwards Aquifer Recharge Zone. The 2014 project cost of \$13.4 million will fund construction. Future construction phases are planned in 2016-2017 at an estimated cost of \$33.5 million

2014 CAPITAL IMPROVEMENT PROGRAM SUMMARY BY CORE BUSINESS

WASTEWATER

San Antonio Water System 2014 Capital Improvement Program		
Project Title	Cost Element	Programmed Amount
WASTEWATER CORE BUSINESS		
Collection Facilities		
Lift Station Elimination of LS 199 & LS 2000	Construction	\$ 1,701,450
McAllister Park Odor Control Station Relocation	Design	22,686
		<u>1,724,136</u>
Corporate		
ERSS Report Development	Acquisition	446,461
General Legal Expenses - Wastewater	Acquisition	353,334
Service Center Facility Project Plan - Wastewater	Construction	6,658,341
		<u>7,458,136</u>
Governmental Sewer		
Governmental Sewer Projects	Construction	15,138,813
		<u>15,138,813</u>
Main Replacements - Sewer		
Annual Survey Sewer 2014	Design	113,430
C-13 Broadway Corridor Phase 2: Josephine St. to S. Alamo St.	Construction	9,641,550
C-33 Olmos Basin Project Phase 3	Construction	13,611,600
Construction Management Services - Wastewater	Construction	794,010
Data Management for Sewer System Improvements	Acquisition	567,150
Main Replacements - Sewer - SAWS Crews	Construction	5,558,070
San Antonio River Outfall Pipeline Rehabilitation Phase 2	Construction	11,796,720
Sewer Laterals 2014	Construction	4,111,837
Small and Large Diameter Sewer Main Replacements	Construction	29,888,805
Unspecified Services Engineering Contract Sewer	Design	4,537,200
W-6: Western Watershed Sewer Relief Line - Project 3	Construction	6,465,510
		<u>87,085,882</u>
Mains - New		
Cibolo Creek Sewershed Flow Diversion Project	Construction	8,098,902
Sewer Main Oversizing	Construction	567,150
W-31 IH-10: Boerne Stage to Old Fredericksburg	Acquisition/Design	5,217,780
		<u>13,883,832</u>
Treatment		
Dos Rios Non-Potable Water System Upgrades	Construction	850,725
Dos Rios WRC Biosolids Minimization and Dewatering System Improvements	Design	2,835,750
Dos Rios WRC Electrical System Improvements - Phase 1	Design	1,247,730
Leon Creek WRC Rehabilitation and Process Improvements	Construction	6,352,080
Salado Creek Headworks Improvements	Construction	3,540,389
		<u>14,826,674</u>
TOTAL WASTEWATER		\$ 140,117,473

WATER DELIVERY

San Antonio Water System 2014 Capital Improvement Program		
<i>Project Title</i>	<i>Cost Element</i>	<i>Programmed Amount</i>
WATER DELIVERY CORE BUSINESS		
Corporate		
ERSS Report Development	Acquisition	\$ 454,529
General Legal Expenses - Water Delivery	Acquisition	240,776
Service Center Facility Project Plan - Water Delivery	Construction	<u>6,778,676</u>
		7,473,981
Governmental Water		
Governmental Water Projects	Construction	<u>27,892,911</u>
		27,892,911
Main Replacements Water		
Annual Survey Water 2014	Design	115,480
Construction Management Services - Water Delivery	Construction	346,440
Meter Replacements	Construction	3,996,763
Open Cut Water Contract	Construction	1,732,200
Replace 12" Water Main on Pleasanton Road at Medina River	Construction	288,700
Unspecified Services Engineering Contract Water	Design	1,154,800
Valves, Services and Meters	Construction	<u>5,265,888</u>
		12,900,271
Mains - New		
Micron 48-inch Water Main Extension to Anderson Tank	Acquisition	173,220
Port San Antonio and Lackland AFB Water Main Improvements	Construction	4,362,274
PortSA 16-inch Water Main	Construction	2,156,012
Water Main Oversizing 2014	Construction	<u>2,309,600</u>
		9,001,106
Production		
Artesia Wells Phase 1	Design	92,383
Borgfeld Storage Tank and Pump Station Improvements	Acquisition	238,178
Broadband Access Points & Programmable Logic Controllers Replacement - Phase 1	Construction	6,276,338
Evans Pump Station Improvements	Construction	2,771,520
Southeast Tank and Pump Station Improvements - SAWS Portion	Construction	4,480,624
University Pump Station Improvements	Construction	5,312,080
Water Production Facilities Disinfection System Upgrades Phase 1	Construction	10,393,200
WECO Disinfection System - SAWS Portion	Construction	<u>721,750</u>
		30,286,073
TOTAL WATER DELIVERY		\$ 87,554,342

WATER SUPPLY

San Antonio Water System 2014 Capital Improvement Program		
<i>Project Title</i>	<i>Cost Element</i>	<i>Programmed Amount</i>
WATER SUPPLY CORE BUSINESS		
Corporate		
General Legal Expenses - Water Supply	Acquisition	\$ 918,928
		918,928
Edwards Aquifer		
Edwards Aquifer Acquisitions Groundwater Rights Purchase	Acquisition	10,981,750
		10,981,750
Recycled Water		
36-inch Recycled Water Main Adjustment at Military Dr. and Loop 410	Construction	1,519,870
Brooks Recycled Water Pump Station Upgrade	Construction	759,935
Recycled Water Customer Lines	Construction	1,381,700
		3,661,505
Water Resources		
Expanded Carrizo Design Phase 1	Design	1,500,528
	Design/	
Integration: Water Transmission Line and Pump Stations Phase 1	Construction	143,628,273
		145,128,801
TOTAL WATER SUPPLY		\$ 160,690,984

HEATING AND COOLING

**San Antonio Water System
2014 Capital Improvement Program**

<i>Project Title</i>	<i>Cost Element</i>	<i>Programmed Amount</i>
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HEATING & COOLING CORE BUSINESS

Heating & Cooling

Commerce St. Chilled Water Radio Control System Improvements	Design	\$205,000
Heating & Cooling Chilled Water Meter Upgrades	Construction	\$687,500
Heating & Cooling Chiller 6 and 7 Replacement	Construction	\$1,632,500
Parking Lot Reconfiguration at the Market St. Heating & Cooling Plant	Construction	\$312,500
		\$2,837,500

TOTAL HEATING & COOLING **\$2,837,500**

CIP PROJECT DATA

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2014 CAPITAL IMPROVEMENTS PROGRAM
Project Data Sheet

Wastewater

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2014 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Lift Station Elimination of LS 199 & LS 200

Programmed Amount: \$1,701,450

Core Business: Wastewater

Category: Collection Facilities

Phase: Construction

Council District OCL



Description and Scope:

This project will construct a gravity sewer main along Cagnon Rd., which will allow SAWS to eliminate two lift stations. The lift stations are a frequent source of sanitary sewer overflows, and are expensive to operate and maintain. SAWS is evaluating all of its lift stations to identify lift stations which can be eliminated or are in need of rehabilitation. The design for this project is funded with an unspecified design contract.

Justification:

Eliminating these lift stations will reduce operating and maintenance costs, and avoid potential environmental hazards from sewer overflows.

FAILURE ANALYSIS AND RISK RATINGS

Failure Mode:		Failure Impact:		Failure Root Cause:	
Inadequate Capacity		SSO		Undersized Equipment	
Impact Severity	Likelihood of Occurrence	Risk Mitigation	Risk Exposure		
9	9	8	648		

FUNDING INFORMATION

	Land Year:	Design Year:	Construction Year
Amounts shown are estimated costs without SAWS overhead.		2013	2014
		\$150,000	\$1,500,000



2014 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: McAllister Park Odor Control Station Relocation

Programmed Amount: \$22,686

Core Business: Wastewater

Category: Collection Facilities

Phase: Design

Council District 9



Description and Scope:

Design of a new odor control injection station to relocate the temporary station at McAllister Park. SAWS has been paying a high monthly rental fee for the trailer that the chemical tank and pumps are sitting on at this park. In addition, the City does not want to accommodate this site; the original agreement between SAWS and the City was that this site was to be temporary until a more suitable, permanent site was determined by SAWS. Ferrous sulfate will be injected to the sewer lines from these injection sites to prevent unwanted odors due to hydrogen sulfide. This minimizes gas in the sewer lines and reduces corrosion of the pipes. Construction is planned for 2015.

Justification:

SAWS is currently paying \$1500 a month for the temporary site at McAllister Park. The relocation to the new site near the park will cost less than \$200,000, so this project will pay for itself in a little over ten years.

FAILURE ANALYSIS AND RISK RATINGS

Failure Mode:

Inadequate Facilities

Failure Impact:

Customer Dissatisfaction

Failure Root Cause:

Conflict with City or State

Impact Severity

9

Likelihood of Occurrence

9

Risk Mitigation

9

Risk Exposure

729

FUNDING INFORMATION

Land Year:

Design Year:

Construction Year

Amounts shown are estimated costs without SAWS overhead.

2014

2015

\$20,000

\$175,000



2014 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: ERSS Report Development

Programmed Amount: \$446,460

Core Business: Wastewater

Category: Corporate WW

Phase: Acquisition

Council District: System Wide



Description and Scope:

SAWS must complete the required reports and the reporting self-service and business intelligence dashboards to complete the full suite of Customer Information System reporting requirements.

ERSS has implemented the mechanics for reporting via a data warehouse and related data marts. Current funding available for ERSS will provide for developing report cubes and the static reports needed for go-live of the initial implementation of the Customer Information System.

Justification:

This project is required to complete the development of reports and business intelligence dashboards from the ERSS system.

FAILURE ANALYSIS AND RISK RATINGS

Failure Mode:		Failure Impact:	Failure Root Cause:	
Impact Severity	Likelihood of Occurrence	Risk Mitigation	Risk Exposure	

<u>FUNDING INFORMATION</u>	Acquisition Year:	Design Year:	Construction Year
Amounts shown are estimated costs without SAWS overhead.	2014		
	\$393,600		



2014 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: General Legal Expenses - WW

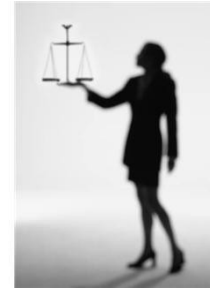
Programmed Amount: \$353,334

Core Business: Wastewater

Category: Corporate WW

Phase: Acquisition

Council District System Wide



Description and Scope:

SAWS must pay legal expenses for critical SAWS projects including the EPA Consent Decree, the Southwest Bexar Sewer Pipeline, and other necessary projects that require specialized external legal support. Success in implementing these projects is critical to SAWS mission.

Justification:

Specialized legal support is required for critical projects. External legal support is sought only when there is insufficient internal legal staff to support the effort, or specialized legal expertise is required.

FAILURE ANALYSIS AND RISK RATINGS

Failure Mode:		Failure Impact:	Failure Root Cause:	
Impact Severity	Likelihood of Occurrence	Risk Mitigation	Risk Exposure	

<u>FUNDING INFORMATION</u>	Acquisition Year:	Design Year:	Construction Year
Amounts shown are estimated costs without SAWS overhead.	2014		
	\$311,500		



2014 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Service Center Facility Project Plan - WW Share

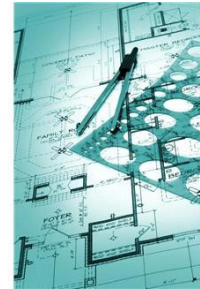
Programmed Amount: \$6,658,341

Core Business: Wastewater

Category: Corporate WW

Phase: Construction

Council District System Wide



Description and Scope:

SAWS will construct two new facilities which will allow a portion of the SAWS' field crews to relocate and will result in overall realignment of all SAWS' crews to a level distribution throughout Bexar County. The new facilities are at the West Side Operations Center and the North Side Operations Center.

The project will address the addition of the former Bexar Metropolitan Water District (DSP) service area and improve response time to SSOs over the EARZ. This will result in reducing the amount of drive time for crews across the city, resulting in more efficient response to emergency and customer calls.

Total remaining costs are \$33.5 million. Future construction phases are in 2016-17.

Justification:

This project is important to reduce driving time and fleet, fuel, and staff expenses. It will relocate maintenance crews and a fuel site away from a major water pumping facility, relieve overcrowding and wear and tear on current facilities, and improve safety conditions.

FAILURE ANALYSIS AND RISK RATINGS

Failure Mode:		Failure Impact:	Failure Root Cause:	
Impact Severity	Likelihood of Occurrence	Risk Mitigation	Risk Exposure	

<u>FUNDING INFORMATION</u>	Land Year:	Design Year:	Construction Year
Amounts shown are estimated costs without SAWS overhead.	2014		2014
			\$5,870,000



2014 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Governmental Sewer Projects

Programmed Amount: \$15,138,812

Core Business: Wastewater

Category: Governmental Sewer

Phase: Construction

Council District System Wide



Description and Scope:

The governmental program consists of projects implemented in conjunction with other government agencies infrastructure work. Through this program, SAWS will: Replace \$10,805,755 of sewer collection system infrastructure in poor condition; Adjust \$3,524,816 of sewer collection system whose existing alignment conflicts with proposed new street alignment; and Install \$453,720 of needed new sewer mains to provide additional capacity. SAWS will also reimburse the City for \$354,522 of environmental work related to the City Bond program.

The breakout by agency is:

CIMS/TxDOT: \$6,324,182

City Public Works: \$6,011,790

Bexar County: \$2,448,320

Reimbursement to COSA for environmental review City bond projects: \$354,522

SAWS participates in the Utility Coordination Council, and jointly plans and reviews infrastructure improvements with COSA, Bexar County, CPS, TXDOT, AT&T, and other agencies, to maximize effectiveness of public infrastructure.

Justification:

Replacing and/or adjusting aging infrastructure in conjunction with other agencies planned street work is the most cost effective approach to infrastructure management. It minimizes the cost of construction and minimizes the potential of utility failure under a new street.

FAILURE ANALYSIS AND RISK RATINGS

Failure Mode:	Failure Impact:	Failure Root Cause:	
Service Interruption	Excessive Downtime	Conflict with City or State	
Impact Severity	Likelihood of Occurrence	Risk Mitigation	Risk Exposure
9	9	10	810

FUNDING INFORMATION

Amounts shown are estimated costs without SAWS overhead.

Land Year:

Design Year:

Construction Year

2014

\$13,346,392



2014 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Annual Survey Sewer 2014

Programmed Amount: \$113,430

Core Business: Wastewater

Category: Main Replacement - Sewer

Phase: Design

Council District System Wide



Description and Scope:

Provide contract surveying services for projects that are designed "in house". Small scope projects and some emergency projects are designed by SAWS engineers. In house design of small scope projects is very cost effective, however SAWS does not have surveyors on staff. Projects designed in house include sewer and water rehabilitations and small main extensions to single customers who don't have service.

Justification:

Contract surveying supports in house design of small projects and emergencies, including sewer and water replacement projects.

FAILURE ANALYSIS AND RISK RATINGS

Failure Mode:	Failure Impact:	Failure Root Cause:	
Inadequate Facilities	Customer Dissatisfaction	Other/Deterioration	
Impact Severity	Likelihood of Occurrence	Risk Mitigation	Risk Exposure
9	9	9	729

FUNDING INFORMATION

Land Year:	Design Year:	Construction Year
Amounts shown are estimated costs without SAWS overhead.	2014	
	\$100,000	



2014 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: C-13 Broadway Corridor Phase 2: Josephine St. to South Alamo St.

Programmed Amount: \$9,641,550

Core Business: Wastewater

Category: Main Replacement - Sewer

Phase: Construction Phase

Council District 1



Description and Scope:

Replace four miles of 18-inch to 60-inch sewer main in downtown San Antonio. Televising and visual inspection of this large diameter outfall indicated that it is in poor condition. The EPA consent decree requires that mains in poor condition be rehabilitated. Flow measurements and modeling indicate that portions of this main lack adequate capacity. The main, which extends from the Olmos Basin southward through Incarnate Word and Brackenridge Park to Josephine St., carries 16 million gallons of sewage daily with a wet weather peak flow of 55 million gallons, serving the Central Sewershed north of Olmos Basin.

The project will be constructed in 3 phases. Phase 1, scheduled for award in November 2013, involves rehabilitation of the North Alamo Line. Phase 2 (2014) involves the rehabilitation of the Broadway Line. Phase 3 (2015) will install a segment on North Alamo to provide additional capacity. The total estimated cost of the project, including design, is \$25.8 million.

Justification:

Replacement of this undersized and deteriorated sewer main is critical to maintain service and is required by the EPA Consent Decree. All phases of the project must be complete by July 23, 2019.

FAILURE ANALYSIS AND RISK RATINGS

Failure Mode:		Failure Impact:	Failure Root Cause:	
Inadequate Capacity		SSO	Age/Deterioration	
Impact Severity	Likelihood of Occurrence	Risk Mitigation	Risk Exposure	
10	10	10	1000	

<u>FUNDING INFORMATION</u>	Land Year:	Design Year:	Construction Year
Amounts shown are estimated costs without SAWS overhead.		2011	2014
		\$2,600,000	\$8,500,000



2014 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: C-33 Olmos Basin Project Phase 3

Programmed Amount: \$13,611,600

Core Business: Wastewater

Category: Main Replacement - Sewer

Phase: Construction Phase

Council District 9



Description and Scope:

Phase 3 of a project that replaces and rehabilitates about nine miles of 10-inch to 60-inch sewer main north of downtown San Antonio from the Olmos Basin to Josephine St. Televising and visual inspection of these mains indicated that segments of the main are in poor condition. The EPA consent decree requires that the mains in poor condition be rehabilitated. Flow measurements and modeling indicate that portions of this main lack adequate capacity. The main, which extends from the Olmos Basin southward through Incarnate Word and Brackenridge Park to Josephine St., carries 16 million gallons of sewage daily with a wet weather peak flow of 55 millions of gallons, serving the Central Sewershed north of Olmos Basin.

The project will be constructed in 4 phases. Phase 1 involves the installation of a parallel 54-inch and 66-inch sewer main along Avenue B from the Witte Museum to Josephine St. Phase 1 started construction in 2012 and is expected to be complete by May 2014. Phase 2 will be awarded in 2013 and will rehabilitate an existing 48-inch sewer main within the Olmos Basin and install a parallel 54-inch sewer main for additional capacity. Phase 3 (2014) will rehabilitate an existing 54-inch main within the University of Incarnate Word and install a parallel line for additional capacity (pipe size to be determined). Phase 4 (2015 if needed) increases pipe capacity from University of Incarnate Word to the City of Alamo Heights. Recalibration of the SAWS Central Sewershed model will determine whether Phase 4 is needed or not. The total estimated cost of the project, including design and construction underway, is \$38 million.

Justification:

Replacement of this undersized and deteriorated sewer main is critical to maintain service and is required by the EPA Consent Decree. All phases of the project must be complete by July 23, 2019.

FAILURE ANALYSIS AND RISK RATINGS

Failure Mode:	Failure Impact:	Failure Root Cause:	
Line Collapse	SSO	Age/Deterioration	
Impact Severity	Likelihood of Occurrence	Risk Mitigation	Risk Exposure
10	10	10	1000

FUNDING INFORMATION

Land Year:	Design Year:	Construction Year
Amounts shown are estimated costs without SAWS overhead.	2009	2014
	\$1,200,000	\$12,000,000



2014 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Construction Management Services - Wastewater

Programmed Amount: \$794,010

Core Business: Wastewater

Category: Main Replacement - Sewer

Phase: Construction

Council District System Wide



Description and Scope:

SAWS requires construction management services to inspect and manage numerous ongoing construction projects to ensure that each project meets SAWS rigorous standards and specifications for health, safety, environmental and regulatory compliance. SAWS also requires inspection of projects to ensure the reliability of the project, testing to be performed in accordance with State requirements and regulations, and to ensure proper water quality requirements for all of our rate payers for a clean reliable water source. This program will provide the extra construction contractual services to meet the inspection demands.

Justification:

These services will ensure that each project is constructed to standard and does not risk public health, safety, or environmental violations.

FAILURE ANALYSIS AND RISK RATINGS

Failure Mode:	Failure Impact:	Failure Root Cause:	
Unsustainable Process	Public Health Impact	Conflict with City or State	
Impact Severity	Likelihood of Occurrence	Risk Mitigation	Risk Exposure
10	10	10	1000

FUNDING INFORMATION

Land Year:	Design Year:	Construction Year
		2014
Amounts shown are estimated costs without SAWS overhead.		\$700,000



2014 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Data Management for Sewer System Improvements

Programmed Amount: \$567,150

Core Business: Wastewater

Category: Main Replacement - Sewer

Phase: Acquisition

Council District System Wide



Description and Scope:

Development of Data Management/Data Warehouse for SSO Reduction Program. This project will allow all data related to the SSO Reduction Program and the Consent Decree to be managed in one central location reducing the chance of errors being made. Without centralized Data Management the risk of noncompliance is increased significantly when producing reports and during audits by the Regulators because the data may not be repeatable if it is not held in one central location and managed holistically.

Justification:

Failure to submit timely and complete deliverables or failure to comply with Reporting Requirements in the CD can result in fines from \$350 to \$2,500 per day of violation.

FAILURE ANALYSIS AND RISK RATINGS

Failure Mode:		Failure Impact:	Failure Root Cause:	
Line Collapse		SSO	Age/Deterioration	
Impact Severity	Likelihood of Occurrence	Risk Mitigation	Risk Exposure	
10	10	10	1000	

FUNDING INFORMATION

Amounts shown are estimated costs without SAWS overhead.

Acquisition Year:

2014
\$500,000

Design Year:

Construction Year



2014 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Main Replacements - Sewer - SAWS Crews

Programmed Amount: \$5,558,070

Core Business: Wastewater

Category: Main Replacement - Sewer

Phase: Construction

Council District System Wide



Description and Scope:

Replacement of sewer mains by SAWS crews. When failures in the sewer system are encountered, SAWS crews determine the best method to restore service. When portions of the system must be replaced, the project is evaluated to determine if SAWS crews or contractors will be the most effective or efficient means to complete the replacement.

Justification:

The replacement work is necessary to restore service and is required by law.

FAILURE ANALYSIS AND RISK RATINGS

Failure Mode:		Failure Impact:		Failure Root Cause:	
Repeated Line Breaks		SSO		Age/Deterioration	
Impact Severity	Likelihood of Occurrence	Risk Mitigation	Risk Exposure		
10	10	10	1000		

FUNDING INFORMATION

Amounts shown are estimated costs without SAWS overhead.

Land Year:

Design Year:

Construction Year

2014

\$4,900,000



2014 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: San Antonio River Outfall Pipeline Rehabilitation Phase 2

Programmed Amount: \$11,796,720

Core Business: Wastewater

Category: Main Replacement - Sewer

Phase: Construction Phase

Council District 3, OCL



Description and Scope:

Replace or rehabilitate approximately 3 miles of old deteriorating sewer main from Engleman Oak subdivision to the intersection of Henderson Court and Old Corpus Christi Road. This segment of pipe has been televised and determined to be in poor condition. The design of this project is underway, and options to replace or rehab this section of the outfall are being evaluated.

Phase I, which consisted of replacement of 7,700 feet of pipe, is scheduled for construction in 2013 at a cost of \$7.4 million dollars. The entire project is estimated to cost \$22 million. An emergency replacement of 5,000 feet of pipe along this outfall was completed in 2012.

This project is required by the EPA Consent Decree, Appendix F, Early Action Program Phase 1. All phases of the project must be complete by July 23, 2018.

Justification:

This outfall is an important part of the sewage transportation network; approximately 3 million gallons of sewage flow thru this outfall daily. The deteriorating line must be replaced to prevent sanitary sewer overflows and to insure continued service.

FAILURE ANALYSIS AND RISK RATINGS

Failure Mode:		Failure Impact:	Failure Root Cause:	
Line Collapse		SSO	Age/Deterioration	
Impact Severity	Likelihood of Occurrence	Risk Mitigation	Risk Exposure	
10	10	10	1000	

<u>FUNDING INFORMATION</u>	Land Year:	Design Year:	Construction Year
Amounts shown are estimated costs without SAWS overhead.		2011	2014
		\$1,000,000	\$10,400,000



2014 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Sewer Laterals 2014

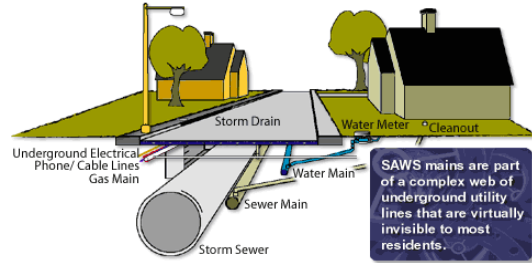
Programmed Amount: \$4,111,838

Core Business: Wastewater

Category: Main Replacement - Sewer

Phase: Construction

Council District System Wide



Description and Scope:

Replace deteriorated customer sewer laterals. Each year SAWS crews replace customer laterals (the section of pipe from the main in the street to a customer's property line) when televising or reported problems indicate the lateral has become unserviceable.

In 1999 City Council directed SAWS to assume ownership and maintenance of sewer laterals, which had previously been the responsibility of property owners.

Justification:

Replacement of sewer laterals is necessary to restore service and reduces inflow and infiltration, which reduces sewer overflows.

FAILURE ANALYSIS AND RISK RATINGS

Failure Mode:		Failure Impact:	Failure Root Cause:	
Line Collapse		SSO	Age/Deterioration	
Impact Severity	Likelihood of Occurrence	Risk Mitigation	Risk Exposure	
8	8	10	640	

<u>FUNDING INFORMATION</u>	Land Year:	Design Year:	Construction Year
Amounts shown are estimated costs without SAWS overhead.			2014
			\$3,625,000



2014 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Small and Large Diameter Sewer Main Replacements

Programmed Amount: \$29,888,805

Core Business: Wastewater

Category: Main Replacement - Sewer

Phase: Construction

Council District System Wide



Description and Scope:

Rehabilitate sewer mains that have been identified by televised inspection to be in very poor condition. This project will fund the rehabilitation of approximately 40 miles of small and 5 miles of large diameter sewer mains. Areas identified for rehabilitation are evaluated to determine the most cost effective method (conventional open trench replacement, cured in place pipe, or pipe bursting) of rehabilitation. This project is part of the EPA Consent Decree Early Action Program. The program requires SAWS to rehabilitate 75 miles of sewer main in poor condition and also includes manhole rehabilitation that will be performed under this project.

Each year, SAWS is required to inspect high risk pipes to evaluate condition and to take necessary action to prevent sewer overflows.

Justification:

Rehabilitation of the sewer system is required by the EPA Consent Decree, Appendix F, Phase 1 Early Action Program. All phases of the project must be complete by July 23, 2018.

FAILURE ANALYSIS AND RISK RATINGS

Failure Mode:		Failure Impact:	Failure Root Cause:	
Line Collapse		SSO	Age/Deterioration	
Impact Severity	Likelihood of Occurrence	Risk Mitigation	Risk Exposure	
10	10	10	1000	

FUNDING INFORMATION

Amounts shown are estimated costs without SAWS overhead.

Land Year:

Design Year:

Construction Year

2014

\$26,350,000



2014 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Unspecified Services Engineering Contract Sewer

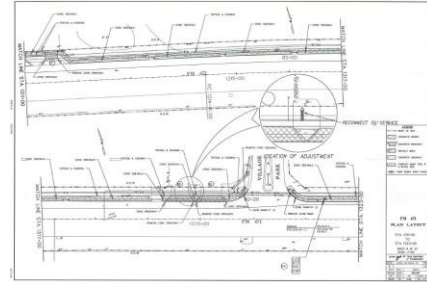
Programmed Amount: \$4,537,200

Core Business: Wastewater

Category: Main Replacement - Sewer

Phase: Design

Council District System Wide



Description and Scope:

This annual project will fund design services to repair/replace sewer mains that have experienced cave-ins and overflows. These projects vary in size and location and may require the solicitation of contractor construction services on an urgent basis. These projects will be constructed on an emergency basis to correct unsanitary and potentially hazardous conditions that pose a threat to public health and safety.

Justification:

Design of replacement/repair mains is necessary to restore and maintain wastewater service.

FAILURE ANALYSIS AND RISK RATINGS

Failure Mode:		Failure Impact:	Failure Root Cause:	
Inadequate Facilities		Customer Dissatisfaction	Other/Deterioration	
Impact Severity	Likelihood of Occurrence	Risk Mitigation	Risk Exposure	
10	10	10	1000	

FUNDING INFORMATION

	Land Year:	Design Year:	Construction Year
Amounts shown are estimated costs without SAWS overhead.		2014	
		\$4,000,000	



2014 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: W-6: Western Watershed Sewer Relief Line – Project 3

Programmed Amount: \$6,465,510

Core Business: Wastewater

Category: Main Replacement - Sewer

Phase: Construction Phase

Council District 4



Description and Scope:

This project will replace one-half mile of large sewer line between Quintana Road and SW Military Drive. The sewer line carries 55 million gallons per day and is undersized and in poor condition. The line will be increased in size from 54 inches to 90 inches to handle peak storm events and to accommodate growth in the upper watershed. Several collapses have already occurred on or upstream of this sewer line costing almost \$10 million. Two segments of this project are already under construction. Segments 4 and 5 will be awarded in 2015, and segment 6 will be awarded in 2016. These segments will pass through Lackland AFB.

The total remaining project cost is \$67.2 million. All segments of the project must be complete by July 23, 2018 to comply with the EPA Consent Decree.

Justification:

The outfalls within this project are in poor condition due to deterioration and lack sufficient capacity to handle future sewer flows due to growth and during peak storm events. Main breaks have already occurred on this sewer line.

FAILURE ANALYSIS AND RISK RATINGS

Failure Mode:		Failure Impact:	Failure Root Cause:	
Inadequate Capacity		Line Surcharge	Undersized Lines	
Impact Severity	Likelihood of Occurrence	Risk Mitigation	Risk Exposure	
10	10	10	1000	

<u>FUNDING INFORMATION</u>	Land Year:	Design Year:	Construction Year
Amounts shown are estimated costs without SAWS overhead.	2011	2010	2014
	\$3,500,000	\$2,000,000	\$5,700,000



2014 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: W-6: Western Watershed Sewer Relief Line – Project 4

Programmed Amount: \$6,465,510

Core Business: Wastewater

Category: Main Replacement - Sewer

Phase: Construction Phase

Council District 4



Description and Scope:

Needs to be updated for Project 4.

This project will replace one-half mile of large sewer line between Quintana Road and SW Military Drive. The sewer line carries 55 million gallons per day and is undersized and in poor condition. The line will be increased in size from 54 inches to 90 inches to handle peak storm events and to accommodate growth in the upper watershed. Several collapses have already occurred on or upstream of this sewer line costing almost \$10 million. Two segments of this project are already under construction. Segments 4 and 5 will be awarded in 2015, and segment 6 will be awarded in 2016. These segments will pass through Lackland AFB.

The total remaining project cost is \$67.2 million. All segments of the project must be complete by July 23, 2018 to comply with the EPA Consent Decree.

Justification:

The outfalls within this project are in poor condition due to deterioration and lack sufficient capacity to handle future sewer flows due to growth and during peak storm events. Main breaks have already occurred on this sewer line.

FAILURE ANALYSIS AND RISK RATINGS

Failure Mode:		Failure Impact:	Failure Root Cause:	
Inadequate Capacity		Line Surcharge	Undersized Lines	
Impact Severity	Likelihood of Occurrence	Risk Mitigation	Risk Exposure	
10	10	10	1000	

<u>FUNDING INFORMATION</u>	Land Year:	Design Year:	Construction Year
Amounts shown are estimated costs without SAWS overhead.	2011	2010	2014
	\$3,500,000	\$2,000,000	\$5,700,000



2014 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Cibolo Creek Sewershed Flow Diversion Project

Programmed Amount: \$8,098,902

Core Business: Wastewater

Category: Mains - New

Phase: Construction

Council District 10



Description and Scope:

Construct sewer infrastructure to transfer wastewater flows from CCMA treatment facility to SAWS. Wastewater generated in the northeast section of San Antonio is currently treated under a contract. The CCMA rate for treatment is higher than SAWS cost for treatment and they project a 44% increase by 2017 to fund their system expansion. The flow diversion process will redirect flow from CCMA to the SAWS collection system, and consists of lift stations, force mains, and gravity sewer mains. Economic analysis shows that this project will pay for itself within 14 years.

Justification:

It is cost effective to transfer flows back to SAWS treatment system, and discontinue the treatment contract with SAWS.

FAILURE ANALYSIS AND RISK RATINGS

Failure Mode:		Failure Impact:	Failure Root Cause:	
Inadequate Capacity		Failure of Corporate Initiative	Undersized Lines	
Impact Severity	Likelihood of Occurrence	Risk Mitigation	Risk Exposure	
7	9	9	567	

FUNDING INFORMATION

	Land Year:	Design Year:	Construction Year
Amounts shown are estimated costs without SAWS overhead.	2011	2011	2014
	\$7,000	\$746,000	\$7,140,000



2014 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Sewer Main Oversizing 2014

Programmed Amount: \$567,150

Core Business: Wastewater

Category: Mains - New

Phase: Construction

Council District System Wide



Description and Scope:

Pay for SAWS proportionate share of the cost of mains which are necessary to serve anticipated growth but are larger than the size main required by a developer customer or single customer. Developers are required to build necessary offsite infrastructure to meet the needs of their development. When growth is projected in adjacent tracts, SAWS contributes money to increase the size of the mains to serve the additional growth. Sharing in the cost is beneficial to both SAWS and the developer and prevents the construction of parallel smaller sized mains.

Justification:

Participating in oversizing is a cost effective way to meet the needs of growth. It is funded by impact fees collected from new development.

FAILURE ANALYSIS AND RISK RATINGS

Failure Mode:		Failure Impact:	Failure Root Cause:	
Inadequate Capacity		Line Surcharge	Undersized Lines	
Impact Severity	Likelihood of Occurrence	Risk Mitigation	Risk Exposure	
5	8	10	400	

<u>FUNDING INFORMATION</u>	Land Year:	Design Year:	Construction Year
Amounts shown are estimated costs without SAWS overhead.			2014
			\$500,000



2014 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: W-31 IH-10: Boerne Stage to Old Fredericksburg

Programmed Amount: \$5,217,780

Core Business: Wastewater

Category: Mains - New

Phase: Acquisition/Design

Council District 8



Description and Scope:

Acquire land and design a 5 mile gravity sewer outfall along IH-10 from Boerne Stage Road to Old Fredericksburg Road to provide sewer service to customers along the IH-10 corridor.

Limited service is provided to this area through lift stations and force mains. The existing system has experienced multiple sewer overflows and appears to be undersized.

The lift station force main system will be replaced with a larger capacity gravity system which will have capacity for projected growth in the area.

Design and land acquisition will occur in 2014. The total cost of the project is expected to be \$19.9 million.

The growth capacity portion of this project will be funded with impact fees.

Justification:

Construction will replace undersized lift stations and force mains and provide additional capacity for growth along the IH-10 corridor. Impact fees will pay for the additional capacity included in this project.

FAILURE ANALYSIS AND RISK RATINGS

Failure Mode:		Failure Impact:		Failure Root Cause:	
Inadequate Capacity		SSO		Undersized Equipment	
Impact Severity	Likelihood of Occurrence	Risk Mitigation	Risk Exposure		
10	9	7	630		

<u>FUNDING INFORMATION</u>	Land Year:	Design Year:	Construction Year
Amounts shown are estimated costs without SAWS overhead.	2014	2014	2016
	\$3,000,000	\$1,600,000	\$13,000,000



2014 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Dos Rios Non-Potable Water System Upgrades

Programmed Amount: \$850,725

Core Business: Wastewater

Category: Treatment

Phase: Construction

Council District 3



Description and Scope:

This project will upgrade the existing non-potable water system, which provides non-potable water for the various treatment processes and fire flow for the Dos Rios WRC. The pumps and elevated storage tank are more than 25 years old, and have deteriorated due to corrosion causing safety concerns. The system no longer provides sufficient flow or pressure for the treatment units that require non-potable water.

The project will replace pumps, install variable frequency drives, install a hydropneumatic tank, provide an interconnect between the plant non-potable system and the SAWS reuse system, and remove the existing elevated storage tank.

Justification:

Deterioration of the existing system is causing safety concerns, and the system does not provide sufficient flow or pressure for the treatment units that require non-potable water.

FAILURE ANALYSIS AND RISK RATINGS

Failure Mode:		Failure Impact:	Failure Root Cause:	
Flow/Pressure Problems		Low Flow/Pressure	Age/Deterioration	
Impact Severity	Likelihood of Occurrence	Risk Mitigation	Risk Exposure	
9	10	9	810	

<u>FUNDING INFORMATION</u>	Land Year:	Design Year:	Construction Year
Amounts shown are estimated costs without SAWS overhead.		2013	2014
		\$150,000	\$750,000



2014 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Dos Rios WRC Biosolids Minimization and Dewatering System Improvements

Programmed Amount: \$2,835,750

Core Business: Wastewater

Category: Treatment

Phase: Design

Council District 3



Description and Scope:

Design a thermal hydrolysis unit and a pre-dewatering facility and evaluate and design dewatering process equipment, associated electrical and instrumentation and control equipment and upgrade or replace belt filter press building as needed. Thermal hydrolysis reduces the total volume of sludge produced at a treatment plant.

This technology, developed and used in Europe, increases the efficiency at the sludge digestion process by applying heat and pressure to the sludge prior to digestion.

The project would also improve the post digestion process by replacing the existing old, failing belt filter presses with new dewatering equipment (either belt filter presses or centrifuges) depending on which is found to be a more cost effective application, and upgrading the electrical and instrumentation and control equipment, which has become obsolete and difficult to maintain.

If this technology is found to be cost effective, it will reduce the number of operational digesters needed at Dos Rios. SAWS will either move forward with the dewatering technology or rehabilitate additional digesters.

Justification:

The project will increase operational reliability and efficiency of the biosolids dewatering process by replacing unsustainable equipment. Implementation of this technology would reduce the number of operational digesters needed at Dos Rios.

FAILURE ANALYSIS AND RISK RATINGS

Failure Mode:		Failure Impact:	Failure Root Cause:	
Unsustainable Equipment		Increased Maintenance	Age/Deterioration	
Impact Severity	Likelihood of Occurrence	Risk Mitigation	Risk Exposure	
10	10	10	1000	

<u>FUNDING INFORMATION</u>	Land Year:	Design Year:	Construction Year
Amounts shown are estimated costs without SAWS overhead.		2014	2016
		\$2,500,000	\$42,000,000



2014 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Dos Rios WRC Electrical System Improvements - Phase 1

Programmed Amount: \$1,247,730

Core Business: Wastewater

Category: Treatment

Phase: Design Phase 1

Council District 3



Description and Scope:

Design the replacement of various plant electrical switchgear, motor control centers, transformers and generators that are aging, in poor condition and / or do not meet Federal, State and Local electrical codes. The proposed electrical equipment to be replaced in Phase 1 was deemed in very poor condition by the Dos Rios WRC Electrical System Assessment Project. All plant electrical equipment was assessed, evaluated and assigned a rating of 1 to 6, with 1 being in the poorest condition and 6 being in the best condition. Phase 1 will be constructed in 2015 at an estimated cost of \$12.5 million, and Phase 2 will be constructed in 2017. The total cost of the project is \$23.8 million.

Justification:

Plant electrical equipment is in poor condition. Failure of this equipment could interrupt the treatment process, require emergency generators, and cause a fire or other safety issue.

FAILURE ANALYSIS AND RISK RATINGS

Failure Mode:		Failure Impact:	Failure Root Cause:	
Unsustainable Equipment		Increased Maintenance	Age/Deterioration	
Impact Severity	Likelihood of Occurrence	Risk Mitigation	Risk Exposure	
10	9	10	900	

<u>FUNDING INFORMATION</u>	Land Year:	Design Year:	Construction Year
Amounts shown are estimated costs without SAWS overhead.		2014	2015
		\$1,100,000	\$11,000,000



2014 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Leon Creek WRC Rehabilitation and Process Improvements

Programmed Amount: \$6,352,080

Core Business: Wastewater

Category: Treatment

Phase: Construction

Council District 4



Description and Scope:

Automate the aeration tank and process air blower system and the chlorination/dechlorination system, upgrade and rehabilitate four of the final clarifiers, and repave older plant roads that are in poor condition due to previous construction projects. Install actuating valves, piping and associated electrical and instrumentation and control equipment linking it to monitoring equipment which can control blowers to maximize efficiency and save energy by up to 30%. Replace old diffusers and leaking aeration piping grid in aeration basins to prevent waste of air through leaks.

Chlorination automation will continuously measure flows and will adjust chemical dosage accordingly. This continuous monitoring will reduce the amount of chemicals used as it paces the amount of chemical with the flows that change in a day as opposed to feeding the same pre-set chemical dosage during both high and low flows in a day.

The four clarifiers are old and the equipment is corroding. Replacing old equipment will improve the solids removal efficiency and reduce maintenance requirements.

Justification:

Aerations and chlorination automation will increase efficiency at aeration and dechlorination processes, saving energy and reducing chemical and labor costs. Upgrading the clarifiers will improve efficiency of clarification processes. Road rehabilitation maintains facilities and extends life of the pavement.

FAILURE ANALYSIS AND RISK RATINGS

Failure Mode:		Failure Impact:	Failure Root Cause:	
Unsustainable Equipment		Regulatory Non-compliance	System Optimization	
Impact Severity	Likelihood of Occurrence	Risk Mitigation	Risk Exposure	
8	7	8	448	

FUNDING INFORMATION

	Land Year:	Design Year:	Construction Year
Amounts shown are estimated costs without SAWS overhead.		2013	2014
		\$420,000	\$5,600,000



2014 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Salado Creek Headworks Improvements

Programmed Amount: \$3,540,389

Core Business: Wastewater

Category: Treatment

Phase: Construction

Council District 4



Photo 6 – Pre-aeration Tank Slide Gates

Description and Scope:

The headworks equipment at the Salado Creek WRC is not operating within acceptable design parameters and requires rehabilitation or replacement. The fine screens have been damaged by cloth material, including flushable wipes, and required several repairs. The scope includes rehabilitation of the existing grit chambers and associated, replacement of the fine screens, and rehabilitation of the motor operated slide gates, site electrical power and instrumentation and controls. The inefficiency of the trash removal and grit removal is potentially allowing its accumulation in the downstream 90-inch interconnect pipe and siphons crossing under the San Antonio River. This project could potentially eliminate the need of line-cleaning the 90-inch pipe as required by the EPA's consent decree.

Justification:

If the efficiency of grit removal at the Salado WRC is not restored, the capacity of the 90-inch interconnect lines and siphons under the San Antonio River may eventually be reduced, causing surcharging and backups at Salado WRC. Improved efficiency of grit removal will reduce the probability of this happening. Reducing grit accumulation in the digesters will reduce the digester rehabilitation required in the future.

FAILURE ANALYSIS AND RISK RATINGS

Failure Mode:		Failure Impact:	Failure Root Cause:	
Unsustainable Equipment		Regulatory Non-compliance	System Optimization	
Impact Severity	Likelihood of Occurrence	Risk Mitigation	Risk Exposure	
9	9	10	810	

<u>FUNDING INFORMATION</u>	Land Year:	Design Year:	Construction Year
Amounts shown are estimated costs without SAWS overhead.		2013	2014
		\$312,000	\$3,121,210



2014 CAPITAL IMPROVEMENTS PROGRAM
Project Data Sheet

Water Delivery

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2014 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: ERSS Report Development

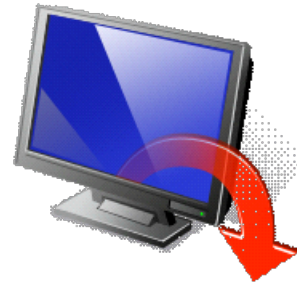
Programmed Amount: \$454,529

Core Business: Water Delivery

Category: Corporate WD

Phase: Acquisition

Council District System Wide



Description and Scope:

SAWS must complete the required reports and the reporting self-service and business intelligence dashboards to complete the full suite of Customer Information System reporting requirements after go-live.

ERSS has implemented the mechanics for reporting via a data warehouse and related data marts. Current funding available for ERSS will provide for developing report cubes and the static reports needed for go-live of the initial implementation of the Customer Information System. The 2014 funding will complete the project.

Justification:

This project is required to complete the development of reports and business intelligence dashboards from the ERSS system.

FAILURE ANALYSIS AND RISK RATINGS

Failure Mode:		Failure Impact:	Failure Root Cause:	
Impact Severity	Likelihood of Occurrence	Risk Mitigation	Risk Exposure	

<u>FUNDING INFORMATION</u>	Acquisition Year:	Design Year:	Construction Year
Amounts shown are estimated costs without SAWS overhead.	2014		
	\$393,600		



2014 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: General Legal Expenses - WD

Programmed Amount: \$240,776

Core Business: Water Delivery

Category: Corporate WD

Phase: Acquisition

Council District System Wide



Description and Scope:

SAWS must pay legal expenses for critical SAWS projects including the Micron to Anderson water pipeline project and other necessary projects that require specialized external legal support. Success in implementing these projects is critical to SAWS mission.

Justification:

Specialized legal support is required for critical projects. External legal support is sought only when there is insufficient internal legal staff to support the effort, or specialized legal expertise is required.

FAILURE ANALYSIS AND RISK RATINGS

Failure Mode:		Failure Impact:	Failure Root Cause:	
Impact Severity	Likelihood of Occurrence	Risk Mitigation	Risk Exposure	

FUNDING INFORMATION

Acquisition Year:	Design Year:	Construction Year
2014		
\$208,500		

Amounts shown are estimated costs without SAWS overhead.



2014 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Service Center Facility Project Plan - WD Share

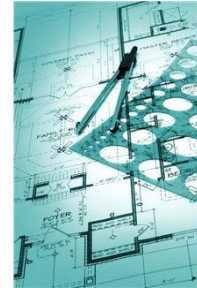
Programmed Amount: \$6,778,676

Core Business: Water Delivery

Category: Corporate WD

Phase: Construction

Council District System Wide



Description and Scope:

Construct two new service centers to relocate Operations crews. SAWS conducted geostatistical analysis to find the most efficient sites in the county to locate operations crews to reduce "windshield" time. Sites have been acquired on the Northwest and West sides to house 163 (NW) and 86 (W) employees. These new service centers will increase efficiency of employees and equipment and relieve overcrowding from the consolidation of BexarMet employees.

Funds provided in the 2013 CIP have not been spent. Planned construction was delayed to improve planning. This delay will allow the two service centers to be designed and built by a single contractor and may result in some economy of scale.

Justification:

Relocating operations crews to the new Northwest and Westside service centers will increase the efficiency of manpower and equipment and relieve overcrowding at existing service centers.

FAILURE ANALYSIS AND RISK RATINGS

Failure Mode:		Failure Impact:	Failure Root Cause:	
Impact Severity	Likelihood of Occurrence	Risk Mitigation	Risk Exposure	

<u>FUNDING INFORMATION</u>	Land Year:	Design Year:	Construction Year
Amounts shown are estimated costs without SAWS overhead.	2012	2012	2014
	\$1,985,000	\$3,600,000	\$5,870,000



2014 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Governmental Water Projects

Programmed Amount: \$27,892,911

Core Business: Water Delivery

Category: Governmental Water

Phase: Construction

Council District System Wide



Description and Scope:

The governmental program consists of projects implemented in conjunction with other government agencies infrastructure work. Through this program, SAWS will: Replace \$14,538,628 of water system infrastructure in poor condition; and Adjust \$12,735,253 of water system whose existing alignment conflicts with proposed new street alignment. SAWS will also reimburse the City for \$619,029 of environmental work related to the City Bond program.

The breakout by agency is:

CIMS/TxDOT: \$16,701,874

City Public Works: \$2,713,780

Bexar County: \$7,858,228

Reimbursement to COSA for environmental review City bond projects: \$619,029

SAWS participates in the Utility Coordination Council, and jointly plans and reviews infrastructure improvements with COSA, Bexar County, CPS, TXDOT, AT&T, and other agencies, to maximize effectiveness of public infrastructure.

Justification:

Replacing and/or adjusting aging infrastructure in conjunction with other agencies planned street work is the most cost effective approach to infrastructure management. It minimizes the cost of construction and minimizes the potential of utility failure under a new street.

FAILURE ANALYSIS AND RISK RATINGS

Failure Mode:	Failure Impact:	Failure Root Cause:	
Service Interruption	Excessive Downtime	Conflict with City or State	
Impact Severity	Likelihood of Occurrence	Risk Mitigation	Risk Exposure
9	9	10	810

FUNDING INFORMATION

Amounts shown are estimated costs without SAWS overhead.

Land Year:

Design Year:

Construction Year

2014

\$24,153,889



2014 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Annual Survey Water 2014

Programmed Amount: \$115,480

Core Business: Water Delivery

Category: Main Replacement - Water

Phase: Design

Council District System Wide



Description and Scope:

Provide contract surveying services for projects that are designed "in house". Small scope projects and some emergency projects are designed by SAWS engineers. In house design of small scope projects is very cost effective, however SAWS does not have surveyors on staff. Projects designed in house include sewer and water rehabilitations and small main extensions to single customers who don't have service.

Justification:

Contract surveying supports in house design of small projects and emergencies, including sewer and water replacement projects.

FAILURE ANALYSIS AND RISK RATINGS

Failure Mode:	Failure Impact:	Failure Root Cause:	
Service Interruption	Customer Dissatisfaction	Other/Deterioration	
Impact Severity	Likelihood of Occurrence	Risk Mitigation	Risk Exposure
9	9	9	729

FUNDING INFORMATION

Land Year:	Design Year:	Construction Year
Amounts shown are estimated costs without SAWS overhead.	2014	
	\$100,000	



2014 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Construction Management Services - Water Delivery

Programmed Amount: \$346,440

Core Business: Water Delivery

Category: Main Replacement - Water

Phase: Construction

Council District System Wide



Description and Scope:

SAWS requires construction management services to inspect and manage numerous ongoing construction projects to ensure that each project meets SAWS rigorous standards and specifications for health, safety, environmental and regulatory compliance. SAWS also requires inspection of projects to ensure the reliability of the project, testing to be performed in accordance with State requirements and regulations, and to ensure proper water quality requirements for all of our rate payers for a clean reliable water source. This program will provide the extra construction contractual services to meet the inspection demands.

Justification:

These services will ensure that each project is constructed to standard and does not risk public health, safety, or environmental violations.

FAILURE ANALYSIS AND RISK RATINGS

Failure Mode:	Failure Impact:	Failure Root Cause:	
Unsustainable Process	Public Health Impact	Conflict with City or State	
Impact Severity	Likelihood of Occurrence	Risk Mitigation	Risk Exposure
10	10	10	1000

FUNDING INFORMATION

Amounts shown are estimated costs without SAWS overhead.

Land Year:

Design Year:

Construction Year

2014

\$300,000



2014 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Meter Replacements

Programmed Amount: \$3,996,763

Core Business: Water Delivery

Category: Main Replacement - Water

Phase: Construction

Council District System Wide



Description and Scope:

Replace 38,000 water meters throughout the SAWS service area. Aging meters tend to under-register flow. Data collected from meters replaced indicated that the meters were under registering by an average of 3.68%. Replacement of meters is necessary to insure that flow is accurately calculated for billing purposes and to be able to accurately account for water usage. SAWS has over 400,000 meters in the system; replacement of meters is an annual requirement.

Justification:

Replacement of meters will increase billing accuracy, and enable SAWS to better account for water usage and increase revenue. This project has an expected return on investment of 4.2 years.

FAILURE ANALYSIS AND RISK RATINGS

Failure Mode:	Failure Impact:	Failure Root Cause:
Corporate Mandate	Failure of Corporate Initiative	Corporate Mandate
Impact Severity	Likelihood of Occurrence	Risk Mitigation
10	10	10
		Risk Exposure
		1000

FUNDING INFORMATION

Amounts shown are estimated costs without SAWS overhead.

Land Year:

Design Year:

Construction Year

2014

\$3,461,000



2014 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Open Cut Water Contract
Programmed Amount: \$1,732,200
Core Business: Water Delivery
Category: Main Replacement - Water
Phase: Construction
Council District: System Wide



Description and Scope:

Replacement of water mains that cannot be repaired quickly and economically by SAWS crews.

Justification:

Replacement of mains is necessary to restore and maintain water service in areas of multiple failures.

FAILURE ANALYSIS AND RISK RATINGS

Failure Mode:	Failure Impact:	Failure Root Cause:	
Line Collapse	Low Flow/Pressure	Age/Deterioration	
Impact Severity	Likelihood of Occurrence	Risk Mitigation	Risk Exposure
10	10	10	1000

FUNDING INFORMATION

Amounts shown are estimated costs without SAWS overhead.

Land Year:	Design Year:	Construction Year
		2014
		\$1,500,000



2014 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Replace 12” Water Main on Pleasanton Road at Medina River

Programmed Amount: \$288,700

Core Business: Water Delivery

Category: Main Replacement - Water

Phase: Construction

Council District 3



Description and Scope:

Reconstruct an exposed 12-inch water main to prevent damage by high flows and debris. Approximately 1000 feet of the water main has become exposed due to scour of the river bottom and portions of the main have deteriorated such that temporary repairs have been required. This 12-inch main is a critical part of the water distribution system network in the south portion of our service area which includes service to the Toyota facilities.

Justification:

Deferring this project will leave the main at risk of getting damaged by high flows and debris in the river, which would result in loss of service in the area and possible contamination of the infrastructure in the area.

FAILURE ANALYSIS AND RISK RATINGS

Failure Mode:	Failure Impact:	Failure Root Cause:	
Line Collapse	Customer Dissatisfaction	Age/Deterioration	
Impact Severity	Likelihood of Occurrence	Risk Mitigation	Risk Exposure
10	7	10	700

FUNDING INFORMATION

	Land Year:	Design Year:	Construction Year
Amounts shown are estimated costs without SAWS overhead.		2012	2014
		\$0	\$250,000



2014 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Unspecified Services Engineering Contract Water

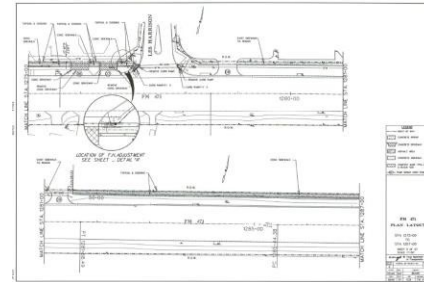
Programmed Amount: \$1,154,800

Core Business: Water Delivery

Category: Main Replacement - Water

Phase: Design

Council District System Wide



Description and Scope:

This annual project will fund design services to repair/replace water mains that have experienced a high rate of main failure. These projects vary in size and location, and may require the solicitation of contractor construction services on an urgent basis. Projects will replace sub-standard or deteriorated water mains requiring immediate replacements.

Justification:

Design of replacement/repair mains is necessary to restore and maintain wastewater service.

FAILURE ANALYSIS AND RISK RATINGS

Failure Mode:	Failure Impact:	Failure Root Cause:	
Service Interruption	Customer Dissatisfaction	Other/Deterioration	
Impact Severity	Likelihood of Occurrence	Risk Mitigation	Risk Exposure
10	10	10	1000

FUNDING INFORMATION

Amounts shown are estimated costs without SAWS overhead.

Land Year:

Design Year:

Construction Year

2014

\$1,000,000



2014 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Valves, Services and Meters

Programmed Amount: \$5,265,888

Core Business: Water Delivery

Category: Main Replacement - Water

Phase: Construction

Council District System Wide



Description and Scope:

Replacement of water mains, valves, hydrants, and meters within the SAWS distribution system. When infrastructure fails, it is evaluated to determine the best repair method. When replacement is necessary, it is evaluated to determine whether replacement by SAWS crews or a contractor would be more effective and efficient.

Justification:

Replacement work is necessary to restore service and has been deemed to be more efficient than repair.

FAILURE ANALYSIS AND RISK RATINGS

Failure Mode: Unsustainable Equipment		Failure Impact: Service Interruption		Failure Root Cause: Critical Equipment Failure	
Impact Severity 8	Likelihood of Occurrence 9	Risk Mitigation 8	Risk Exposure 576		

<u>FUNDING INFORMATION</u>	Land Year:	Design Year:	Construction Year
Amounts shown are estimated costs without SAWS overhead.			2014
			\$4,560,000



2014 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Micron 48-inch Water Main Extension to Anderson Tank

Programmed Amount: \$173,220

Core Business: Water Delivery

Category: Mains - New

Phase: Acquisition

Council District 6



Description and Scope:

Construction was halted on the final section of connecting Micron Pump Station to Anderson Pump Station, because of the identification of a possible endangered species. A short segment (2000 feet) of pipe remains that must be installed to complete this interconnect.

Environmental studies were initiated in 2013 to assess the best method of completing this project and discussions are ongoing with the U.S. Fish and Wildlife Service. Funds are needed in 2014 for specialized consulting support to confer on endangered species issues.

Justification:

This project is important to provide needed interconnection between two critical pump stations that support the Northeastern sector of the county (Sea World to IH-10 area). As SAWS has invested over \$10 million in the entire project, this consulting support is needed to insure we can complete the project.

FAILURE ANALYSIS AND RISK RATINGS

Failure Mode:		Failure Impact:	Failure Root Cause:	
Inadequate Capacity		Low Flow/Pressure	Undersized Lines	
Impact Severity	Likelihood of Occurrence	Risk Mitigation	Risk Exposure	
9	6	9	486	

FUNDING INFORMATION

	Land Year:	Design Year:	Construction Year
Amounts shown are estimated costs without SAWS overhead.	2014	2010	2011
	\$150,000	\$120,000	\$2,700,000



2014 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Port San Antonio and Lackland AFB Water Main Improvements

Programmed Amount: \$4,362,274

Core Business: Water Delivery

Category: Mains - New

Phase: Construction

Council District 4



Description and Scope:

Construct ten sections of 12" water mains and additional metering and SCADA on the Port of San Antonio and segments of Lackland AFB to provide additional capacity to distribute water in these areas. The existing water distribution system on the former Kelly AFB does not meet the city fire codes for industrial and commercial areas.

SAWS has been constructing various improvements in this area to improve the substandard system, with a goal of abandoning the older inefficient infrastructure acquired by the Air Force. Abandoning the infrastructure will solve many problems by eliminating the need to rehabilitate the old infrastructure and reducing operational costs.

Justification:

This project will improve fire flow and service to the Port of San Antonio and Lackland AFB allowing increased development at the Port. Completing this (and other projects) will allow old inefficient infrastructure to be abandoned.

FAILURE ANALYSIS AND RISK RATINGS

Failure Mode:	Failure Impact:	Failure Root Cause:	
Flow/Pressure Problems	Low Flow/Pressure	Undersized Lines	
Impact Severity	Likelihood of Occurrence	Risk Mitigation	Risk Exposure
10	10	10	1000

<u>FUNDING INFORMATION</u>	Land Year:	Design Year:	Construction Year
Amounts shown are estimated costs without SAWS overhead.		2011	2014
		\$444,000	\$3,777,515



2014 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: PortSA 16-inch Water Main

Programmed Amount: \$2,156,012

Core Business: Water Delivery

Category: Mains - New

Phase: Construction

Council District 4



Description and Scope:

Construct one-half mile of 16-inch diameter water main from Billy Mitchell Blvd. to Berman Rd. The existing water distribution system on the Port of San Antonio does not meet the city fire codes for industrial and commercial development.

This project is one of several improvements SAWS has built or plans to build with a goal of abandoning the older inefficient infrastructure acquired by the Air Force. Abandoning the infrastructure will save money by eliminating the need to rehabilitate the old infrastructure and by reducing the cost of operating the old, inefficient facilities.

Justification:

The project will improve fire flow and service to the Port of San Antonio allowing increased development at the port and save money by allowing older inefficient infrastructure to be abandoned.

FAILURE ANALYSIS AND RISK RATINGS

Failure Mode:	Failure Impact:	Failure Root Cause:	
Flow/Pressure Problems	Low Flow/Pressure	Undersized Lines	
Impact Severity	Likelihood of Occurrence	Risk Mitigation	Risk Exposure
9	5	9	405

FUNDING INFORMATION

	Land Year:	Design Year:	Construction Year
Amounts shown are estimated costs without SAWS overhead.		2012	2014
		\$0	\$1,867,000



2014 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Water Main Oversizing 2014

Programmed Amount: \$2,309,600

Core Business: Water Delivery

Category: Mains - New

Phase: Construction

Council District System Wide



Description and Scope:

Pay for SAWS proportionate share of the cost of mains which are necessary to serve anticipated growth but are larger than the size main required by a developer customer or single customer. Developers are required to build necessary offsite infrastructure to meet the needs of their development. When growth is projected in adjacent tracts, SAWS contributes money to increase the size of the mains to serve the additional growth. Sharing in the cost is beneficial to both SAWS and the developer and prevents the construction of parallel smaller sized mains.

Justification:

Participating in oversizing is a cost effective way to meet the needs of growth. It is funded by impact fees collected from new development.

FAILURE ANALYSIS AND RISK RATINGS

Failure Mode:		Failure Impact:	Failure Root Cause:	
Inadequate Capacity		Low Flow/Pressure	Undersized Lines	
Impact Severity	Likelihood of Occurrence	Risk Mitigation	Risk Exposure	
5	8	10	400	

<u>FUNDING INFORMATION</u>	Land Year:	Design Year:	Construction Year
Amounts shown are estimated costs without SAWS overhead.			2014
			\$2,000,000



2014 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Artesia Wells Phase 1

Programmed Amount: \$92,384

Core Business: Water Delivery

Category: Production

Phase: Design Phase 1

Council District 2



Description and Scope:

Drill new wells to restore production capacity at Artesia Pump Station. The original 6 wells were drilled in the 1950s. Three of the six original wells have completely failed due to holes in the casing. Two of the remaining wells have been rehabilitated, but the rehabilitation process caused a significant loss in production capacity. The construction cost totals \$5.2 million, including another well in 2018.

Justification:

The Artesia Pump Station is a significant pump station serving the area around the AT&T Center, and providing water to be stored in the ASR. If they fail, we will not be able to bank as much water at ASR and this would be detrimental during a drought of record.

FAILURE ANALYSIS AND RISK RATINGS

Failure Mode:		Failure Impact:	Failure Root Cause:	
Inadequate Capacity		Service Interruption	Age/Deterioration	
Impact Severity	Likelihood of Occurrence	Risk Mitigation	Risk Exposure	
8	8	8	512	

FUNDING INFORMATION

Land Year:	Design Year:	Construction Year
Amounts shown are estimated costs without SAWS overhead.	2014	2016
	\$80,000	\$3,500,000



2014 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Borgfeld Storage Tank and Pump Station Improvements

Programmed Amount: \$238,178

Core Business: Water Delivery

Category: Production

Phase: Acquisition

Council District OCL



Description and Scope:

Funds are needed in 2014 to purchase land for a tank and pump station. This master planned project is required to provide a 5 million gallon elevated storage tank and pump station for the upper Stone Oak area for future growth. Design and construction costs total \$4.7 million through 2017.

Justification:

Land is needed in 2014 to plan for 2017 construction. This project is needed to provide additional water storage to the Borgfeld Road area for future growth.

FAILURE ANALYSIS AND RISK RATINGS

Failure Mode:		Failure Impact:	Failure Root Cause:	
Inadequate Capacity		Low Flow/Pressure	Undersized Lines	
Impact Severity	Likelihood of Occurrence	Risk Mitigation	Risk Exposure	
6	10	8	480	

<u>FUNDING INFORMATION</u>	Acquisition Year:	Design Year:	Construction Year
Amounts shown are estimated costs without SAWS overhead.	2014	2015	2017
	\$206,250	\$368,750	\$3,687,500



2014 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Broadband Access Points & Programmable Logic Controllers Replacement – Phase 1

Programmed Amount: \$6,276,338

Core Business: Water Delivery

Category: Production **Phase:**

Construction Phase

Council District System Wide



Description and Scope:

Replace aging radio communication system used to receive data from the water production and pumping stations with new wireless communication infrastructure to upgrade communication capability and replace obsolete control equipment. More than 100 water production facilities are controlled and operated from a central control point. The existing equipment is old and some components are no longer supported by the manufacturer. The radio systems have an expected lifespan of 15 years.

The upgrades will increase efficiency by allowing development of standardized, automated control strategies for stopping and starting pumping equipment based on equipment efficiency, customer demand patterns and energy costs. Additionally, metering equipment can be calibrated from the control center thru the broadband system, reducing the labor time involved in driving to the pump station, and the time for a signal to be sent to the pump station will be greatly reduced.

The master plan for upgrade of the Supervisory Control and Data Acquisition (SCADA) system recommends this upgrade. Phase I will address the facilities that were deemed high criticality. A second phase will address the medium criticality facilities at a cost \$6.3 million.

Justification:

Replacing and upgrading the control and communication systems for the pump stations is necessary for continued service and for increased efficiency. Improving technology is needed to be able to manage the expanding system without adding additional staff.

FAILURE ANALYSIS AND RISK RATINGS

Failure Mode:		Failure Impact:	Failure Root Cause:	
Unsustainable Equipment		Increased Maintenance	Age/Deterioration	
Impact Severity	Likelihood of Occurrence	Risk Mitigation	Risk Exposure	
10	10	10	1000	

FUNDING INFORMATION

	Land Year:	Design Year:	Construction Year
Amounts shown are estimated costs without SAWS overhead.		2014	2014
		\$543,500	\$4,891,500



2014 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Evans Pump Station Improvements

Programmed Amount: \$2,771,520

Core Business: Water Delivery

Category: Production

Phase: Construction

Council District 9



Description and Scope:

Replace temporary skid mounted pump facilities with a more permanent facility. This pump station provides water to the Hwy 281 area north of FM 1604 and is currently serving over 12,000 homes. Demand has increased significantly with the growth in this area and the added demands of the former Bexar Met customers.

Water from the Carrizo Aquifer project in Gonzales County will be delivered through this pump station.

The project includes new, larger pumps, site work, electrical switch gear, improved yard piping, SCADA and controls. The design was funded with an unspecified design contract.

Justification:

This project is needed to meet increased water demand in the Hwy 281 area north of FM 1604 and to deliver some of the Gonzales-Carrizo aquifer water.

FAILURE ANALYSIS AND RISK RATINGS

Failure Mode:		Failure Impact:	Failure Root Cause:	
Inadequate Capacity		Low Flow/Pressure	Undersized Equipment	
Impact Severity	Likelihood of Occurrence	Risk Mitigation	Risk Exposure	
8	8	10	640	

<u>FUNDING INFORMATION</u>	Land Year:	Design Year:	Construction Year
Amounts shown are estimated costs without SAWS overhead.		2013	2014
		\$151,021	\$2,400,000



2014 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Southeast Tank and Pump Station Improvements - SAWS portion

Programmed Amount: \$4,480,624

Core Business: Water Delivery

Category: Production

Phase: Construction

Council District OCL



Description and Scope:

Construct a new water pump station with a 5 million gallon ground storage tank and a dual set of high service pumps near the DSP Southeastern service area. Water will be initially supplied from the SAWS system, and later with water supplied from the Water Resources Integration Pipeline (WRIP). This station will serve as an integration point between DSP and SAWS, and provide a redundant water supply to the service area. One set of pumps will provide water to the SAWS service area, and the other set of pumps will provide water to the DSP service area. The new pump station will supply a reliable water service to customers, will support new growth in the surrounding pressure zones, and is required to provide redundant service to the DSP Southeast Area which currently is supplied by a single source through Somerset. The scope of work also includes piping, electrical switchgear in a building, chlorine facilities, control valves, fencing, and a driveway and support facilities. The project is being designed and land acquired in 2013.

Justification:

This project is necessary to provide a redundant water supply to the DSP Southeastern service area in case the single transmission main that ties in at Somerset Pump Station fails, and to provide a more reliable water service to the customers in the service area.

FAILURE ANALYSIS AND RISK RATINGS

Failure Mode:		Failure Impact:	Failure Root Cause:	
Inadequate Facilities		Low Flow/Pressure	System Improvement	
Impact Severity	Likelihood of Occurrence	Risk Mitigation	Risk Exposure	
10	10	10	1000	

<u>FUNDING INFORMATION</u>	Land Year:	Design Year:	Construction Year
Amounts shown are estimated costs without SAWS overhead.	2013	2013	2014
	\$63,775	\$431,332	\$3,880,000



2014 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: University Pump Station Improvements

Programmed Amount: \$5,312,080

Core Business: Water Delivery

Category: Production

Phase: Construction

Council District 8



Description and Scope:

Replace obsolete and unserviceable equipment and install an additional 10 million gallon per day high service pump at University Pump Station.

This pump station delivers water to the area North of UTSA, serving more than 10,000 homes, in a rapidly growing area.

The project will provide a new building to house new electrical switchgear, replace all existing low and medium voltage wiring, add an additional 10 million gallon per day high service pump, and other improvements to bring the facility into current TCEQ, OSHA, and AWWA standards.

Justification:

Because of the location of University Pump Station, there is little redundancy to provide water in this area of the distribution system. Replacement of aging equipment is crucial to minimize the possibility of failure. The additional capacity provided with this project will be funded with impact fees.

FAILURE ANALYSIS AND RISK RATINGS

Failure Mode:	Failure Impact:	Failure Root Cause:	
Inadequate Capacity	Low Flow/Pressure	Undersized Equipment	
Impact Severity	Likelihood of Occurrence	Risk Mitigation	Risk Exposure
8	8	8	512

<u>FUNDING INFORMATION</u>	Land Year:	Design Year:	Construction Year
Amounts shown are estimated costs without SAWS overhead.		2012	2014
		\$350,000	\$4,600,000



2014 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Water Production Facilities Disinfection System Upgrades Phase 1

Programmed Amount: \$10,393,200

Core Business: Water Delivery

Category: Production

Phase: Construction Phase

Council District 4, 9, OCL



Description and Scope:

The existing disinfection equipment is old and does not meet current regulatory standards, and the current disinfection process uses liquid chlorine which poses a safety risk when being transported and stored in populated areas. New disinfection equipment will be installed which will allow for onsite generation of sodium hypochlorite (chlorine). The project includes installation of sodium hypochlorite generators, brine tanks, solution tanks, electrical equipment, piping, buildings for equipment, concrete pads, SCADA and site work. The three pump stations in Phase 1 are the Wurzbach, Marbach and Maltsberger pump stations. A second phase of this project will replace similar equipment at other pump stations.

This is Phase 1 of a two phase project. Phase 2 construction is scheduled for 2017 at a cost of \$6.9 million. The total cost of the project is \$14.6 million.

Justification:

Aging equipment could fail allowing release of chlorine gas which could pose a risk to the public. The pump stations produce large volumes of water each day for use by citizens. The water disinfection systems must function reliably or risk a public health emergency.

FAILURE ANALYSIS AND RISK RATINGS

Failure Mode:		Failure Impact:	Failure Root Cause:	
Regulatory Compliance		Jeopardize Life/Safety	System Improvement	
Impact Severity	Likelihood of Occurrence	Risk Mitigation	Risk Exposure	
10	10	10	1000	

<u>FUNDING INFORMATION</u>	Land Year:	Design Year:	Construction Year
Amounts shown are estimated costs without SAWS overhead.		2012	2014
		\$600,000	\$9,000,000



2014 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: WECO Disinfection System - SAWS Portion

Programmed Amount: \$721,750

Core Business: Water Delivery

Category: Production

Phase: Construction

Council District 9



Description and Scope:

Design and construct a permanent facility for a hypochlorite generation system for WECO water production. WECO is expected to increase production up to 15 million gallons per day in mid-2013. SAWS has made temporary provisions for an adequate chlorine feed, but a new system needs to be designed and constructed for a permanent facility that meets TCEQ rules. The existing facility is not adequate, and the chlorine demands at full production are too great to continue with the temporary facility. The new on-site hypochlorite generation facility will have a capacity of approximately 200 pounds per day. The facility will include a building for the hypochlorite generation equipment and metering pumps, a brine storage and solution tank, a hypochlorite tank, site work including grading and a driveway, and associated electrical and instrumentation work.

Justification:

The temporary chlorine feed facility does not have adequate redundancy or storage capacity to meet TCEQ rules. It requires chlorine cylinder changes every three days, which is excessive. The full production rate requires an engineered facility to improve reliability and maintainability.

FAILURE ANALYSIS AND RISK RATINGS

Failure Mode:		Failure Impact:	Failure Root Cause:	
Inadequate Capacity		Low Flow/Pressure	Undersized Equipment	
Impact Severity	Likelihood of Occurrence	Risk Mitigation	Risk Exposure	
10	8	10	800	

<u>FUNDING INFORMATION</u>	Land Year:	Design Year:	Construction Year
Amounts shown are estimated costs without SAWS overhead.		2014	2014
		\$62,500	\$562,500

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2014 CAPITAL IMPROVEMENTS PROGRAM
Project Data Sheet

Water Supply

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2014 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: General Legal Expenses - WR

Programmed Amount: \$918,928

Core Business: Water Supply

Category: Corporate WR

Phase: Acquisition

Council District System Wide



Description and Scope:

SAWS must pay legal expenses for critical SAWS projects including Edwards Aquifer water rights acquisitions, Bracksih Groundwater Desalination, the Water Resources Integration Pipeline, and other necessary projects that require specialized external legal support. Success in implementing these projects is critical to SAWS mission.

Justification:

Specialized legal support is required for critical projects. External legal support is sought only when there is insufficient internal legal staff to support the effort, or specialized legal expertise is required.

FAILURE ANALYSIS AND RISK RATINGS

Failure Mode:		Failure Impact:	Failure Root Cause:	
Impact Severity	Likelihood of Occurrence	Risk Mitigation	Risk Exposure	

<u>FUNDING INFORMATION</u>	Land Year:	Design Year:	Construction Year
Amounts shown are estimated costs without SAWS overhead.	2014		
	\$790,000		



2014 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Edwards Aquifer Acquisitions Groundwater Rights Purchase

Programmed Amount: \$10,981,750

Core Business: Water Supply

Category: Edwards Aquifer

Phase: Acquisition

Council District System Wide



Description and Scope:

Acquire approximately 2,180 acre-feet in 2014 of Edwards Aquifer groundwater rights through agricultural conservation and purchases of authorized withdrawal permits. Perform necessary legal and title work to support purchases and permit transfers. This project is identified in the 2012 Water Management Plan.

Justification:

Additional water supplies are needed to meet needs during drought and to support community growth.

FAILURE ANALYSIS AND RISK RATINGS

Failure Mode:	Failure Impact:	Failure Root Cause:
None	Failure of Corporate Initiative	System Optimization
Impact Severity	Likelihood of Occurrence	Risk Mitigation
		Risk Exposure

<u>FUNDING INFORMATION</u>	Land Year:	Design Year:	Construction Year
Amounts shown are estimated costs without SAWS overhead.	2014		
	\$10,900,000		



2014 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: 36-inch Recycled Water Main Adjustment at Military Dr. and Loop 410

Programmed Amount: \$1,519,870

Core Business: Water Supply

Category: Recycled Water

Phase: Construction

Council District 3



Description and Scope:

This project will replace an existing 36-inch recycled water main that has become exposed and suspended across a drainage creek near the Military Drive and Loop 410 intersection. Approximately 800 feet of the 36-inch main will be adjusted from the creek bottom to a new alignment. The main is a critical part of the loop recycled water system for San Antonio. If a portion of this main fails, it will interrupt recycled water service to the northwest part of city.

Justification:

The recycled water main is suspended across the creek and was not designed for an aerial crossing, and can fail and interrupt recycled water service and result in a safety and environmental hazard.

FAILURE ANALYSIS AND RISK RATINGS

Failure Mode:		Failure Impact:	Failure Root Cause:	
Equipment Failure		Customer Dissatisfaction	System Improvement	
Impact Severity	Likelihood of Occurrence	Risk Mitigation	Risk Exposure	
10	9	9	810	

<u>FUNDING INFORMATION</u>	Land Year:	Design Year:	Construction Year
Amounts shown are estimated costs without SAWS overhead.		2013	2014
		\$150,000	\$1,100,000



2014 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Brooks Recycled Water Pump Station Upgrade

Programmed Amount: \$759,935

Core Business: Water Supply

Category: Recycled Water

Phase: Construction

Council District 3



Description and Scope:

This project will replace the undersized recycled water tank with a new one million gallon tank, four new pumps, and approximately one mile of new 16-inch recycled water main to provide sufficient flow and pressure to existing and proposed developments in the area. Brooks Pump Station currently provides recycled water to the Riverside Golf Course and will soon provide service to the developments near the course and within Brooks City Base. The existing facility is a pump station and ground storage tank that was sized based on Southside development from 10 years ago. Increased growth on the south side is increasing the demand for recycled water.

Justification:

The current size of the pump station does not meet the demands of its existing and future customer base. The Brooks Pump Station upgrade is required in order to insure adequate flow and pressure to the existing and proposed developments in the area, and to expand the customer base of the recycled water system on the south side.

FAILURE ANALYSIS AND RISK RATINGS

Failure Mode:	Failure Impact:	Failure Root Cause:	
Inadequate Facilities	Low Flow/Pressure	System Improvement	
Impact Severity	Likelihood of Occurrence	Risk Mitigation	Risk Exposure
8	9	9	648

FUNDING INFORMATION

	Land Year:	Design Year:	Construction Year
Amounts shown are estimated costs without SAWS overhead.		2014	2015
		\$550,000	\$3,100,000



2014 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Recycled Water Customer Lines

Programmed Amount: \$1,381,700

Core Business: Water Supply

Category: Recycled Water

Phase: Construction

Council District System Wide



Description and Scope:

Construct extensions of recycled water mains to new customers. The recycled water system delivers non-potable water, which offsets the use of more valuable potable water. Additional recycled water is available, however summer peak water (primarily for irrigation) is limited.

Justification:

Providing low cost recycled water extensions supports the growth of the recycled system to preferred type (non-summer peaking) customers.

FAILURE ANALYSIS AND RISK RATINGS

Failure Mode:		Failure Impact:		Failure Root Cause:	
Corporate Mandate		Failure of Corporate Initiative		System Optimization	
Impact Severity	Likelihood of Occurrence	Risk Mitigation	Risk Exposure		
9	9	9	729		

FUNDING INFORMATION

Amounts shown are estimated costs without SAWS overhead.

Land Year:

Design Year:

Construction Year

2014

\$1,000,000



2014 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Expanded Carrizo Design Phase 1

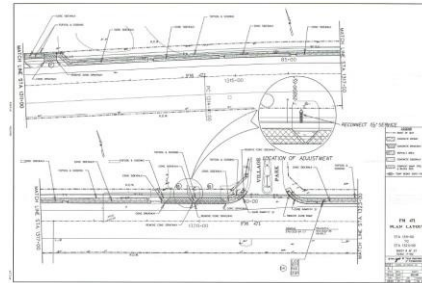
Programmed Amount: \$1,500,528

Core Business: Water Supply

Category: Water Resources

Phase: Design Phase 1 of 2

Council District OCL



Description and Scope:

Design Phase 1 of a water supply project planned to produce 21,000 acre feet of water from the Carrizo Aquifer in Bexar County and deliver it to the Twin Oaks Water Facility for further blending, treatment (if necessary) and delivery to the distribution system.

Phase 1 will include well pumps, water delivery pipelines, routing of pipelines and roadways, and electrical systems to produce 7,000 acre feet of water by 2017. The project will also include an analysis of water treatment operational requirements caused by blending water from different sources.

Phase 1 construction will start in 2015. The total cost of phase 1 is estimated at \$11.8 million. Phase 2 design will start in 2019. The total cost of phase 2 including land acquisition is \$24.1 million.

Justification:

Expanded use of the Carrizo Aquifer was identified in the 2012 Water Management Plan as a cost effective source of additional water supply. The water is needed to provide additional supplies for drought and to support growth.

FAILURE ANALYSIS AND RISK RATINGS

Failure Mode:		Failure Impact:	Failure Root Cause:	
Impact Severity	Likelihood of Occurrence	Risk Mitigation	Risk Exposure	

<u>FUNDING INFORMATION</u>	Land Year:	Design Year:	Construction Year
Amounts shown are estimated costs without SAWS overhead.	2019	2014	2015
	\$5,285,214	\$1,290,000	\$8,846,787



2014 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Integration: Water Transmission Line and Pump Stations Phase 1

Programmed Amount: \$143,628,273

Core Business: Water Supply

Category: Water Resources

Phase: Construction Phase

Council District 4, OCL



Description and Scope:

This project, identified in the 2012 Water Management Plan, is required to transport water supplies being developed at Twin Oaks (Brackish Groundwater Desalination Facility, Local Carrizo, Expanded Carrizo, ASR, and stored Edwards Water) to the SAWS distribution system. This project includes costs for tree mitigation and land acquisition. The Phase 1 project is 90% designed and consists of:

Segment 1, Phase 1: \$39.4M

Segment 2, Phase 1: \$39.9M

Old Pearsall Road Pump Station, Phase 1: \$34.8M

Twin Oaks West Pump Station, Phase 1: \$23.2M

Construction of Phase 1 will allow delivery of 50 million gallons of water per day. Additional phases of the project are necessary to reach Anderson Pump Station, to fully integrate the three planned phases of Brackish Groundwater Desalination and Expanded Carrizo.

Justification:

This pipeline is a critical element of the overall Water Resources Integration Program, and is necessary to deliver water from the source to the distribution system. If it is not built, the new water supplies will be stranded at Twin Oaks.

FAILURE ANALYSIS AND RISK RATINGS

Failure Mode:		Failure Impact:	Failure Root Cause:	
Impact Severity	Likelihood of Occurrence	Risk Mitigation	Risk Exposure	

<u>FUNDING INFORMATION</u>	Land Year:	Design Year:	Construction Year
Amounts shown are estimated costs without SAWS overhead.	2014	2009	2014
	\$4,000,000	\$2,000,000	\$123,476,851

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2014 CAPITAL IMPROVEMENTS PROGRAM
Project Data Sheet

Heating & Cooling

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2014 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Commerce St. Chilled Water Radio Control System Improvements

Programmed Amount: \$205,000

Core Business: Heating & Cooling

Category: Heating & Cooling

Phase: Design

Council District 1



Description and Scope:

This project will conduct a radio path survey of the entire heating and cooling system radio network to determine radio system hardware requirements, design a replacement to merge the two top end chiller control systems into one common system, design a replacement for the programmable logic controllers at the chillers, and design a replacement for the aging chiller Energy Management System (EMS). The radio system is critical to operation of the system, and the data is used for customer billing, monitoring, reporting and trending at the EMS server. The total cost of the project is \$2.3 million.

Justification:

The Commerce St. Chilled Water Plant serves 24 customers in the downtown area. The radio control and Energy Management System is critical to plant operations and customer billing and is used to maintain accurate and reliable cash flow for SAWS. This project will provide for a unified control system for all chillers located at Commerce St.

FAILURE ANALYSIS AND RISK RATINGS

Failure Mode:		Failure Impact:	Failure Root Cause:	
Equipment Failure		Customer Dissatisfaction	Critical Equipment Failure	
Impact Severity	Likelihood of Occurrence	Risk Mitigation	Risk Exposure	
10	10	10	1000	

<u>FUNDING INFORMATION</u>	Land Year:	Design Year:	Construction Year
Amounts shown are estimated costs without SAWS overhead.		2014	2015
		\$164,000	\$1,642,000



2014 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Heating & Cooling Chilled Water Meter Upgrades

Programmed Amount: \$687,500

Core Business: Heating & Cooling

Category: Heating & Cooling

Phase: Construction

Council District 1



Description and Scope:

This project will replace 24 chilled water flow meters at customer sites and two flow meters at the Commerce St. chilled water plant. The chilled water system was assessed and master planned and resulted in a finding that the flow meters were under-registering the amount of chilled water produced by approximately 6% due to wear and tear on the meters and less than ideal locations of some customer meters. Replacing these flow meters will insure accurate measurement of chilled water produced and billed to SAWS customers. Measurements from the flow meters are input to the plant's Energy Management System to calculate system efficiencies and for customer billing.

Justification:

The accuracy of these meters is essential to the proper operation of the SAWS cooling system and for customer billing.

FAILURE ANALYSIS AND RISK RATINGS

Failure Mode:		Failure Impact:	Failure Root Cause:	
Unsustainable Equipment		Customer Dissatisfaction	Age/Deterioration	
Impact Severity	Likelihood of Occurrence	Risk Mitigation	Risk Exposure	
10	10	10	1000	

FUNDING INFORMATION

	Land Year:	Design Year:	Construction Year
Amounts shown are estimated costs without SAWS overhead.		2013	2014
		\$74,420	\$550,000



2014 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Heating & Cooling Chiller 6 and 7 Replacement
Programmed Amount: \$1,632,500
Core Business: Heating & Cooling
Category: Heating & Cooling
Phase: Construction
Council District 1



Description and Scope:

This project will replace two chillers at the Cherry St. plant. These chillers are at the end of their service life and are costing about \$370,000 per year in O&M costs. New chillers will reduce O&M costs and save energy.

Justification:

The chillers are used to produce chiller water for the Alamodome. The increasing maintenance cost justifies replacing these chillers and will save maintenance and energy costs.

FAILURE ANALYSIS AND RISK RATINGS

Failure Mode:		Failure Impact:		Failure Root Cause:	
Unsustainable Equipment		Customer Dissatisfaction		Age/Deterioration	
Impact Severity	Likelihood of Occurrence	Risk Mitigation	Risk Exposure		
10	10	10	1000		

<u>FUNDING INFORMATION</u>	Land Year:	Design Year:	Construction Year
Amounts shown are estimated costs without SAWS overhead.			2014 \$1,306,000



2014 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Parking Lot Reconfiguration at the Market St. Heating & Cooling Plant

Programmed Amount: \$312,500

Core Business: Heating & Cooling

Category: Heating & Cooling

Phase: Construction

Council District 1



Description and Scope:

Construct improvements to the Market St. plant parking lot to accommodate large service vehicles and prevent damage to the ice vault. Due to the Market St. Re-Alignment Project and subsequent land transfer between CoSA and SAWS, access to the south side of the Heating and Cooling Plant has been restricted to vehicles and equipment less than ¾ ton. The parking lot realignment project is necessary to expand the existing parking lot to permit access for maintenance and repair of components by larger vehicles and equipment which cannot traverse over the existing parking lot due to the location of an underground ice vault that cannot support the weight of large vehicles and equipment. Allowing heavy equipment traffic to traverse near this area can potentially put at risk the structural integrity of the slab over the ice vault which can lead to major impacts to the plant's operations. The scope of work includes a new electronic gate that will be installed at the southeast corner of the property, and minor pavement overlay work to the immediate parking area surrounding the ice vault's zone and to the area on top of the ice vault itself. The project will be designed in 2013, funded by an unspecified design contract.

Justification:

Reconfiguring the parking lot will prevent damage to the ice vault and expensive repairs, as well as interruption of service to downtown customers. The revised parking lot design would also permit access to the chilled water vault should emergencies within the plant occur.

FAILURE ANALYSIS AND RISK RATINGS

Failure Mode:		Failure Impact:	Failure Root Cause:	
Inadequate Capacity		Customer Dissatisfaction	Conflict with City or State	
Impact Severity	Likelihood of Occurrence	Risk Mitigation	Risk Exposure	
9	9	9	729	

<u>FUNDING INFORMATION</u>	Land Year:	Design Year:	Construction Year
Amounts shown are estimated costs without SAWS overhead.		2013	2014
		\$75,000	\$250,000

SUPPLEMENTAL INFORMATION

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SUPPLEMENTAL INFORMATION

STATISTICAL SECTION

Revenue Capacity - Water Production, Water Usage and Wastewater Treated

Fiscal Year	Gallons of Water Production (b)	Gallons of Water Usage	Gallons of Water Unbilled	Average Percent Unbilled	Gallons of Wastewater Treated (c)	Total Direct Rate			
						Water		Sewer	
						Base Rate (d)	Usage Rate (e)	Base Rate (f)	Usage Rate (g)
2013	66,391	55,108	11,283	16.99%	50,076	\$ 7.31	\$ 20.09	\$ 11.54	\$ 14.27
2012	66,596	55,320	11,276	16.93%	49,055	7.31	20.24	9.92	12.24
2011	70,699	59,133	11,566	16.36%	49,918	7.10	18.10	8.73	10.78
2010 (a)	61,272	52,578	8,694	14.19%	48,152	7.10	18.10	8.73	10.78
2009	62,649	55,295	7,354	11.74%	51,987	6.77	20.04	7.76	9.63
2008	67,523	58,828	8,695	12.88%	50,347	6.56	19.92	7.37	9.14
2007	55,043	49,511	5,532	10.05%	49,217	6.56	19.59	7.37	9.14
2006	63,388	57,724	5,664	8.94%	53,270	6.56	19.69	7.37	9.14
2005	58,990	55,005	3,985	6.76%	49,287	6.11	18.42	7.33	9.10
2004	51,231	49,367	1,864	3.64%	49,592	5.61	15.47	6.60	8.19

- (a) Reflects rate increase and rate restructuring for water usage beginning in November 2010. Prior to November, Water Base Rate (including TCEQ fees) was \$6.96, Water Usage Rate was \$20.52, Sewer Base Rate (including TCEQ fees) was \$7.81 and Sewer Usage Rate was \$9.63.
- (b) Pumpage is total potable water production less Aquifer Storage and Recovery recharge
- (c) Represents amounts billed to customers. Residential Class customers are billed based on water usage during a consecutive three month billing period from November through March. All other customer classes are billed for wastewater treatment based on actual water usage during each monthly billing period.
- (d) Rate shown is for 5/8" meters. See Schedule 8 for the rates of other meter sizes.
- (e) Represents standard (non-seasonal) usage charge for monthly residential water usage of 7,788 gallons per month. Includes water supply and EAA fees.
- (f) Minimum service availability charge (includes charge for first 1,496 gallons)
- (g) Represents usage charge for a residential customer based on winter average water consumption of 6,178 gallons per month.

Number of Customers (Average number billed)

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Water Sales (a):										
Residential Class	343,667	339,204	335,280	331,853	327,610	323,754	318,270	308,807	298,271	289,458
General Class	23,713	23,582	23,369	23,225	23,242	23,104	22,943	22,662	22,384	22,092
Wholesale Class	8	8	7	7	7	7	7	7	6	6
Total Water	367,388	362,794	358,656	355,085	350,859	346,865	341,220	331,476	320,661	311,556
Irrigation Class (b)	8,821	8,633	8,479	8,350	8,202	7,940	7,602	7,232	6,883	6,522
Wastewater Sales:										
Residential Class	390,256	383,553	378,380	373,755	368,948	361,966	352,038	338,693	326,516	316,498
General Class	25,021	24,824	24,550	24,407	24,285	23,999	23,604	23,408	23,016	22,590
Wholesale Class	12	12	12	7	12	13	11	12	12	12
Total Wastewater	415,289	408,389	402,942	398,169	393,245	385,978	375,653	362,113	349,544	339,100
Conservation - Residential Class (c)	20,867	23,804	33,708	21,791	26,665	29,973	15,548	31,716	27,963	18,754
Recycled Water Sales	97	92	80	81	86	76	71	69	56	51

- (a) Water Supply and EAA fees are billed to a water customers with water usage.
- (b) Represents the number of customers included in Residential, General and Wholesale Classes which also have irrigation meters.
- (c) The residential class rate applied to monthly residential usage in excess of 17,205 gallons is designated as Conservation Fees. These customers are included in the residential class for water sales.

STATISTICAL SECTION (CONTINUED)

Sales by Source
(\$ in thousands)

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Water Sales:										
Residential Class	\$71,536	\$72,620	\$79,332	\$66,410	\$65,333	\$68,516	\$56,096	\$65,927	\$58,351	\$44,829
General Class	35,099	35,504	33,571	32,326	32,943	32,330	29,313	31,606	28,613	24,006
Wholesale Class	1,640	1,255	234	136	204	179	120	145	182	114
Irrigation Class (a)	10,893	11,164	11,722	12,909	12,176	16,124	10,659	12,541	11,723	8,210
Total Water	119,168	120,543	124,859	111,781	110,656	117,149	96,188	110,219	98,869	77,159
Water Supply Fees (b)										
Residential Class	43,121	44,163	51,696	45,312	45,909	49,042	39,081	48,403	42,283	28,623
General Class	32,393	32,537	31,586	29,764	30,403	30,140	28,105	29,531	27,036	19,945
Wholesale Class	3,227	2,294	202	158	178	160	132	166	165	104
Irrigation Class	12,057	12,058	13,029	7,154	6,288	8,016	5,285	6,154	5,741	3,559
Total Water Supply Fees	90,798	91,052	96,513	82,388	82,778	87,358	72,603	84,254	75,225	52,231
EAA Pass-through fees (c)										
Residential Class	9,905	10,841	4,767	5,423	3,605	5,893	3,561	4,925	4,818	3,304
General Class	6,991	7,352	2,930	3,648	2,387	3,622	2,560	3,005	3,080	2,303
Wholesale Class	659	509	18	19	14	19	12	17	19	12
Irrigation Class	1,134	1,242	540	765	494	963	481	626	654	411
Total Pass-through fees	18,689	19,944	8,255	9,855	6,500	10,497	6,614	8,573	8,571	6,030
Conservation Fees:										
Residential Class	2,454	2,986	3,682	2,814	2,962	3,663	1,986	4,112	3,291	2,411
General Class	6,606	7,040	6,702	4,461	4,008	3,938	3,957	3,637	3,968	3,558
Total Conservation	9,060	10,026	10,384	7,275	6,970	7,601	5,943	7,749	7,259	5,969
Wastewater Sales:										
Residential Class	116,775	98,674	88,702	79,118	81,202	75,752	72,212	72,901	63,605	55,763
General Class	62,300	54,175	48,271	41,768	41,343	40,034	38,554	38,325	37,342	31,622
Wholesale Class	7,599	6,761	6,105	5,044	5,225	5,281	6,469	6,704	6,435	5,695
Surcharge	5,438	5,134	4,815	4,861	4,648	4,614	4,409	4,271	4,081	4,019
Total Wastewater	192,112	164,744	147,893	130,791	132,418	125,681	121,644	122,201	111,463	97,099
TCEQ Pass-through fees (d)										
Water customers	1,086	1,064	1,178	964	-	-	-	-	-	-
Wastewater customers	347	411	464	280	-	-	-	-	-	-
	1,433	1,475	1,642	1,244	-	-	-	-	-	-
Recycled Water Sales	5,161	5,074	5,068	3,955	4,393	4,287	3,244	3,795	3,100	2,669
Stormwater Fees	5,058	4,558	4,158	3,745	3,358	3,037	3,056	3,056	2,938	2,746
Chilled Water & Steam	12,719	12,485	11,715	12,337	12,714	12,758	13,101	13,243	13,371	12,028
Miscellaneous Fees and Charges	12,787	12,427	10,193	8,872	9,266	9,541	7,944	8,204	7,374	6,756
Provision for Uncollectible Accounts	(4,646)	(3,800)	(2,811)	(3,463)	(3,711)	(3,288)	(2,619)	(2,638)	(1,637)	(1,415)
Total Operating Revenue	\$462,339	\$438,528	\$417,869	\$368,780	\$365,342	\$374,621	\$327,718	\$358,656	\$326,533	\$261,272

(a) Effective December 1, 2000, an irrigation rate class was approved for water service provided through separate irrigation meters.

(b) Effective December 1, 2000, a water supply fee was approved on all potable water service.

(c) EAA pass-through fees are designed to recoup fees charged by Edwards Aquifer Authority (EAA). The fee is charged based on water usage. Any previous over or under recovery of fees is considered in determining the fees to be charged each year.

(d) TCEQ pass-through fees are designed to recoup fees charged by the Texas Commission on Environmental Quality (TCEQ). Fee is a per customer charge.

STATISTICAL SECTION (CONTINUED)**Sales in Gallons***(Gallons billed, in millions)*

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Water Sales (a):										
Residential Class	29,206	30,070	34,153	28,932	30,667	33,025	26,651	33,162	30,917	27,054
General Class	20,614	20,393	20,986	19,465	20,309	20,297	19,166	20,232	19,769	18,851
Wholesale Class	1,943	1,412	128	101	119	108	90	114	121	98
Irrigation Class	3,345	3,445	3,866	4,080	4,200	5,398	3,604	4,216	4,198	3,364
Total Water	55,108	55,320	59,133	52,578	55,295	58,828	49,511	57,724	55,005	49,367
Wastewater Sales:										
Residential Class	27,617	26,572	27,371	26,746	29,825	28,148	27,383	28,859	25,293	25,421
General Class	20,100	20,066	20,134	20,002	20,338	20,352	19,634	21,967	22,262	21,800
Wholesale Class	2,359	2,417	2,413	1,404	1,824	1,847	2,200	2,444	1,732	2,371
Total Wastewater	50,076	49,055	49,918	48,152	51,987	50,347	49,217	53,270	49,287	49,592
Conservation - Residential Class (b)	3,196	3,026	4,106	2,935	3,469	3,948	2,432	4,276	3,613	2,634
Recycled Water Sales	18,359	18,129	18,990	14,968	16,321	16,559	14,148	14,836	14,048	13,626

(a) Water Supply and EAA fees are billed based on the gallons billed for water sales.

(b) Gallons billed for conservation are included in the gallons billed for water sales.

STATISTICAL SECTION (CONTINUED)

Ten Largest Customers - Water

Customer	Principal Business	Usage (million gallons)	%	Total Revenue (a) (in thousands)	%
Fiscal Year Ended December 31, 2013:					
SAN ANTONIO WATER SYSTEM DISTRICT SPECIAL PROJECT	Public Water Utility	1,808	3.28	\$ 5,062	2.12
CITY OF SAN ANTONIO	Municipal Entity	510	0.93	2,646	1.11
HEB GROCERY	Grocery	436	0.79	1,743	0.73
SAN ANTONIO HOUSING AUTHORITY	Public Housing	434	0.79	1,723	0.72
NORTHSIDE INDEPENDENT SCHOOL DISTRICT	School System	281	0.51	1,325	0.55
BEXAR COUNTY	County Government	321	0.58	1,222	0.51
CPS ENERGY	Public Power Utility	258	0.47	937	0.39
MAXIM INTEGRATED PRODUCT INC.	Electronics	246	0.45	837	0.35
NORTHEAST INDEPENDENT SCHOOL DISTRICT	School System	156	0.28	739	0.31
SAN ANTONIO INDEPDENDENT SCHOOL DISTRICT	School System	139	0.25	727	0.30
Subtotal (10 largest)		4,589	8.33	16,961	7.10
Balance from Other Customers		50,519	91.67	221,840	92.90
Total		55,108	100.00	\$ 238,801	100.00

Ten Largest Customers - Wastewater

Customer	Principal Business	Usage (million gallons)	%	Total Revenue (in thousands)	%
Fiscal Year Ended December 31, 2013:					
HEB GROCERY	Grocery	384	0.80	\$ 2,026	1.10
SAN ANTONIO HOUSING AUTHORITY	Public Housing	422	0.88	1,414	0.76
BEXAR COUNTY	County Government	254	0.53	923	0.50
L & H PACKING COMPANY	Beef Processor	118	0.25	723	0.39
MAXIM INTEGRATED PRODUCT, INC.	Electronics	217	0.45	713	0.39
TOYOTA	Automobile Manufacturer	187	0.39	619	0.33
OAK FARMS DAIRY	Dairy Producer	43	0.09	611	0.33
CITY OF SAN ANTONIO	Municipal Entity	161	0.34	569	0.31
NORTHSIDE INDEPENDENT SCHOOL DISTRICT	School System	153	0.32	543	0.29
FRITO LAY, INC.	Food Manufacturer	54	0.11	446	0.24
Subtotal (10 largest)		1,993	4.18	8,587	4.65
Balance from Other Customers		45,724	95.82	176,273	95.35
Total		47,717	100.00	\$ 184,860	100.00

WATER AND SEWER RATE SCHEDULES

**RESIDENTIAL CLASS WATER AND SEWER RATE SCHEDULES
SAN ANTONIO WATER SYSTEM**

San Antonio, Texas

Effective for Consumption on or about January 1, 2014

The Service Availability Charge (minimum bill) for all residential water service **INSIDE THE CITY LIMITS** of San Antonio furnished through meters of the following sizes together with the Monthly Volume Charge measured per 100 gallons of water usage in every instance of service for each month or fraction thereof shall be as follows:

MONTHLY SERVICE AVAILABILITY CHARGE

<u>Meter Size</u>	<u>Service Availability Charge</u>
5/8"	\$7.31
3/4"	10.26
1"	16.14
1-1/2"	30.83
2"	48.44
3"	89.58
4"	148.33
6"	295.23
8"	471.50
10"	677.14
12"	1,264.71

MONTHLY VOLUME CHARGE

<u>Usage Blocks</u>	<u>Rate Per 100 Gallons</u>	
<u>Gallons</u>	<u>Standard</u>	<u>Seasonal</u>
First 5,985	\$0.0971	\$0.0971
Next 6,732	0.1406	0.1529
Next 4,488	0.1982	0.2273
Over 17,205	0.3471	0.4710

The Volume Charge "Seasonal" Rate Per 100 Gallons shall be applied to all billings beginning on or about May 1 and ending after five complete billing months on or about September 30 of each year. At all other times the Volume Charge "Standard" Rate Per 100 Gallons shall be utilized.

The Service Availability Charge (minimum bill) for all residential water service **OUTSIDE THE CITY LIMITS** of San Antonio furnished through meters of the following sizes together with the Monthly Volume Charge measured per 100 gallons for water usage in every instance of service for each month or fraction thereof shall be as follows:

MONTHLY SERVICE AVAILABILITY CHARGE

<u>Meter Size</u>	<u>Service Availability Charge</u>
5/8"	\$9.52
3/4"	13.34
1"	20.97
1-1/2"	40.08
2"	62.99
3"	116.47
4"	192.84
6"	383.80
8"	612.96
10"	880.29
12"	1,644.14

MONTHLY VOLUME CHARGE

<u>Usage Blocks</u>	<u>Rate Per 100 Gallons</u>	
<u>Gallons</u>	<u>Standard</u>	<u>Seasonal</u>
First 5,985	\$0.1264	\$0.1264
Next 6,732	0.1828	0.1988
Next 4,488	0.2578	0.2956
Over 17,205	0.4513	0.6121

The Volume Charge "Seasonal" Rate Per 100 Gallons shall be applied to all billings beginning on or about May 1 and ending after five complete billing months on or about September 30 of each year. At all other times the Volume Charge "Standard" Rate Per 100 Gallons shall be utilized.

SEWER

Sewer service charges for all metered residential connections are computed on the basis of average water usage for 90 days during three consecutive billing periods beginning after November 15 and ending on or about March 15 of each year and are billed according to the rate schedules below.

INSIDE CITY LIMITS (ICL)

Monthly Service Availability Charge (includes first 1,496 gallons) - \$11.93
Over 1,496 gallons - \$0.3163 per 100 gallons.

Customers who do not have a record of winter water usage or an interim average will be billed an Unaveraged or Unmetered Residential Charge of \$33.22 per month.

OUTSIDE CITY LIMITS (OCL)

Monthly Service Availability Charge (includes first 1,496 gallons) - \$14.33
Over 1,496 gallons - \$0.3795 per 100 gallons.

Customers who do not have a record of winter water usage or an interim average will be billed an Unaveraged or Unmetered Residential Charge of \$39.87 per month.

**GENERAL CLASS WATER AND SEWER RATES SCHEDULES
SAN ANTONIO WATER SYSTEM**

San Antonio, Texas

Effective for Consumption on or about January 1, 2014

The Service Availability Charge (minimum bill) for all general water service **INSIDE THE CITY LIMITS** of San Antonio furnished through meters of the following sizes together with the Monthly Volume Charge measured per 100 gallons for water usage in every instance of service for each month or fraction thereof shall be as follows:

MONTHLY SERVICE AVAILABILITY CHARGE		MONTHLY VOLUME CHARGE	
<u>Meter Size</u>	<u>Service Availability Charge</u>	<u>Usage Blocks, Gallons</u>	<u>Rate Per 100 Gallons</u>
5/8"	\$10.16	Base*	\$0.1176
3/4"	14.53	>100-125% of Base	0.1406
1"	23.24	>125-175% of Base	0.1971
1-1/2"	45.03	>175% of Base	0.2887
2"	71.18		
3"	132.20		
4"	219.38		
6"	437.32		
8"	698.83		
10"	1,003.94		
12"	1,875.69		

*The Base Use is defined as 100% of the Annual Average Consumption

The Service Availability Charge (minimum bill) for all general water service **OUTSIDE THE CITY LIMITS** of San Antonio furnished through meters of the following sizes together with the Monthly Volume Charge measured per 100 gallons for water usage in every instance of service for each month or fraction thereof shall be as follows:

MONTHLY SERVICE AVAILABILITY CHARGE		MONTHLY VOLUME CHARGE	
<u>Meter Size</u>	<u>Service Availability Charge</u>	<u>Usage Blocks, Gallons</u>	<u>Rate Per 100 Gallons</u>
5/8"	\$13.21	Base*	\$0.1529
3/4"	18.88	>100-125% of Base	0.1827
1"	30.20	>125-175% of Base	0.2562
1-1/2"	58.54	>175% of Base	0.3752
2"	92.54		
3"	171.87		
4"	285.19		
6"	568.51		
8"	908.49		
10"	1,305.13		
12"	2,438.39		

*The Base Use is defined as 100% of the Annual Average Consumption

SEWER

Sewer service charges are computed from the water usage schedules below for all metered connections.

INSIDE CITY LIMITS (ICL)	OUTSIDE CITY LIMITS (OCL)
Monthly Service Availability Charge (includes first 1,496 gallons) - <u>\$11.93</u>	Monthly Service Availability Charge (includes first 1,496 gallons) - <u>\$14.33</u>
Over 1,496 gallons - <u>\$0.3163</u> per 100 gallons.	Over 1,496 gallons - <u>\$0.3795</u> per 100 gallons.

**WHOLESALE CLASS WATER AND SEWER RATE SCHEDULES
SAN ANTONIO WATER SYSTEM**

San Antonio, Texas

Effective for Consumption on or about January 1, 2014

The Service Availability Charge (minimum bill) for all wholesale water service **INSIDE THE CITY LIMITS** of San Antonio furnished through meters of the following sizes together with the Monthly Volume Charge measured per 100 gallons for water usage in every instance of service for each month or fraction thereof shall be as follows:

MONTHLY SERVICE AVAILABILITY CHARGE		MONTHLY VOLUME CHARGE	
<u>Meter Size†</u>	<u>Service Availability Charge</u>	<u>Usage Blocks, Gallons</u>	<u>Rate Per 100 Gallons</u>
6"	\$295.23	Base*	\$0.0816
8"	471.50	>100-125% of Base	0.1225
10"	677.14	>125-175% of Base	0.1769
12"	1,264.71	>175% of Base	0.2502

*The Base Use is defined as 100% of the Annual Average Consumption

The Service Availability Charge (minimum bill) for all wholesale water service **OUTSIDE THE CITY LIMITS** of San Antonio furnished through meters of the following sizes together with the Monthly Volume Charge measured per 100 gallons for water usage in every instance of service for each month or fraction thereof shall be as follows:

MONTHLY SERVICE AVAILABILITY CHARGE		MONTHLY VOLUME CHARGE	
<u>Meter Size†</u>	<u>Service Availability Charge</u>	<u>Usage Blocks, Gallons</u>	<u>Rate Per 100 Gallons</u>
6"	\$383.80	Base*	\$0.1060
8"	612.96	>100-125% of Base	0.1593
10"	880.29	>125-175% of Base	0.2300
12"	1,644.14	>175% of Base	0.3252

*The Base Use is defined as 100% of the Annual Average Consumption

† Wholesale water service will not be provided through a meter smaller than 6" in order to comply with fire-flow requirements and the "Criteria for Water Supply and Distribution in the City of San Antonio and its Extraterritorial Jurisdiction."

SEWER

INSIDE CITY LIMITS (ICL)

\$0.2850 Monthly Volume Charge per 100 gallons of contributed wastewater. (\$2.14 per 100 cubic feet)

OUTSIDE CITY LIMITS (OCL)

\$140.06 Monthly Service Availability Charge plus \$0.3422 Monthly Volume Charge per 100 gallons of contributed wastewater. (\$2.56 per 100 cubic feet)

**IRRIGATION CLASS WATER AND SEWER RATES SCHEDULES
SAN ANTONIO WATER SYSTEM**

San Antonio, Texas

Effective for Consumption on or about January 1, 2014

The Service Availability Charge (minimum bill) for all irrigation water service **INSIDE THE CITY LIMITS** of San Antonio furnished through meters of the following sizes together with the Monthly Volume Charge measured per 100 gallons for water usage in every instance of service for each month or fraction thereof shall be as follows:

MONTHLY SERVICE AVAILABILITY CHARGE		MONTHLY VOLUME CHARGE		
<u>Meter Size</u>	<u>Service Availability Charge</u>	<u>Usage Blocks, Gallons</u>	<u>Standard</u>	<u>Seasonal</u>
5/8"	\$10.16	0 Gallons	\$0.0000	\$0.0000
3/4"	14.53	Next 6,732	0.1653	0.1653
1"	23.24	Next 10,473	0.1982	0.2301
1-1/2"	45.03	Over 17,205	0.3471	0.4764
2"	71.18			
3"	132.20			
4"	219.38			
6"	437.32			
8"	698.83			
10"	1,003.94			
12"	1,875.69			

The Volume Charge "Seasonal" Rate Per 100 Gallons shall be applied to all billings beginning on or about May 1 and ending after five complete billing months on or about September 30 of each year. At all other times the Volume Charge "Standard" Rate Per 100 Gallons shall be utilized.

The Service Availability Charge (minimum bill) for all irrigation water service **OUTSIDE THE CITY LIMITS** of San Antonio furnished through meters of the following sizes together with the Monthly Volume Charge measured per 100 gallons for water usage in every instance of service for each month or fraction thereof shall be as follows:

MONTHLY SERVICE AVAILABILITY CHARGE		MONTHLY VOLUME CHARGE		
<u>Meter Size</u>	<u>Service Availability Charge</u>	<u>Usage Blocks, Gallons</u>	<u>Standard</u>	<u>Seasonal</u>
5/8"	\$13.21	0 Gallons	\$0.0000	\$0.0000
3/4"	18.88	Next 6,732	0.2148	0.2148
1"	30.20	Next 10,473	0.2577	0.2992
1-1/2"	58.54	Over 17,205	0.4513	0.6193
2"	92.54			
3"	171.87			
4"	285.19			
6"	568.51			
8"	908.49			
10"	1,305.13			
12"	2,438.39			

The Volume Charge "Seasonal" Rate Per 100 Gallons shall be applied to all billings beginning on or about May 1 and ending after five complete billing months on or about September 30 of each year. At all other times the Volume Charge "Standard" Rate Per 100 Gallons shall be utilized.

**WATER SUPPLY FEE SCHEDULE
SAN ANTONIO WATER SYSTEM**

San Antonio, Texas

Effective for Consumption on or about January 1, 2014

The Water Supply Fee assessed on all potable water service for water usages in every instance of service for each month or fraction thereof shall be as follows:

<u>Rate Class</u>	<u>Usage Blocks, Gallons</u>	<u>Fee to be Assessed (per 100 gallons)</u>
<u>Residential</u>	<u>First 5,985</u>	\$0.1223
	<u>Next 6,732</u>	\$0.1768
	<u>Next 4,488</u>	\$0.2495
	<u>Over 17,205</u>	\$0.4366
<u>General</u>	<u>Base*</u>	\$0.1880
	<u>>100-125% of Base</u>	\$0.1880
	<u>>125-175% of Base</u>	\$0.1880
	<u>>175% of Base</u>	\$0.1880
<u>Wholesale</u>	<u>Base*</u>	\$0.1880
	<u>>100-125% of Base</u>	\$0.1880
	<u>>125-175% of Base</u>	\$0.1880
	<u>>175% of Base</u>	\$0.1880
<u>Irrigation</u>	<u>0 Gallons</u>	\$0.0000
	<u>Next 6,732</u>	\$0.1880
	<u>Next 10,473</u>	\$0.2495
	<u>Over 17,205</u>	\$0.4735

*The Base Use is defined as 100% of the Annual Average Consumption

**RECYCLED WATER RATES SCHEDULES
SAN ANTONIO WATER SYSTEM
San Antonio, Texas**

Effective for Consumption on or about January 1, 2014

The Monthly Service Availability Charge (minimum bill) for all recycled water service furnished through meters of the following sizes together with the Monthly Volume Charge measured per 100 gallons for water usage in every instance of service for each mo

EDWARDS EXCHANGE CUSTOMERS

MONTHLY SERVICE A VAILABILITY CHARGE		MONTHLY VOLUME CHARGE		
Meter Size	<u>Service Availability Charge</u>	<u>Usage Blocks</u>	Rate Per 100 Gallons	
		Transferred Amount	<u>Standard</u>	<u>Seasonal</u>
5/8"	\$9.26		\$0.0244	\$0.0244
3/4"	12.05			
1"	15.69	All in excess of		
1-1/2"	24.95	transferred ammount	0.0914	0.0971
2"	36.48			
3"	97.03			
4"	144.22			
6"	275.12			
8"	414.70			
10"	568.64			
12"	701.61			

The Volume Charge "Seasonal" Rate Per 100 Gallons shall be applied to all billings beginning on or about May 1 and ending after five complete billing months on or about September 30 of each year. At all other times the Volume Charge "Standard" Rate Per 100 Gallons shall be utilized.

NON EDWARDS EXCHANGE CUSTOMERS

MONTHLY SERVICE A VAILABILITY CHARGE		MONTHLY VOLUME CHARGE		
Meter Size	<u>Service Availability Charge</u>	<u>Usage Blocks</u>	Rate Per 100 Gallons	
		First 748,000	<u>Standard</u>	<u>Seasonal</u>
5/8"	\$9.26		\$0.0978	\$0.1051
3/4"	12.05			
1"	15.69	Over 748,000	0.0999	0.1061
1-1/2"	24.95			
2"	36.48			
3"	97.03			
4"	144.22			
6"	275.12			
8"	414.70			
10"	568.64			
12"	701.61			

The Volume Charge "Seasonal" Rate Per 100 Gallons shall be applied to all billings beginning on or about May 1 and ending after five complete billing months on or about September 30 of each year. At all other times the Volume Charge "Standard" Rate Per 100 Gallons shall be utilized.

GLOSSARY

Acre-Foot	The volume of water that would cover one acre to a depth of one foot. It is equal to 325,851 gallons.
Affordability Discount	Customer assistance program designed to provide a discount to customers who meet income eligibility requirements.
Annual Budget	A financial plan for a specified period of time (fiscal year) that assigns resources to each activity in sufficient amounts so as to reasonably expect accomplishment of the objectives in the most cost effective manner.
Aquifer	A wet underground layer of water-bearing permeable rock or unconsolidated materials (gravel, sand, or silt) from which groundwater can be usefully extracted using a water well.
Aquitard	A bed of low permeability along an aquifer
Balanced Budget	A budget in which planned revenues generated from various user fees and receipts are sufficient to fund planned expenditures.
Board	Board of Trustees of the San Antonio Water System
Bonds	City of San Antonio, Texas Water System Revenue and Refunding Bonds
Brackish Groundwater	Either slightly or moderately saline water containing between 1,000 and 10,000 milligrams per liter (mg/L) of total dissolved solids (TDS).
Build America Bonds	Taxable municipal bonds that carry special tax credits and federal subsidies for either the bond issuer or the bondholder. Build America Bonds were created under the American Recovery and Reinvestment Act on February 17, 2009.
Capital Improvement Program	The Capital Improvement Program (CIP) is a planning and budgeting tool that provides information about SAWS' infrastructure needs. It identifies facility and equipment requirements for sustaining, restoring and modernizing the facilities and infrastructure that support water supply and delivery, wastewater collection and treatment, and heating and cooling requirements in the SAWS service area. It also prioritizes and schedules them for funding and implementation through a multi-year plan.
Capital Expenditure	An expenditure that: <ul style="list-style-type: none"> • results in additions or improvements of a permanent nature • is in an amount exceeding \$5,000 • adds value and has a useful life of more than one year • prolongs the life of the improved or enhanced property • is necessary to establish or implement the use of a capital asset such that the modification of other existing assets makes the new asset operational.
City	The City of San Antonio (COASA), located in the State of Texas.

City Council	The current elected officials of the City of San Antonio, as set forth in the City's Charter. Unless otherwise stated, the Mayor is considered part of the City Council.
Commercial Paper	See "Tax Exempt Commercial Paper"
CPS Energy	Municipally owned utility providing electric and gas to the San Antonio and Bexar County area - formerly City Public Service (CPS).
CPS Contract Or CPS Energy Contract	The Wastewater Contract executed on September 15, 1990 between the Alamo Conservation and Reuse District and the City Public Service Board of San Antonio.
Cured-in-place pipe (CIPP)	A cured-in-place pipe (CIPP) is one of several trenchless rehabilitation methods used to repair existing pipelines. CIPP is a jointless, seamless, pipe-within-a-pipe with the capability to rehabilitate pipes ranging in diameter from 0.15 - 2.8 meter (6"-110"). As one of the most widely used rehabilitation methods CIPP has application in water, sewer, gas, and chemical pipelines
Debt	All indebtedness payable from Pledged Revenues and/or Net Revenues incurred or assumed by the City for borrowed money and all other SAWS financing obligations payable from Pledged Revenues and/or net Revenues that, in accordance with generally accepted accounting principles, are shown on the liability side of a balance sheet.
Debt Service Requirements	As of any particular date of computation, with respect to any obligation and with respect to any obligations and with respect to any period, the aggregate of the amounts to be paid or set aside by the City as of such date or in such period for the payment of the principal of, premium, if any, and interest (to the extent not capitalized) on such obligations.
District Special Project (DSP)	Former Bexar Metropolitan Water District
Encumbrance	Amount for which there is a legal obligation to spend in the future. A purchase order is a typical encumbrance transaction
Edwards Aquifer HCP	Edwards Aquifer Habitat Conservation Plan
Failure Impact	The impact on the customer
Failure Mode	The manner by which a failure is observed; it generally describes the way the failure occurs.
Failure Root Cause	Defects in design, process, quality, or part application, which are the underlying cause of the failure or which initiate a process which leads to failure.

Fiscal Year	The twelve month accounting period used by SAWS in connection with the operation of the System, currently ending on December 31 of each year, which may be any twelve consecutive month period established by the Board, but in no event may the Fiscal Year be changed more than one time in any three calendar year period.
Gross Revenues	All revenue during such period in respect or on account of the operation or ownership of the System, excluding refundable meter deposits, restricted gifts, grants in aid of construction, any amounts payable to the united Stats as rebate, any impact fees charged by the System, payments received pursuant to the CPS Contract together with earnings and interest thereon, and earnings and income derived from the investment or deposit of money in the Construction Fund.
Junior Lien Obligations	Bonds, Previously Issued Junior Lien Obligations, and any Additional Junior Lien Obligations hereafter issued by the City, or bonds issued to refund any of the foregoing (as determined within the sole discretion of the City Council in accordance with applicable law) if issued in a manner so as to be payable from and equally and ratably secured by a junior lien on and pledge of SAWS' Net Revenues
Net Revenues	Gross Revenues of the System, with respect to any period, after deducting the System's Operating and Maintenance Expenses during such period.
Operating and Maintenance Expense	<p>All current expenses of operating and maintaining the System not paid from the proceeds of any Debt, including:</p> <ol style="list-style-type: none"> (1) The cost of all salaries, labor, materials, repairs, and extensions necessary to render efficient service, but only if, in the case of repairs and extensions, that are, in the judgment of the Board, necessary to maintain operation of the System and render adequate service to the City and the inhabitants thereof and other customers of the System, or are necessary to meet some physical accident or condition which would otherwise impair the payment of Debt, 2) Payments to pension, retirement, health hospitalization, and other employee benefit funds for employees of the Board engaged in the operation or maintenance of the System, (3) Payments under contracts for the purchase of water supply, treatment of sewage, or other materials, goods or services for the System to the extent authorized by law and the provisions of such contract, (4) Payments to auditors, attorneys, and other consultants incurred in complying with the obligations of the City or the Board, (5) The payments made on or in respect of obtaining and maintaining any Credit Facility, and (6) Any legal liability of the City or the Board arising out of the operation, maintenance, or condition of the System, but excluding any allowance for depreciation, property retirement, depletion, obsolescence, and other items not requiring an outlay of cash and any interest on the Bonds or any Debt
Ordinance	Ordinance No. 75686 adopted by the City Council on April 30, 1992.

Pledged Revenues	The Net Revenues, plus any additional revenues, income, receipts, or other resources, including, without limitation any grants, donations, or income received or to be received or to be received from the United States Government, or any other public or private source, whether pursuant to an agreement or otherwise, which hereafter are pledged by the City to the payment of the Senior Lien Obligations, and excluding those revenues excluded from Gross Revenues.
Potable Water	Water fit to drink.
Senior Lien Obligations	The outstanding and unpaid obligations of the City that are payable solely from and equally and ratably secured by a prior and first lien on and pledge of the Pledged Revenues of the System.
Sanitary Sewer Overflow (SSO)	A condition whereby untreated sewage discharged into the environment prior to reaching sewage treatment facilities
Strategic Plan	Strategic plan is a process of identifying corporate goals and priorities. The Strategic Plan becomes a management tool used to help an organization ensure that members of the organization are working toward the same goals, and to assess and adjust the organization's direction in response to a changing environment. Strategic planning is a disciplined effort to produce fundamental decisions and actions that shape and guide what an organization is, what it does, and why it does it, with a focus on the future.
Subordinate Lien Obligations	The currently outstanding and unpaid obligations of the City that are payable wholly or in part from a lien on and pledge of the Net Revenues that is subordinate and inferior to the pledge thereof securing payment of the currently outstanding Senior Lien Obligations and the Junior Lien Obligations.
Swap	An exchange of streams of payments over time according to specified terms. The most common type is an interest rate swap, in which one party agrees to pay a fixed interest rate in return for receiving an adjustable rate from another party.
Tax Exempt Commercial Paper	An unsecured, short-term debt instrument maturing between 1 and 270 days, that provides the debt holders (bondholders) exemption from at least some taxes on the earnings at a local, state or federal level, or a combination thereof. The debt is usually issued at a discount, reflecting prevailing market interest rates. Tax-Exempt commercial paper is typically backed only by the issuer's promise to pay the face amount on the maturity date specified on the note.
Water Supply Fee	A consumption based fee that funds the acquisition of new water sources to reduce San Antonio's dependence on the Edwards Aquifer.

GLOSSARY OF ABBREVIATIONS

ASR	Aquifer Storage and Recovery
AWC	Average Winter Consumption
BGD	Brackish Groundwater Desalination
BMA	Bexar Medina-Atascosa Water Control and Improvement District
BMWD	Bexar Metropolitan Water District
CCN	Certificate of Convenience and Necessity
CIP	Capital Improvement Program
CIPP	Cured in place pipe
COSA or CSA	City of San Antonio
CPS	City Public Service Energy
CRWA	Canyon Regional Water Regional Authority
DFC	Desired Future Conditions
DSP	District Special Project (Formerly Bexar Metropolitan Water District)
EAA	Edwards Aquifer Authority
EAHCP	Edwards Aquifer Habitat Conservation Plan
EARIP	Edwards Aquifer Recovery Implementation Program
EMT	SAWS Executive Management Team
EPA	Environmental Protection Agency
ERSS	Enterprise Resource Software System
FMEA	Failure Methods and Effects Analysis
GASB	Government Accounting Standards Board
GBRA	Guadalupe-Blanco River Authority
GFOA	Government Finance Officers Association
GIS	Geographic Information System
GMA-13	Groundwater Management Area 13

GPCD	Gallons per capita per day
HCP (EAHCP)	Edwards Aquifer Habitat Conservation Plan
LCRA	Lower Colorado River Authority
MSA	Metropolitan Statistical Area
MYFP	Multi-year financial plan
O&M	Operations and Maintenance
OPEB	Other post-employment benefits
RFCSP	Request for Competitive Sealed Proposal
R&R	Renewal and Replacement
SAWS	San Antonio Water System
SMWB	Small, Minority and Women-Owned Business
SSLGC	Schertz-Seguin Local Governmental Corporation
SSO	Sanitary sewer overflow
TCEQ	Texas Commission on Environmental Quality
TECP	Tax exempt commercial paper
TWDB	Texas Water Development Board
WRC	Water Recycling Center
WSC	Water Supply Corporation



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