

Annual Operating Budget and Capital Improvement Program

**Fiscal Year Ending
December 31, 2015**

San Antonio, Texas



ANNUAL OPERATING BUDGET AND CAPITAL IMPROVEMENT PROGRAM

FISCAL YEAR ENDING DECEMBER 31, 2015

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SENIOR VICE PRESIDENT/CHIEF FINANCIAL OFFICER

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GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**San Antonio Water System
Texas**

For the Fiscal Year Beginning

January 1, 2014

A handwritten signature in black ink, appearing to read 'Jeffrey R. Egan'.

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, 2014**. 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



Ivy R. Taylor
Mayor



Roberto C. Treviño
District 1



Alan E. Warrick, II
District 2



Rebecca J. Viagra
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



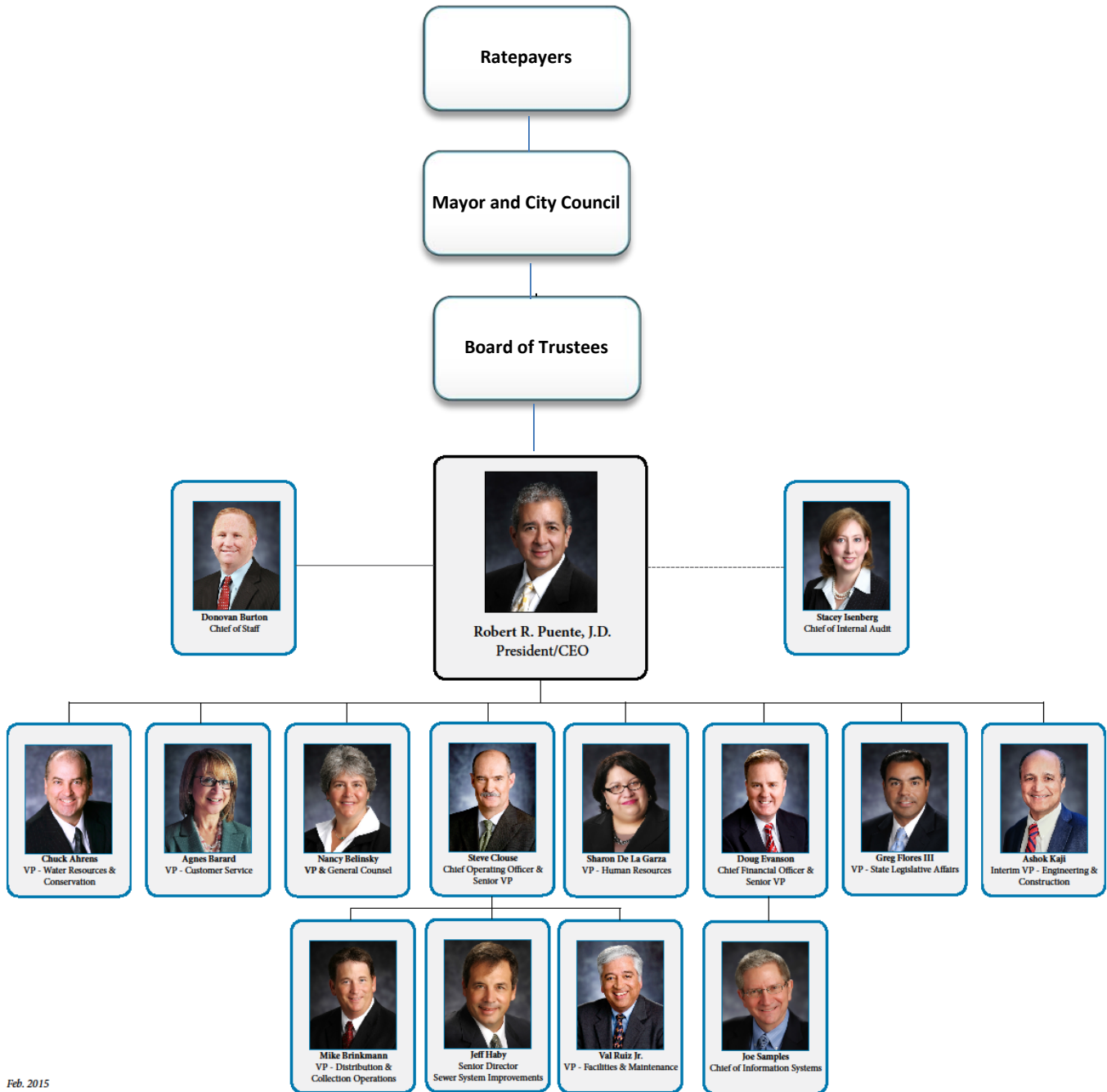
W. Reed Williams



Ivy R. Taylor, ex Officio

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ORGANIZATION CHART



Feb. 2015

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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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April 2, 2015

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 Ivy R. Taylor, Mayor

Honorable Mayor and Trustees:

I am pleased to present the 2015 Annual Operating Budget and Capital Improvement Plan 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 2015 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.

When the Board approved the 2014 budget and rate adjustment in November 2013, staff was also authorized to request approval from the City Council for a 2015 rate increase not to exceed 5.3% for the average residential bill. The Council granted that approval, contingent upon a review by the City's Public Utilities Office of the final 2015 rate adjustment. In November 2014, the Public Utilities Office agreed that the revenue requirements for 2015 justified the need for an average rate increase of 5.3%. Consequently, in December 2014 the Board approved the final 2015 budget and rate increase.

The approved rate adjustment for 2015 means an overall 5.3% increase for the average residential bill for a customer using 7,788 gallons of water and 6,178 gallons of wastewater per month. The approved percentage changes for specific SAWS rate categories are 3.6% for Water Delivery rates, 5.1% for Water Supply Fee rates, 6.4% for Wastewater rates and 2.7% for Recycled Water rates. The rate adjustments are projected to generate a total of \$23.2 million in additional revenue broken down as follows: Water Supply - \$5.4 million, Water Delivery - \$5.0 million, and Wastewater - \$12.8 million.

The 2015 Budget balances revenue requirements for the fiscal year ending December 31, 2015 with available revenues and other funding sources. Highlights of the 2015 Budget include:

- Budgeted billed water usage of 55.5 billion gallons assumes normal weather conditions and is slightly lower than the 56 billion gallons budgeted for 2014
- Water and Wastewater customer growth of 1.4% is assumed
- Total Sources of Funds are estimated to be \$572.9 million, which is \$26.6 million or 4.9% higher than the 2014 Sources of Funds and is comprised of:
 - Operating revenues totaling \$519.7 million

- Non-Operating revenues totaling \$5.4 million
- Equity transfer of \$1.4 million
- Capital recovery fees of \$46.4 million
- Operating & Maintenance costs of \$265.8 million reflect an increase of \$5.5 million or 2.1% compared to the 2014 Budget
- Capital Improvement Program totaling \$216.8 million includes:
 - \$17.4 million in Water Supply projects
 - \$57.3 million in Water Delivery projects
 - \$139.5 million in Wastewater projects
 - \$2.6 million in Chilled Water projects
- Capital Outlay of \$8.0 million is planned for the acquisition of vehicles and equipment
- Debt service and expenses total \$188.3 million, which is \$5.8 million or 3.2% higher than the 2014 Budget
- Debt coverage of 2.38 times for senior lien debt and 1.38 times for total bonded debt is provided
- Transfers to the City of San Antonio total \$13.3 million, an increase of \$.4 million or 3.1% from the 2014 Budget
- Spending on affordability programs totals \$2.6 million

It must be noted that the budget presented here reflects the 2015 budget 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 2015 Annual Operating Budget and Capital Improvement Program will allow the San Antonio Water System to continue providing high quality water, wastewater, recycled water, and chilled water 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 2015 presents a comprehensive projection of San Antonio Water System (SAWS) operations from January 1, 2015 through December 31, 2015. This budget summary describes the key recommendations encompassing the Adopted Budget for 2015.

This summary addresses the 2015 fiscal requirements for SAWS only. The 2015 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 Board of Trustees adopted a 5.3% rate adjustment in water delivery, water supply and wastewater rates in December 2014 to support the requirements of the 2015 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	2015 Adopted Budget	Difference
Sources of Funds			
Operating Revenues	\$ 503.5	\$ 519.7	\$ 16.2
Non-Operating Revenues	6.8	6.8	-
Capital Recovery Fees	36.0	46.4	10.4
Total	\$ 546.3	\$ 572.9	\$ 26.6
Uses of Funds			
Operations and Maintenance	\$ 260.3	\$ 265.8	\$ 5.5
Debt Service and Expenses	182.5	188.3	5.8
Transfer to City of San Antonio	12.9	13.3	0.4
Available for Renewal and Replacement - Restricted	36.1	46.5	10.4
Available for Renewal and Replacement - Unrestricted	54.5	59.0	4.5
Total	\$ 546.3	\$ 572.9	\$ 26.6

The 2015 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 chilled water systems
- Continuation of programs designed to reduce sanitary sewer overflows (SSOs) and comply with EPA consent decree requirements
- Development of additional water resources, and
- Implementation of capital projects that support Water Supply, Water Delivery, Wastewater, and Chilled Water core business infrastructure needs.

O&M BUDGET HIGHLIGHTS

Two key focus areas for 2015 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 \$6.5 million was devoted to these two initiatives during the 2015 budget process.

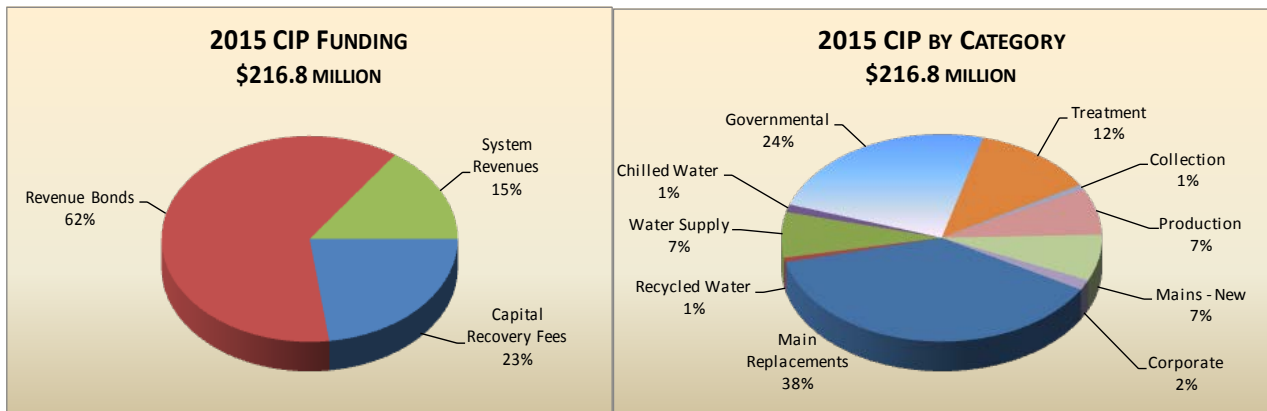
	2014 Budget	2015 Budget	Increase/ (Decrease)
Sewer System Improvements	\$ 23,066,599	\$ 26,793,723	\$ 3,727,124
Water Resources and Conservation	64,124,450	66,937,150	2,812,700
"Base Business"	205,551,329	208,218,753	2,667,424
Total Before Capitalized Costs	292,742,378	301,949,626	9,207,248
Capitalized Costs	(32,429,266)	(36,165,350)	(3,736,084)
Total O&M Expenditures	\$ 260,313,112	\$ 265,784,276	\$ 5,471,164

The 2015 O&M budget is \$5.5M or 2% higher than the 2014 budget. However, nearly all of that increase relates to an increase in the cost of water procured from non-Edwards Aquifer sources, additional costs to comply with the federal consent decree regarding sanitary sewer overflows, as well as an increase in the amount contributed to the SAWS Other Post-Employment Benefits (OPEB) Trust Fund.

2015 CAPITAL IMPROVEMENT PLAN (CIP) HIGHLIGHTS

The following graphs and table summarize the CIP Plan for 2015:

2015 CIP SOURCES AND USES



FIVE-YEAR CIP PROJECTION BY CIP CATEGORY
(\$ in millions)

Core Business / Categories	2015	2016	2017	2018	2019	Total 2015-2019
Water Delivery						
Corporate	\$ 1.5	\$ 7.0	\$ 3.4	\$ 0.2	\$ 0.2	\$ 12.3
Governmental	26.5	17.3	17.3	17.3	17.3	95.7
Mains - New	2.6	4.1	17.2	9.8	13.2	46.9
Main Replacements	10.7	11.3	7.5	10.2	11.1	50.8
Production	16.0	32.2	38.0	19.6	11.2	117.0
Water Delivery Total	57.3	71.8	83.4	57.0	52.9	322.5
Wastewater						
Corporate	1.5	6.9	3.3	0.2	0.2	12.1
Collection Facilities	1.4	10.5	6.2	12.9	1.1	32.1
Governmental	25.4	15.7	15.7	15.7	15.7	88.2
Mains - New	13.0	0.6	0.1	0.1	0.3	14.1
Main Replacements	71.4	120.8	104.8	109.7	81.0	487.7
Treatment	26.7	63.2	20.6	33.2	39.7	183.4
Wastewater Total	139.5	217.6	150.8	171.7	138.1	817.7
Water Resources						
Corporate	0.5	0.5	0.5	0.5	0.5	2.5
Aquifer Storage and Recovery	2.4	-	-	-	-	2.4
Desalination	-	8.7	14.5	1.3	65.2	89.7
Edwards	-	11.0	11.0	-	-	22.0
Expanded Carrizo	11.9	-	1.4	-	6.5	19.8
Integration	-	4.5	-	-	58.0	62.5
Vista Ridge Integration	1.1	5.4	54.0	54.0	-	114.5
Recycled Water	1.5	2.5	6.5	3.3	3.8	17.6
Water Resources Total	17.4	32.6	88.0	59.1	134.0	331.1
Chilled Water	2.6	2.7	2.1	0.5	2.5	10.5
Grand Total	\$ 216.8	\$ 324.8	\$ 324.3	\$ 288.4	\$ 327.5	\$ 1,481.8

IMPACT ON RATES**2015 Rate Adjustment**

To support the requirements of the 2015 O&M Budget, a 5.3% rate adjustment is required for the average residential customer (assumes 7,788 gallons of water and 6,178 gallons wastewater per month).

While the combined water delivery, water supply and wastewater rate adjustment for the average residential customer is 5.3%, separate, individual rate adjustments are 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.

Rate Category	2015 Rate Adj.
Wastewater	6.4%
Water Delivery	3.6%
Water Supply	5.1%
Total	5.3%
Recycled	2.7%

The dollar impact on the average residential bill is shown in the table below. Also shown are the impacts on the average residential bill of slight changes in 2015 of the pass-through fees assessed by SAWS related to fees paid to the Edwards Aquifer Authority (EAA) and the Texas Commission on Environmental Quality (TCEQ).

	2014	2015
Water Supply	\$10.51	\$ 11.04
Water Delivery	15.66	16.22
Wastewater	26.74	28.44
Total SAWS	\$52.91	\$ 55.70
Increase \$		\$2.79
Increase %		5.30%
EAA Fee	2.57	2.58
TCEQ Fee	0.24	0.24
Total with Fees	\$55.72	\$58.52

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 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 2015 and the projected rates for 2016 through 2020.

	Adopted 2015	Projected				
		2016	2017	2018	2019	2020
Water Supply	\$ 11.04	\$ 11.48	\$ 12.57	\$ 13.93	\$ 20.39	\$ 25.34
Water Delivery	16.22	16.84	17.65	18.14	19.09	19.62
Wastewater	28.44	30.81	32.01	33.81	35.89	37.90
Total SAWS	\$ 55.70	\$ 59.13	\$ 62.23	\$ 65.88	\$ 75.37	\$ 82.86
Increase \$	2.80	3.43	3.10	3.65	9.49	7.49
Increase %	5.3%	6.2%	5.2%	5.9%	14.4%	9.9%
EAA Fee						
EAA Fee	2.58	2.97	2.97	2.97	2.97	2.97
TCEQ Fee						
TCEQ Fee	0.24	0.24	0.24	0.24	0.24	0.24
Total with Fees	\$ 58.52	\$ 62.34	\$ 65.44	\$ 69.09	\$ 78.58	\$ 86.07
% Increase with Fees	5.0%	6.5%	5.0%	5.6%	13.7%	9.5%

The significant projected increases in Water Supply during 2019 and 2020 relate to a recently completed agreement to purchase 50,000 acre-feet of water from the Vista Ridge consortium. For purposes of these rate projections, it has been assumed that SAWS will begin purchasing this water in mid-2019.

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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, the county seat of Bexar County (pronounced "bear"), is located in south central Texas. The city encompasses a total geographic area of 486 square miles 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 extraterritorial jurisdiction (ETJ) extends into Comal, Medina and Wilson counties.

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 approximately 32 inches. The extremes vary from 10.11 inches in 1917 to 52.28 inches in 1973.



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 included in the MSA. The new San Antonio-New Braunfels MSA is estimated to contain 2.3 million people as of the year 2014. San Antonio's MSA ranks twenty-fifth among national MSAs 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	Bexar County	San Antonio-New Braunfels MSA
2014 (Estimated)	1,416,291	1,861,562	2,336,333
2010	1,327,407	1,714,773	2,142,508
2000	1,144,646	1,392,931	1,711,703
1990	935,933	1,185,394	1,407,745
1980	785,880	988,800	1,154,648
1970	654,153	830,460	951,876
1960	587,718	687,151	796,792
1950	408,442	500,460	603,775
1940	253,854	338,176	437,854
1930	231,542	292,533	389,445
1920	161,379	202,096	289,089

- 1 Data for 1920-1990 has been restated from the redefined eight-county MSA to the original four-county MSA. 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.
- 2 Provided by the San Antonio Economic Development Foundation

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

EDUCATION

Within 50 miles of San Antonio, 15 colleges and universities offer degrees in all major fields of study and educate more than 160,000 students.

Institution	2014 Fall Enrollment
Texas State University	36,790
University of Texas at San Antonio	30,258
San Antonio College	24,342
Northwest Vista College	15,965
St. Philip's College	10,238
University of the Incarnate Word	8,685
Palo Alto College	8,427
Wayland Baptist	6,222
Texas A&M University San Antonio	4,133
St. Mary's University	3,868
The University of Texas Health Science Center at San Antonio	3,294
Our Lady of the Lake University	3,148
Trinity University	2,358
Texas Lutheran University	1,341
Northeast Lakeview College	935

Source: Texas Higher Education Coordinating Board.

ECONOMY

San Antonio boasts a favorable business environment that supports economic diversification and growth. This diversification can be seen by the large variety of industries that have major operations in the city, including the aerospace, bioscience/healthcare, environmental/green technology, financial services, information technology and cyber security, and manufacturing industries along with the military. All of these industries are supported by the city's commitment to strengthen infrastructure improvements and to invest in a growing and dedicated workforce.

The San Antonio Economic Foundation, a private, nonprofit organization that assists business and industry relocating or expanding into the San Antonio area, the Greater San Antonio Chamber of Commerce, and the U.S. Bureau of Labor Statistics are the sources of the following information on local industry.

AEROSPACE/AVIATION

The local aerospace industry includes a range of businesses that manufacture aircraft equipment and parts, service and repair aircraft, produce and distribute transportation equipment and supplies, provide both scheduled and unscheduled air transportation, and operate flight schools. The industry's growth over time has been dramatic and consistent. The aerospace industry provides a \$5.4 billion industry impact and employs more than 13,000 workers.

BIOSCIENCE/HEALTHCARE

As one of San Antonio's leading industries, the healthcare and bioscience industry has shown steady growth and innovation over the past two decades. The industry is composed of health services and related industries such as research, pharmaceuticals, and medical device manufacturing.

According to the *2014 San Antonio Healthcare & Bioscience Economic Impact Study* commissioned by the Greater San Antonio Chamber of Commerce, in 2013:

- The economic impact of the Bioscience and Healthcare industry was more than \$23.9 billion
- The industry paid \$7.6 billion in wages and salaries to 164,537 employees in 2013
- One of every six San Antonio employees works in the Bioscience and Healthcare industry
- The Bioscience and Healthcare industry added 41,567 net new jobs over the past decade, fueling San Antonio's growth.

ENVIRONMENTAL TECHNOLOGY/GREEN INDUSTRIES

San Antonio is committed to being a leader in investment and training in the green economy. San Antonio's plan to lead in this new green economy is Mission Verde – an initiative to transform the city's energy practices and make it a hub for sustainable technology and green jobs. San Antonio, through CPS Energy, the municipally-owned electric and gas utility, continues to develop investment and employment opportunities in San Antonio. Through a combination of power purchase agreements and local economic development incentives, the City and CPS Energy are steadily securing jobs, investment, and enhancing university research and development in the area of renewable energy.

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 approximately 79,400 people in 2014. The single largest private sector employer in this industry is USAA, with 17,000 employees.

INFORMATION TECHNOLOGY/CYBER SECURITY

The Information Technology (IT) industry plays a major role in San Antonio. The most recent economic impact of the IT and Cyber Security industry in San Antonio measures at \$8 billion. The industry itself is both large and diverse, including IT and Internet-related firms that produce and sell information technology products. San Antonio is particularly strong in information security, with the U.S. Air Force's Air Intelligence Agency, a large and growing National Security Agency presence, and the Center for Infrastructure Assurance and Security at the University of Texas at San Antonio based in San Antonio, the city has come to be recognized as a national leader in this vital field.

The IT products sector includes manufacturers of computer and electronic equipment and components, wholesale trade (including business-to-business electronic market), retail trade, and Internet and software publishing. According to a recent study from the Greater San Antonio Chamber of Commerce, the IT product sector employs approximately 5,240 people in San Antonio.

MANUFACTURING

San Antonio has a large and diverse manufacturing industry, with a representation of every major sector of U.S. manufacturing present in the community, including materials and electricity, equipment and metal, transportation, and diversified products. The manufacturing industry generates approximately 46,300 jobs locally. A 2011 impact study conducted by Trinity University indicated that San Antonio's manufacturing industry had an economic impact of \$22.5 billion and paid 11% above the average annual salary for all workers in San Antonio.

MILITARY/DEFENSE

The growth in new missions and significant construction activities brought about by the 2005 Base Realignment and Closure (BRAC), completed in September of 2011, strengthened San Antonio's role as a leading military research, training, and education center. One of the major outcomes of BRAC 2005 was the creation of Joint Base San Antonio ("JBSA" or "Joint Base") which is the largest joint base in the United States. JBSA consolidates all the base support functions, real property, and land for Lackland AFB, Randolph AFB, and Fort Sam Houston (including Camp Bullis) under the 502nd Air Base Wing. The Joint Base includes over 55,000 acres, supports 80,000 personnel, has a plant replacement value of \$32 billion, and an annual budget of \$800 million. Over 132,000 personnel are trained at Joint Base facilities every year.

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 below 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									
	2014 *	2013	2012	2011	2010	2009	2008	2007	2006	2005
Natural Resources, Mining and Construction	52,800	48,400	46,400	43,400	44,700	48,100	54,900	55,600	50,500	49,300
Manufacturing	46,300	46,400	46,900	46,400	45,300	43,500	45,600	49,000	49,800	47,400
Trade, Transportation and Utilities	167,100	161,000	156,500	151,500	147,300	146,400	152,600	155,600	152,700	145,500
Information	21,500	21,000	20,200	19,400	18,100	18,300	20,600	21,500	21,900	21,100
Financial Activities	79,400	76,500	74,700	70,600	68,600	66,100	66,500	65,800	64,900	63,700
Professional and Business Services	118,500	111,500	110,900	105,000	101,200	102,700	104,700	107,500	104,100	101,100
Educational and Health Services	143,800	140,300	138,300	136,700	131,600	126,800	122,600	117,100	112,200	110,200
Leisure and Hospitality	118,700	116,300	110,600	105,400	101,000	97,300	99,100	95,700	91,300	87,200
Other Services	34,800	34,100	33,200	31,600	31,800	30,900	30,700	30,200	28,500	26,900
Government	164,100	163,000	162,200	161,600	164,200	161,900	158,200	154,100	150,000	146,900
Total Non-Farm Employment	947,000	918,500	899,900	871,600	853,800	842,000	855,500	852,100	825,900	799,300

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.

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, 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. SAWS has budgeted 1,561 positions and maintains approximately 10,400 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 662 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.

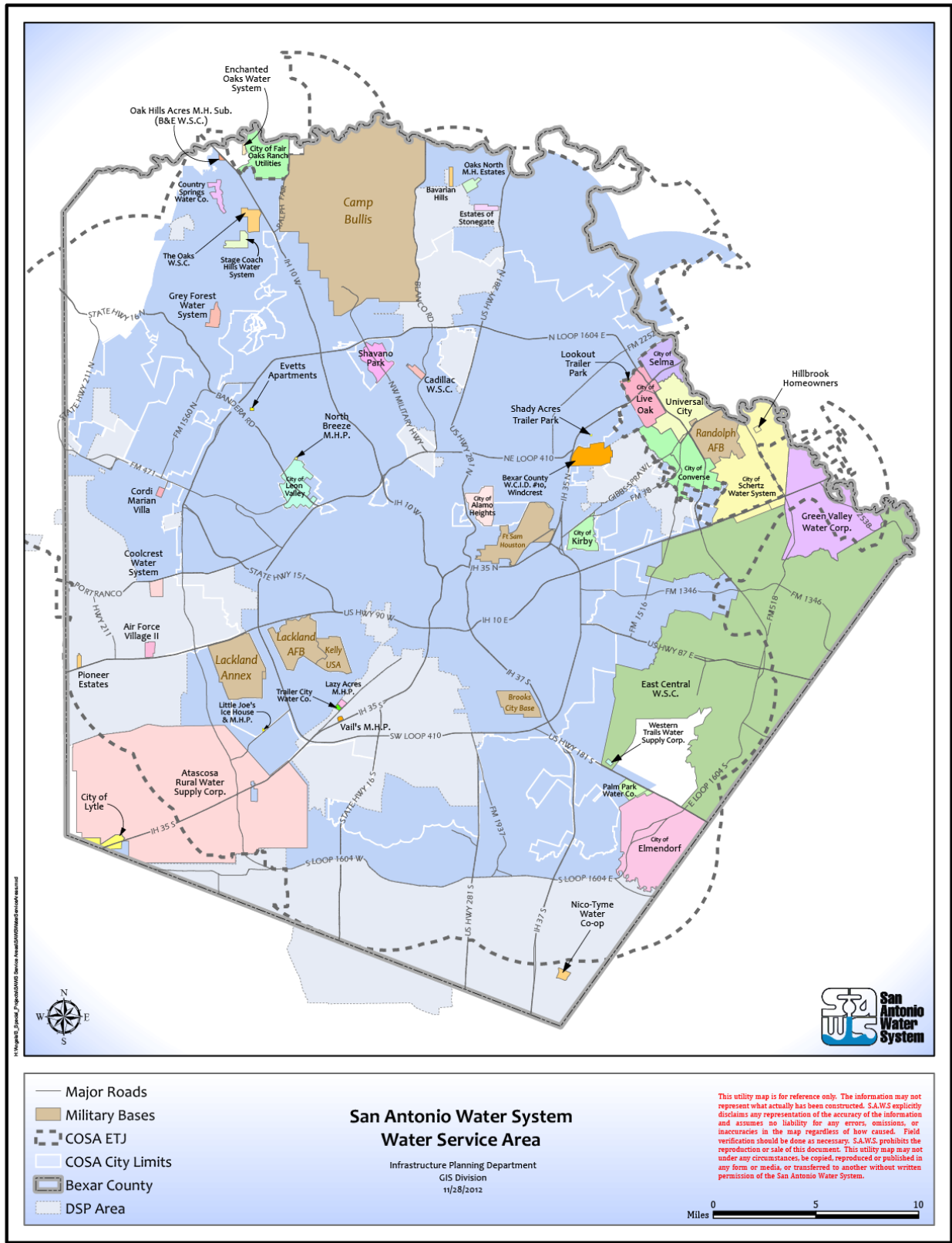
SAWS provides potable water service to residential, commercial, multifamily, industrial and wholesale accounts. As of December 31, 2014, the water delivery system provides potable water service to 373,920 customer connections, which represents a population of approximately 1.4 million people in the urbanized portions of Bexar County.

The water delivery system currently utilizes 40 elevated storage tanks and 43 ground storage reservoirs with a combined storage capacities of 220.6 million gallons. As of December 31, 2014, SAWS had installed 5,117 miles of distribution mains, ranging in size from 4 inches to 61 inches in diameter. As of December 31, 2014, SAWS was equipped with 28,753 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 630 square miles. SAWS also coordinates with the City of San Antonio for wastewater planning the City's total planning area, its extraterritorial jurisdiction (ETJ), of approximately 1,109 square miles. The population for this planning area is approximately 1.6 million people. As of December 31, 2014, SAWS provided wastewater services to 424,257 customer connections.

The wastewater system is composed of approximately 5,283 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

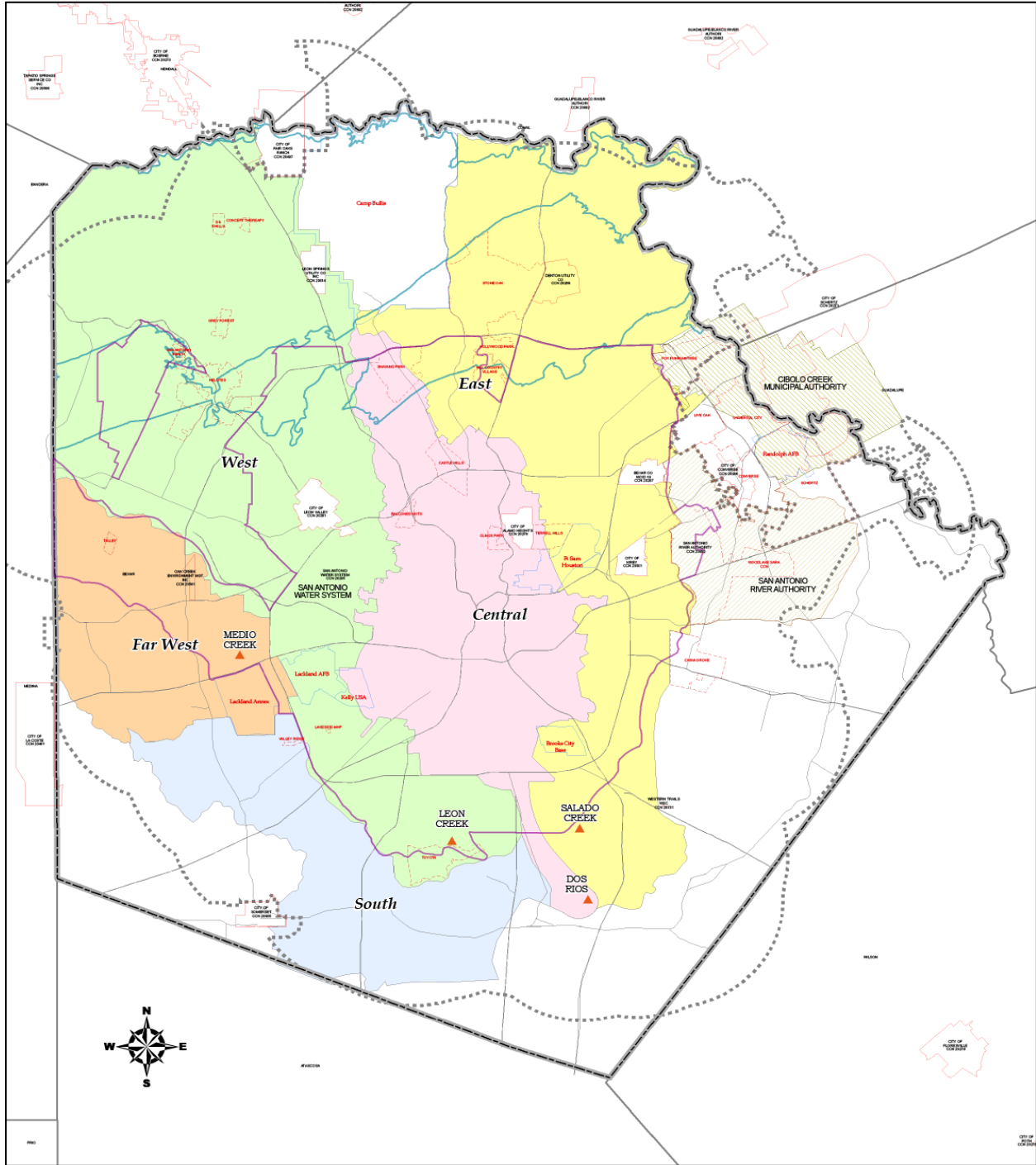


Key operating and capital indicators of the water system for years 2005-2014 are provided in the table below:

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Rainfall (Inches)	27.63	32.27	39.40	17.58	37.39	30.69	13.76	47.25	21.34	16.45
Customers/Connections (a)	373,920	367,408	365,099	360,281	356,546	352,059	348,834	344,168	336,434	325,944
Water Pumpage (Million Gallons)										
Annual Water Pumped (d)	69,834	69,020	70,338	74,627	69,591	68,191	71,785	63,395	68,411	63,632
ASR Recharge (b) (d)	1,569	2,629	3,742	3,928	8,320	5,542	3,535	6,582	2,951	4,396
ASR Production (b) (d)	6,374	4,793	1,446	4,309	556	472	407	141	2,083	305
Annual Pumped for Usage (d)	68,265	66,391	66,596	70,699	61,272	62,649	68,250	56,813	65,460	59,236
Average Daily (d)	191.3	189.1	192.2	204.5	190.7	186.8	194.9	169.2	181.8	172.6
Maximum Daily (d)	226.50	270.2	264.0	265.6	314.0	273.8	299.0	225.6	280.4	279.3
Metered Usage (Million Gallons)	57,261	55,108	55,320	59,133	52,578	55,295	58,828	49,511	57,724	55,005
Available Water Supply (Million Gallons)										
Permitted Edwards Aquifer rights (e)	83,126	82,902	84,822	84,640	85,035	81,923	71,738	69,505	69,505	65,007
Non-Edwards supply (f)	14,001	11,965	7,431	6,098	6,132	6,256	6,256	4,171	4,171	1,140
Stored in ASR (d) (g)	23,959	28,764	30,928	28,632	29,013	21,249	16,179	13,051	6,610	5,742
Total water available for production	121,086	122,484	123,080	119,393	120,077	109,320	94,766	86,768	80,210	71,814
Number of Wells in Service	147	149	143	139	144	140	136	126	113	102
Overhead Storage Capacity (Million Gallons)	101.8	91.3	81.2	81.2	73.9	66.5	65.2	64.2	69.0	60.0
Total Storage Capacity (Million Gallons)	220.6	197.4	183.7	184.1	180.8	166.2	165.0	164.0	166.0	142.0
Miles of Water Main Installed	56	80	57	78	106	97	161	167	143	103
Miles of Water Main Replaced and Abandoned	11	30	22	26	36	33	32	19	22	23
Miles of Water Main in Place	5,117	5,072	5,022	4,988	4,936	4,866	4,802	4,673	4,525	4,404
Water Main Breaks (c)	2,018	1,863	2,128	3,397	1,475	3,212	2,594	1,392	3,073	2,577
New Services Installed	5,698	5,241	7,520	4,725	4,208	3,590	7,565	17,274	13,903	12,730
Fire Hydrants Installed (Net of Hydrants removed)	430	409	348	451	516	644	951	1,040	752	521
Fire Hydrants in Place	28,753	28,323	27,914	27,566	27,115	26,599	25,955	25,004	23,964	23,212

- (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 available under contracts to purchase or produce water from the Trinity Aquifer, Carrizo Aquifer and Canyon Lake. There are no legally imposed reductions in these supplies during drought; however, production of water from the Trinity Aquifer is physically limited during periods of drought due to low aquifer levels.
- (g) Represents net amount stored in ASR (Recharge - Net production)

Wastewater Service Area



BOUNDARIES

- Bexar County Line
- Incorporated Towns and Cities
- City San Antonio's ETJ Line
- Edwards Recharge Zone

SEWERSHEDS

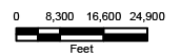
- Central
- East
- Far West
- South
- West

SERVICE AREAS

- Reycle Water Treatment Plants
- By Others
- By SAWS
- SAN ANTONIO RIVER AUTHORITY(SARA)
- CIBOLO CREEK MUNICIPAL AUTHORITY

SAN ANTONIO WATER SYSTEM'S WASTEWATER CCN

INFRASTRUCTURE PLANNING DEPARTMENT
GIS MAPPING DIVISION
06/16/2010



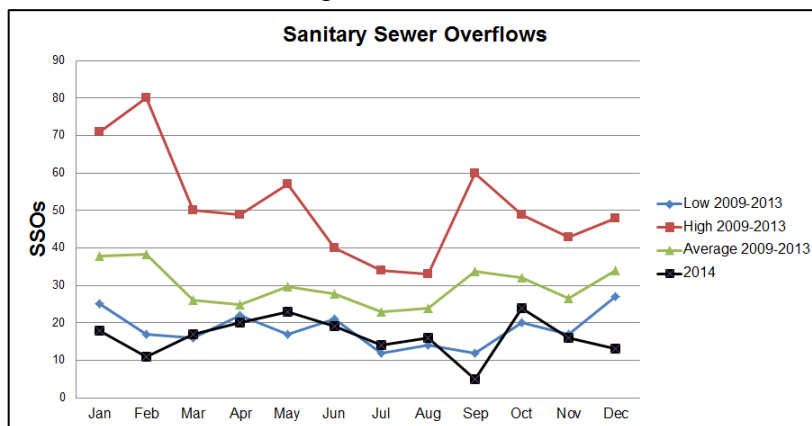
Key operating and capital indicators of the wastewater system for years 2005 through 2014 are provided in the table below:

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Customers/Connections (a)	424,257	416,801	412,275	405,119	400,096	395,161	389,894	379,962	368,401	354,878
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	85.20	78.47	79.04	74.97	86.47	74.37	76.53	93.34	64.00	59.58
Maximum Monthly Average Flow	91.19	86.78	87.01	76.63	103.66	89.36	81.43	131.98	74.37	73.98
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)	28.98	37.68	38.62	35.07	38.83	34.99	34.71	40.26	32.63	34.48
Maximum Monthly Average Flow (two outfal	39.03	44.16	43.77	36.46	45.30	64.74	38.62	55.49	34.28	41.79
Medio Creek										
Permit Flow	16.00	16.00	16.00	16.00	16.00	16.00	16.00	8.50	8.50	8.50
Average Annual Flow	7.08	7.76	7.29	6.83	7.53	6.32	5.87	6.94	5.13	5.21
Maximum Monthly Average Flow	7.49	8.45	8.14	6.97	8.71	7.45	6.57	10.51	5.63	6.58
Salado (b)										
Permit Flow	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	46.00	46.00
Average Annual Flow	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	11.38	33.80
Maximum Monthly Average Flow	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	21.11	40.40
Total										
Permit Flow	187.00	187.00	187.00	187.00	187.00	187.00	187.00	179.50	225.50	225.50
Average Annual Flow	121.26	124.26	124.95	116.87	132.83	115.68	117.11	140.54	113.14	133.07
Maximum Monthly Average Flow	137.71	139.40	138.92	120.06	157.67	161.55	126.62	197.98	135.39	162.75
Amount Treated Annually (millions of gallons)	50,689	50,076	49,055	49,918	48,151	51,987	50,347	49,218	53,268	49,287
Amount Treated Peak Day (millions of gallons)	121	221	199	160	258	194	174	294	169	212
Miles of Sewer Main Installed	45	37	38	45	33	84	125	137	132	74
Miles of Sewer Main In Place (c)	5,283	5,238	5,200	5,163	5,118	5,085	5,001	4,877	4,739	4,607
Number of Manholes Installed	980	901	856	1,080	659	1,514	2,922	2,775	2,661	1,538
Number of Manholes in Place	100,017	99,037	98,136	97,280	96,200	95,541	94,027	91,105	88,330	85,669
Number of Lift Stations	156	155	159	159	158	164	162	167	164	150

- (a) Number of customers at end of calendar 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 (SSOs). 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. During 2014, SAWS has made significant reduction in the number of sanitary sewer overflows, as shown in the following chart:



The 2015 SAWS budget includes funding for sewer management programs that are recognized as industry best practices designed to reduce the number of SSOs. Specifically, the 2015 budget includes \$37.5 million in operating costs and \$72.6 million in capital project investments to identify and address SSOs and rehabilitate aging sewer infrastructure.

The \$72.6 million in capital improvement projects for 2015 associated with SSO reduction are described in the Capital Improvements Program section of this document.

The \$37.5 million in operating costs for 2015 are designed to continue evaluation and cleaning of the sewer system on a continuing basis to minimize future SSO occurrences. The related programs in the 2015 operating budget include:

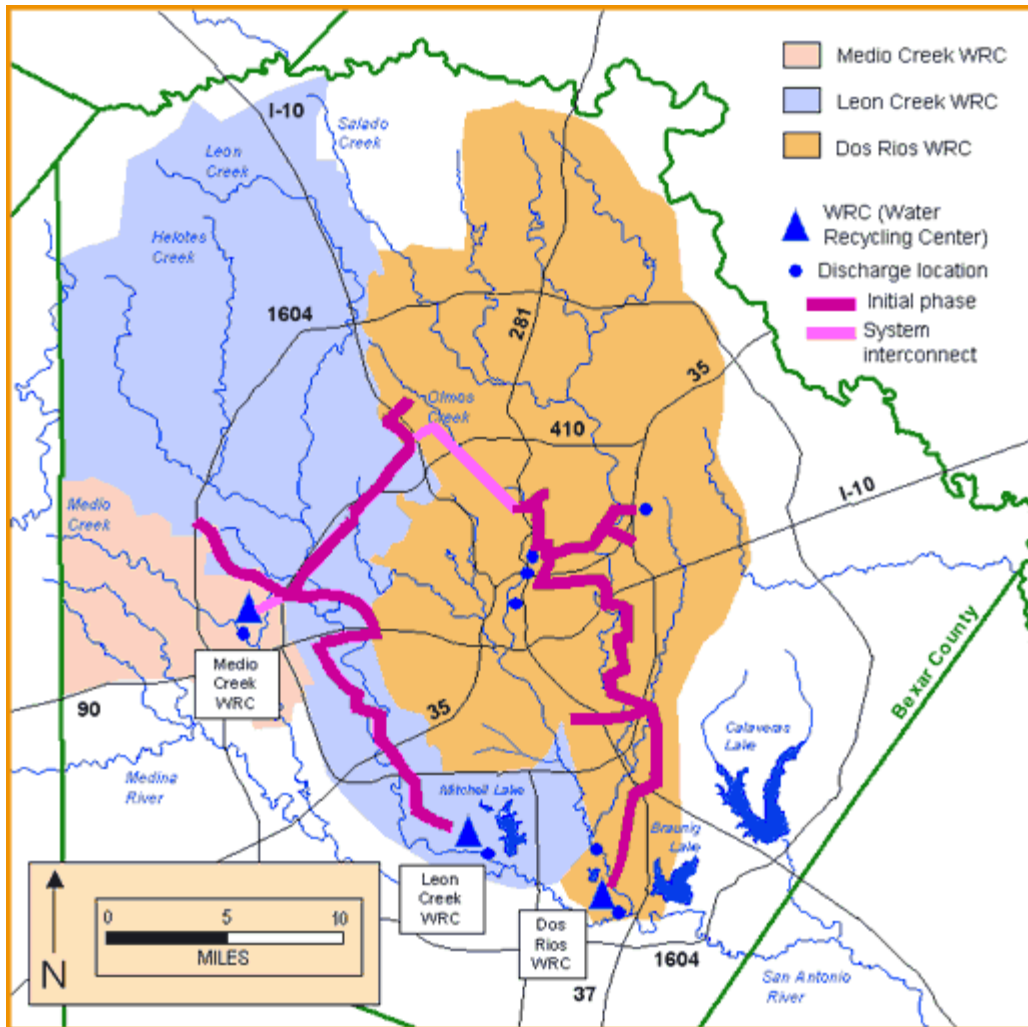
- Cleaning, Televising and Assessment (\$21.2 million). The televising of sewer lines throughout the city will be expanded with technology that identifies grease and debris blockages as well as compromised structural integrity that can lead to SSOs. The funding includes work by contractors to address issues in large mains, force mains, siphons and manholes identified by the televising efforts. For 2015, SAWS projects that approximately 650 miles of video monitoring will be conducted and that approximately 1,500 miles of sewer line will be cleaned.
- Capacity Assessment (\$1.7 million). This program calls for expanded flow metering, field investigations and hydraulic modeling of sewer main capacity.
- Program Manager and Data Management (\$5.3 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.
- Sewer Point Repair (\$9.3 million). As SAWS televises sewer mains, emergency repairs are necessary to avoid SSOs. External sewer point repair contracts work in conjunction with SAWS' repair crews.

CHILLED WATER SYSTEM

SAWS owns, operates, and maintains five thermal energy facilities providing chilled water services to governmental and private entities. Two of the facilities, located in the City's downtown area, provide chilled water to 21 customers. They include various City facilities such as the Henry B. Gonzalez Convention Center and the Alamodome, which constitute a large percentage of the downtown system's chilled water annual production requirements. In addition to City facilities, the two central plants also provide chilled water service to a number of major hotels in the downtown area, including the Grand Hyatt, Marriott Riverwalk and Hilton Palacio Del Rio. The other three thermal facilities, owned and operated by SAWS, are located at the Port Authority of San Antonio industrial area (formerly Kelly USA) 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.

RECYCLED WATER

The San Antonio Water System has the largest recycled water system in the United States and is permitted to sell Type I (higher quality) recycled water from its wastewater treatment plants. The water recycling program is designed to provide up to 25,000 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. An additional 50,000 acre-feet of recycled water is supplied to CPS Energy to provide cooling water for power generation plants. Approximately 130 miles of pipeline deliver highly treated effluent to 60 customers. Recycled water is being delivered for industrial processes, cooling towers, and irrigation of golf courses and parks, all of which would otherwise rely on potable-quality water. Aside from supporting the local economy, this water recycling system also releases water into the upper San Antonio River and Salado Creek to sustain base flows. 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 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 Bexar Metropolitan Water District 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 *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 2015 Under Non-Drought Conditions				
(Acre-Feet)				
Source	SAWS	DSP	Total	
Edwards Aquifer	254,722	33,922	288,644	
Recycled Water (CPS Energy Power Plants)	50,000		50,000	
Recycled Water (Other Customers)	25,000		25,000	
Regional Carrizo	15,600		15,600	
Canyon Regional Water Authority		5,300	5,300	
Medina Surface Water		13,000	13,000	
Canyon Lake	9,000		9,000	
Local Carrizo	8,900	1,000	9,900	
Trinity Aquifer	8,468	4,968	13,436	
Total	371,690	58,190	429,880	

Additionally, at December 31, 2014, SAWS has approximately 73,500 acre-feet of water stored in its Aquifer Storage and Recovery (ASR) facility. The water is available to supplement its other supplies that may be reduced during drought.

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 and ensure that 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.

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 January 1, 2015, SAWS and DSP combined hold 288,644 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%. During 2014, SAWS and DSP's EAA permitted water rights were reduced approximately 35%.

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 firm 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 SSLGC. In 2015, this project is expected to yield 15,600 acre-feet of water from the Carrizo Aquifer in western Gonzales County.

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. During the development of the *2012 Water Management Plan*, examination of the distribution of permits indicated that this volume of water was 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.

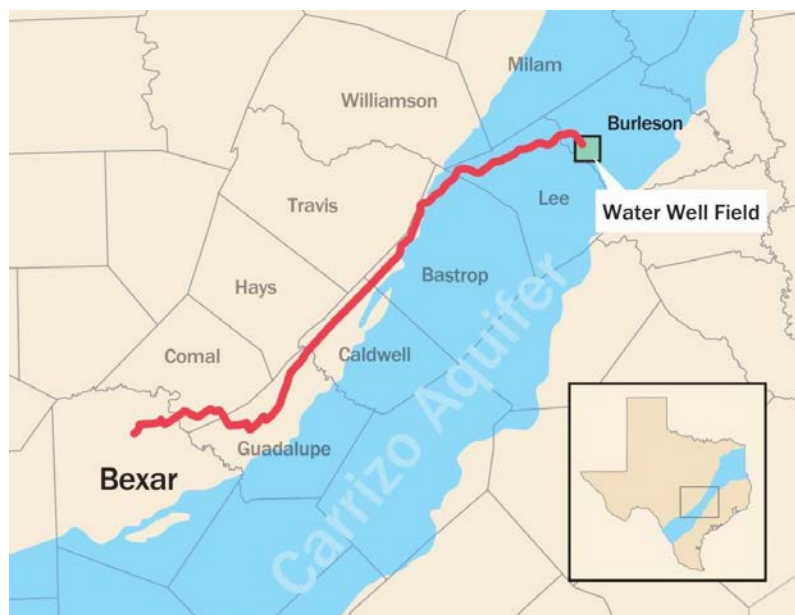
Expanded Carrizo Production

A future new source of supply 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 was initiated in 2014. The project will be constructed in three phases with Phase 1 coming online in 2017 at 7,000 acre-feet per year, and 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 was completed in early 2014 and construction of the treatment plant, pipelines, remaining wells, and other facilities began 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 per year.

Vista Ridge – Regional Water Supply



The SAWS Board of Trustees approved a contract with the Vista Ridge consortium on September 29, 2014. The contract provides for delivery of up to 50,000 acre-feet of water per year for 30 years as early as 2019. The contract was sent to City Council for consideration in late October. On October 30, 2014, in a unanimous vote, San Antonio City Council approved the 30 year contract to bring 16.3 billion gallons of water a year to San Antonio. At the end of the 30 year term of the contract, ownership of the pipeline is transferred to SAWS with SAWS also maintaining access to the groundwater for an additional 30 years.

The contract between San Antonio Water System and Vista Ridge consortium will require the transport of water from Burleson County to San Antonio through a 142-mile pipeline. Council approval of the contract is a major step in a process that has been under consideration for over three years.

The Vista Ridge Consortium now has up to 30 months to arrange financing, followed by 42 months to construct the project. SAWS payments to Vista Ridge will not begin until the project is delivering water.

The Vista Ridge Consortium is a partnership between Abengoa and BlueWater Systems, which has assembled 3,400 leases for water rights with local landowners in Burleson and Milam counties.

Under the terms of the contract, San Antonio will not pay for any water that is not made available for delivery, shifting major regulatory risks to the private developer instead of San Antonio ratepayers.

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 gallons per capita per day (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 per year 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

It is important to note that the EAHCP (described in detail below) 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 continues to plan for the EAHCP commitment in water supply and demand projections beyond the expiration of the present HCP.

EDWARDS AQUIFER HABITAT CONSERVATION PROGRAM

In connection with the Edwards Aquifer Authority's (EAA) directive by the Texas legislature to ensure 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, the Edwards Aquifer Recovery Implementation Program (EARIP), as described earlier, was established in 2007. The EARIP was 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 pumps. 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, deferred outflow of resources, liabilities and deferred inflow of resources of SAWS 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 goods or 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 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 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 impairments. 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 2015 annual operating budget. Capital Improvement Program financial projections are not appropriated. Amendments to the 2015 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 do not increase.

CORE BUSINESSES

SAWS operations are segregated into four core businesses as follows:

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

Water Delivery – the functions of distributing potable water to customers

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

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

RESTRICTED RESOURCES

SAWS' policy generally 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 or to reimburse SAWS for costs previously incurred to provide excess service 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.

COMPENSATED ABSENCES

SAWS' policy is to accrue employee vacation pay as earned as well as the employer portion of Social Security taxes and required pension contributions related to the accrued vacation pay. Sick leave is not accrued as a terminating employee is not paid for accumulated sick leave.

SELF-INSURANCE:

SAWS is self-insured for a portion of workers' compensation, employee's health, employer's liability, public officials' liability, property damage, and certain elements of general liability. A liability has been recorded for the estimated amount of eventual loss associated with claims arising prior to the end of the period including incurred but not reported claims

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 is required to make certain payments to the City of San Antonio each month after making all other payments required by the Ordinance. The amount of the payment is determined by City Council and cannot exceed 5%. Currently SAWS pays 2.7% of Gross Revenues to the City. Payments 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
3. Pay amounts required to be deposited in any reserve or contingency fund created for the payment and security of bond obligations
4. Fund transfers to the City of San Antonio, and
5. Pay any other debt payable

Net Revenues are defined in 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 senior 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 at least 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

- As required by ordinance, 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.
- Including the amounts maintained in the operating reserve above, SAWS' target is to maintain Days Cash on Hand of approximately 300 days.
- 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 will be made with proceeds from bond issued or with unrestricted resources.

FINANCIAL PLANNING PROCESS

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FINANCIAL PLANNING PROCESS

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.

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 a number of 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 forecasted operations, maintenance, infrastructure and water supply needs, then 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 2015 budget process began with identifying challenges and opportunities for the coming year:

- EPA Consent Decree
- Water Management Plan
- 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

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 for each entity 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 2015. The Current Services Level budget served as the baseline for all subsequent 2015 budget changes and was developed from the following components:

- A full year of current workforce salaries and benefits. The 2014 budget provided for a partial year of performance pay adjustments. The Current Services Level budget includes the full year of the 2014 salary and benefit adjustments.
- Estimated additional employee benefits costs for 2015
- Estimated 2015 utility costs including provision for any electric and gas utility rate increases
- Estimated increased 2015 fuel costs
- Excludes one-time 2014 budgeted expenses
- Turnover adjusted to reflect current vacancy rate

Improvements and/or Mandates - Departments requiring additional funding for improvements or mandates that exceeded the 2015 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 and existing vacancies.

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.

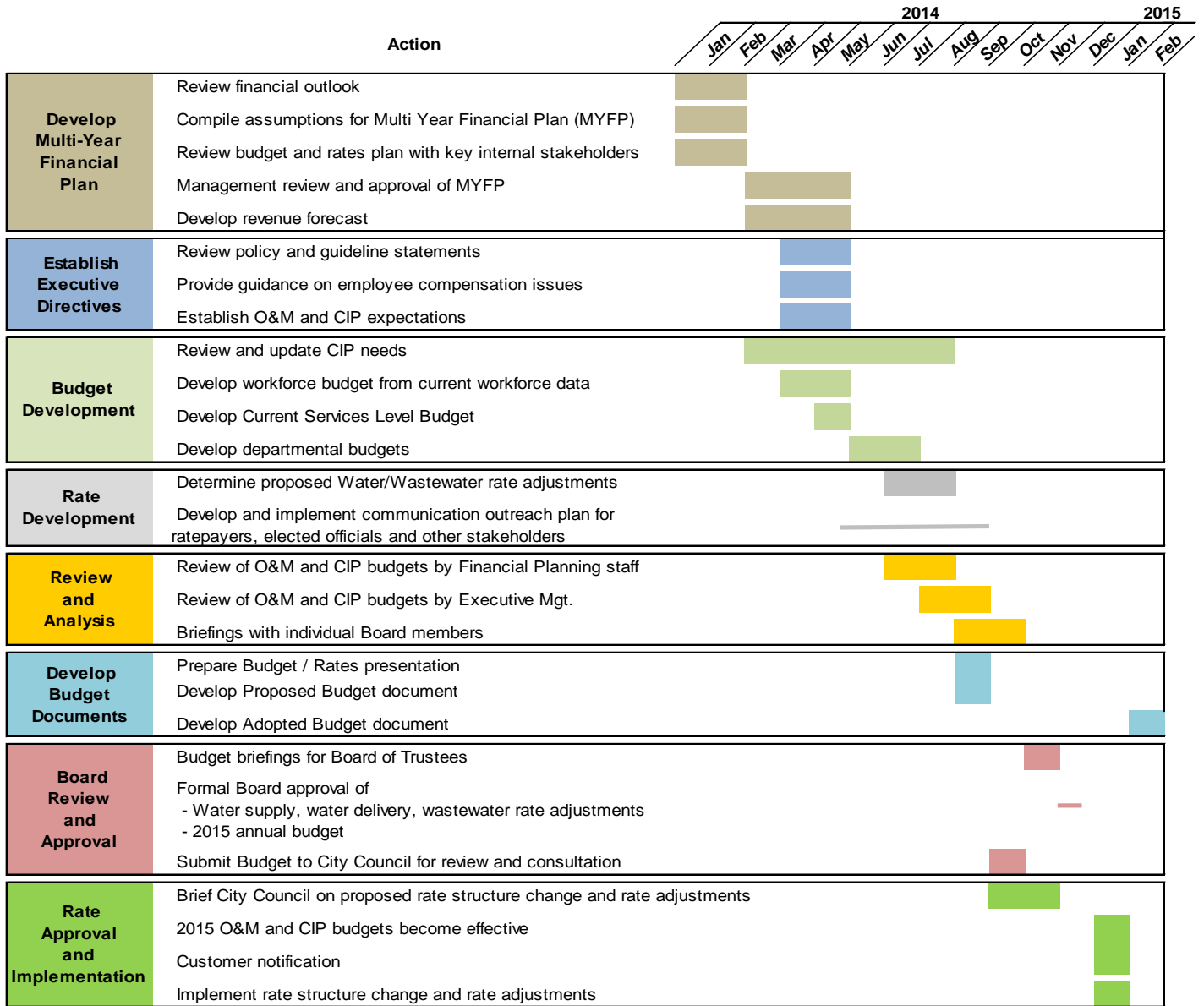
CIP Process Objective

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.

2015 BUDGET TIMELINE



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 essential tool to forecast, simulate, evaluate, and monitor the expected future financial health of the System. The financial plan provides management with a framework to implement the operational and capital needs of the system, and the financial resources and structure necessary to fund them. Annual forecasts for sources and uses of funds, revenue adjustments, and operations and capital funding are developed in accordance to City Ordinance 75686, which established the founding of the San Antonio Water System.

Understanding, calculating, and monitoring future financial risk due to uncertainty in the rapidly changing operating, economic, energy, and capital environments is the foundation for management decisions as developed in the financial plan. These analytical tools allow for the San Antonio Water System to effectively and efficiently utilize its resources to produce water and wastewater services that are affordable to its customers.

The financial plan is organized into two distinct planning horizons in order to facilitate management of the system: Short Term of five years in length; and Long Term of five to twenty years in length. The planning horizons play a key role in prioritizing the strategic, operational, and financial needs and resources of the system.

The Short Term planning horizon is the basis for implementing, through the formalized budget, short term goals and objectives in support of the strategic plan. The Long Term planning process sets the course of the overall direction of financial, operational, and capital resource allocation priorities of the system.

Major strategic policy guidelines emphasized are long term water supply needs and infrastructure replacement goals. Strategic priorities 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

SHORT TERM FIVE YEAR FORECAST

The table below provides a summary of the annual forecasts for each of the next five fiscal years (2015-2019). During this period, additional revenue adjustments reach a high in 2019 of \$91.9 million primarily due to the cost of water associated with the Vista Ridge water supply that is expected to come online in mid-2019.

\$ in Millions	2014 Adopted	2015 Budget	2016 Forecast	2017 Forecast	2018 Forecast	2019 Forecast
Sources of Funds						
Revenue, incl. prior adjustments	\$479.9	\$496.6	522.4	553.1	584.0	621.2
Rate Adjustment, incremental	23.6	23.1	27.6	27.4	32.1	91.9
Nonoperating Revenues	5.4	5.4	5.6	5.8	6.7	7.8
Draw on Equity	1.4	1.4	1.4	1.4	1.4	1.4
Capital Recovery Fees	36.0	46.4	46.4	46.4	46.4	46.4
Total Sources of Funds	\$546.3	\$572.9	\$603.4	\$634.1	\$670.6	\$768.7
Uses of Funds						
Operations and Maintenance	260.3	265.8	272.3	280.7	286.4	347.8
Debt Service & Expenses	182.3	188.3	203.8	219.2	234.4	252.6
Transfer to City of San Antonio	12.9	13.3	14.1	14.9	15.9	18.6
Available for R&R Restricted	36.1	46.4	46.5	46.6	46.6	46.7
Available for R&R Unrestricted	54.7	59.1	66.7	72.7	87.3	103.0
Total Uses of Funds	\$546.3	\$572.9	\$603.4	\$634.1	\$670.6	\$768.7

For the period 2015 – 2019, the other primary driver in uses of funds is debt service. A significant portion of the capital improvement program is funded with debt, thus the principal and interest payments on the debt are a requirement for funding from the current revenue stream.

The growth in debt service is a reflection of the allocation of capital resources toward major strategic priorities of infrastructure replacement, system growth, and sustainability. The five year 2015 – 2019 capital improvement program is projected at \$1.5 billion. A significant priority is wastewater capital replacement projects related to the wastewater Sanitary Sewer Overflow Reduction Program.

CIP (millions)	2015	2016	2017	2018	2019	Total
Water Supply	\$ 17.4	\$ 32.6	\$ 88.0	\$ 59.1	\$ 134.0	\$ 331.1
Water Delivery	57.3	71.9	83.4	57.1	52.9	322.6
Wastewater	139.5	217.6	150.8	171.7	138.1	817.7
Chilled Water & Steam	2.6	2.7	2.1	0.5	2.5	10.4
Total	\$216.8	\$324.8	\$324.3	\$288.4	\$327.5	\$1,481.8

Projected funding for the five year capital improvement program consists of renewal & replacement funds, impact fees, investment income, and bond funds. During the five year forecast, the percentage of total capital improvements funded with cash is projected to meet the target for cash financing. Impact fee revenue growth is expected to generate a significant portion of the cash funding of the capital program, particularly during the next few years.

Capital Improvement Program (CIP) (\$ in millions)					
	2015	2016	2017	2018	2019
CIP Budget	\$216.8	\$324.8	\$324.3	\$288.4	\$327.5

Capital Improvement Program Funding					
	2015	2016	2017	2018	2019
Revenue/Renewal & Replacement	17.3%	26.9%	24.9%	22.0%	21.2%
Impact Fees	22.9%	18.8%	15.8%	6.8%	6.7%
Investment Income	0.1%	0.1%	0.1%	0.1%	0.1%
Bonds/Commercial Paper	59.7%	54.3%	59.2%	71.2%	72.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Cash Funding	\$87.3	\$148.6	\$132.3	\$83.1	\$91.6
Debt Funding	\$129.5	\$176.2	\$192.0	\$205.3	\$235.9

Increases in operating expenses through 2019 are driven by wastewater Sanitary Sewer Overflow Reduction Program operations costs and the operational implementation of water resource acquisitions. Water supply operating cost increases in the five year planning horizon include the costs for the Regional Carrizo, expected startup of Brackish Water Desalination project in 2016, and operating costs associated with procuring and integrating 50,000 acre feet of water from the Vista Ridge project by 2019.

Sources of funds consist primarily of revenues from metered customers, with anticipated adjustments to the metered revenues required to fund the projected operational and capital needs of the system. A discussion of the drivers of the revenues, growth in customers and changes in use per customer, are discussed in the revenue section of this document.

The 2015 – 2019 sources and uses of funds forecast shows the need for additional revenues and rate adjustments to support the planned operations and capital programs of the system. The 2015 budget requires an adjustment to rates sufficient to generate \$23.1 million in additional revenues. The percentage increase in water supply fee, water delivery, and wastewater rates to support the 2015 operating and capital budget are 5.1%, 3.6%, and 6.4% respectfully.

The combined 2015 water supply fee, water delivery, and wastewater rate adjustment is anticipated to increase the average bill of a SAWS water and wastewater customer by 5.3%, 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 are anticipated to decrease thus lowering the customer bill impact to 5.0% for the average customer.

Below is a summary of the currently projected rate adjustments by core business needed to generate the additional revenues to support the uses of funds during the next 5 years.

% Rate Adjustment Needed	2015	2016	2017	2018	2019
Water Supply Fee	5.1%	4.0%	9.5%	10.8%	46.4%
Water Delivery	3.6%	3.8%	4.8%	2.8%	5.2%
Wastewater	6.4%	8.3%	3.9%	5.6%	6.2%
% Increase	5.3%	6.2%	5.2%	5.9%	14.4%
Passthrough Fees	0.4%	13.9%	0.0%	0.0%	0.0%
% Total Increase	5.0%	6.5%	5.0%	5.6%	13.7%

These projections do not take into account the full integration of SAWS and DSP. Senate Bill 341 requires that full integration be achieved by November 2016 unless an extension is requested from the Texas Commission on Environmental Quality. SAWS and DSP will achieve full integration once the customers of both systems pay the same rates and the DSP as an entity ceases to exist. SAWS is currently in the process of determining when full integration can be achieved. Fully integrating with DSP may have some impact on these future rate projections.

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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.

<i>(dollars in thousands)</i>	2012 Actual	2013 Actual	2014 Budget	2015 Budget
SOURCES OF FUNDS				
Operating Revenues				
Sewer Service Charges	\$ 163,782	\$ 190,859	\$ 206,191	\$ 216,796
Metered Water Sales	126,246	124,901	134,399	136,138
Water Supply Fee	91,929	91,222	108,910	110,958
EAA Fee	19,944	18,689	18,449	21,621
Chilled Water & Steam Sales	12,378	12,621	11,816	10,236
Conservation	9,939	8,963	9,519	9,861
Industrial Waste Surcharge	5,139	5,443	5,442	4,915
Stormwater	4,567	5,077	4,420	4,781
Recycled Water System	5,038	5,124	5,185	5,238
Recovery of TCEQ Fees	1,475	1,433	1,721	1,742
Reduction for Affordability Program	(1,908)	(1,994)	(2,530)	(2,631)
Total Operating Revenues	438,529	462,338	503,522	519,655
Nonoperating Revenues	2,137	1,721	1,483	1,737
Build America Bonds Subsidy	4,014	3,688	3,894	3,683
Total Revenues	444,680	467,747	508,899	525,075
Capital Recovery Fees	36,761	37,288	36,000	46,403
Draw on Equity	6,901	1,400	1,400	1,400
Total Sources of Funds	\$ 488,342	\$ 506,435	\$ 546,299	\$ 572,878
USES OF FUNDS				
Operations and Maintenance	\$ 233,918	\$ 235,793	\$ 260,313	\$ 265,784
Operating Reserve	3,164	2,264	952	1,893
Revenue Bond Debt Requirement	138,606	149,218	179,493	185,163
Other Debt Service Requirement	2,935	2,554	3,007	3,184
Transfer to the City of San Antonio	11,160	11,528	12,927	13,275
Balance Available for:				
Renewal and Replacement Fund (Restricted)	36,925	37,328	36,147	46,516
Renewal and Replacement Fund (Unrestricted)	61,634	67,750	53,460	57,063
Total Uses of Funds	\$ 488,342	\$ 506,435	\$ 546,299	\$ 572,878

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.

The following schedule reflects the 2015 consolidating summary of Sources and Uses of Funds by core business:

	Water Supply	Water Delivery	Wastewater	Chilled Water	Total
<i>(dollars in thousands)</i>					
SOURCES OF FUNDS					
Operating Revenues					
Sewer Service Charges	\$ -	\$ -	\$ 216,796	\$ -	\$ 216,796
Metered Water Sales		136,138			136,138
Water Supply Fee	110,958				110,958
EAA Fee	21,621				21,621
Chilled Water Sales				10,236	10,236
Conservation	9,861				9,861
Industrial Waste Surcharge			4,915		4,915
Stormwater	4,781				4,781
Recycled Water System	5,238				5,238
Recovery of TCEQ Fees		1,237	505		1,742
Reduction for Affordability Program	(720)	(719)	(1,192)		(2,631)
Intercompany Reallocations	5,630	(5,630)			-
Total Operating Revenues	157,369	131,026	221,024	10,236	519,655
Nonoperating Revenues	1,038	293	315	91	1,737
Build America Bonds Subsidy	966	1,128	1,588	-	3,683
Total Revenues	159,373	132,447	222,927	10,327	525,075
Capital Recovery Fees	16,246	12,920	17,237	-	46,403
Draw on Equity	1,400	-	-	-	1,400
Total Sources of Funds	\$ 177,019	\$ 145,367	\$ 240,164	\$ 10,327	\$ 572,878
USES OF FUNDS					
Operations and Maintenance	\$ 89,938	\$ 58,923	\$ 110,014	\$ 6,909	\$ 265,784
Operating Reserve	1,059	-	834	-	1,893
Revenue Bond Debt Requirement	54,691	49,754	77,874	2,844	185,163
Other Debt Service Requirement	456	910	1,808	10	3,184
Transfer to the City of San Antonio	3,475	3,545	5,976	279	13,275
Balance Available for:					
Renewal and Replacement Fund (Restricted)	16,317	12,940	17,260	-	46,516
Renewal and Replacement Fund (Unrestricted)	11,083	19,295	26,398	285	57,063
Total Uses of Funds	\$ 177,019	\$ 145,367	\$ 240,164	\$ 10,327	\$ 572,878

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

<i>(dollars in thousands)</i>	2012 Actual	2013 Actual	2014 Budget	2015 Budget
SOURCES OF FUNDS				
Operating Revenues				
Water Supply Fee	\$ 91,929	\$ 91,222	\$ 108,910	\$ 110,958
Conservation	9,939	8,963	9,519	9,861
EAA Fee	19,944	18,689	18,449	21,621
Recycled Water System	5,038	5,124	5,185	5,238
Stormwater	4,567	5,077	4,420	4,781
Reduction for Affordability Program	(343)	(338)	(692)	(720)
Intercompany Reallocations	5,630	5,630	5,630	5,630
Total Operating Revenues	136,704	134,367	151,421	157,369
Nonoperating Revenues	1,021	949	896	1,038
Build America Bonds Subsidy	1,051	967	1,022	966
Total Revenues	138,776	136,283	153,339	159,373
Capital Recovery Fees	9,645	9,846	9,818	16,246
Draw on Equity	1,660	1,400	1,400	1,400
Total Sources of Funds	\$ 150,081	\$ 147,529	\$ 164,557	\$ 177,019
USES OF FUNDS				
Operations and Maintenance	\$ 78,564	\$ 68,226	\$ 82,459	\$ 89,938
Operating Reserve	2,457	(387)	598	1,059
Revenue Bond Debt Requirement	39,790	41,931	53,930	54,691
Other Debt Service Requirement	419	350	429	456
Transfer to the City of San Antonio	3,164	3,026	3,406	3,475
Balance Available for:				
Renewal and Replacement Fund (Restricted)	9,642	9,860	9,908	16,317
Renewal and Replacement Fund (Unrestricted)	16,045	24,523	13,827	11,083
Total Uses of Funds	\$ 150,081	\$ 147,529	\$ 164,557	\$ 177,019

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.

<i>(dollars in thousands)</i>	2012 Actual	2013 Actual	2014 Budget	2015 Budget
SOURCES OF FUNDS				
Operating Revenues				
Metered Water Sales	\$ 126,246	\$ 124,901	\$ 134,399	\$ 136,138
Recovery of TCEQ Fees	1,064	1,086	1,222	1,237
Reduction for Affordability Program	(602)	(590)	(692)	(719)
Intercompany Reallocations	(5,630)	(5,630)	(5,630)	(5,630)
Total Operating Revenues	121,078	119,767	129,299	131,026
Nonoperating Revenues	309	361	253	293
Build America Bonds Subsidy	1,230	1,130	1,192	1,128
Total Revenues	122,617	121,258	130,744	132,447
Capital Recovery Fees	13,464	13,653	11,455	12,920
Draw on Equity	2,094	-	-	-
Total Sources of Funds	\$ 138,175	\$ 134,911	\$ 142,199	\$ 145,367
USES OF FUNDS				
Operations and Maintenance	\$ 62,702	\$ 59,564	\$ 61,151	\$ 58,923
Operating Reserve	77	(257)	96	-
Revenue Bond Debt Requirement	37,541	40,932	47,692	49,754
Other Debt Service Requirement	785	858	854	910
Transfer to the City of San Antonio	3,099	2,902	3,497	3,545
Balance Available for:				
Renewal and Replacement Fund (Restricted)	13,472	13,658	11,480	12,940
Renewal and Replacement Fund (Unrestricted)	20,499	17,254	17,429	19,295
Total Uses of Funds	\$ 138,175	\$ 134,911	\$ 142,199	\$ 145,367

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.

<i>(dollars in thousands)</i>	2012 Actual	2013 Actual	2014 Budget	2015 Budget
SOURCES OF FUNDS				
Operating Revenues				
Sewer Service Charges	\$ 163,782	\$ 190,859	\$ 206,191	\$ 216,796
Industrial Waste Surcharge	5,139	5,443	5,442	4,915
Recovery of TCEQ Fees	411	347	499	505
Reduction for Affordability Program	(963)	(1,066)	(1,146)	(1,192)
Total Operating Revenues	168,369	195,583	210,986	221,024
Nonoperating Revenues	657	309	272	315
Build America Bonds Subsidy	1,733	1,592	1,680	1,588
Total Revenues	170,759	197,484	212,938	222,927
Capital Recovery Fees	13,652	13,789	14,727	17,237
Draw on Equity	2,970	-	-	-
Total Sources of Funds	\$ 187,381	\$ 211,273	\$ 227,665	\$ 240,164
USES OF FUNDS				
Operations and Maintenance	\$ 82,984	\$ 97,408	\$ 105,999	\$ 110,014
Operating Reserve	673	2,880	258	834
Revenue Bond Debt Requirement	59,240	64,069	75,300	77,874
Other Debt Service Requirement	1,710	1,328	1,715	1,808
Transfer to the City of San Antonio	4,559	5,256	5,703	5,976
Balance Available for:				
Renewal and Replacement Fund (Restricted)	13,811	13,810	14,759	17,260
Renewal and Replacement Fund (Unrestricted)	24,404	26,522	23,931	26,398
Total Uses of Funds	\$ 187,381	\$ 211,273	\$ 227,665	\$ 240,164

CHILLED WATER

The Chilled Water core business provides 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 tenants. Over the course of the last couple of years, SAWS has transitioned out of providing centralized steam services. This has resulted in lower operating revenues as well as reduced operating and maintenance expenditures.

<i>(dollars in thousands)</i>	2012 Actual	2013 Actual	2014 Budget	2015 Budget
SOURCES OF FUNDS				
Operating Revenues				
Chilled Water and Steam Sales	\$ 12,378	\$ 12,621	\$ 11,816	\$ 10,236
Total Operating Revenues	12,378	12,621	11,816	10,236
Nonoperating Revenues	150	101	62	91
Build America Bonds Subsidy	-	-	-	-
Total Revenues	12,528	12,722	11,878	10,327
Capital Recovery Fees	-	-	-	-
Draw on Equity	177	-	-	-
Total Sources of Funds	\$ 12,705	\$ 12,722	\$ 11,878	\$ 10,327
USES OF FUNDS				
Operations and Maintenance	\$ 9,668	\$ 10,595	\$ 10,704	\$ 6,909
Operating Reserve	(43)	28	-	-
Revenue Bond Debt Requirement	2,035	2,286	2,571	2,844
Other Debt Service Requirement	21	18	9	10
Transfer to the City of San Antonio	338	344	321	279
Balance Available for:				
Renewal and Replacement Fund (Restricted)	-	-	-	-
Renewal and Replacement Fund (Unrestricted)	686	(549)	(1,727)	285
Total Uses of Funds	\$ 12,705	\$ 12,722	\$ 11,878	\$ 10,327

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 2015. Total equity is expected to increase by \$104.0 million or 4.8% during 2015.

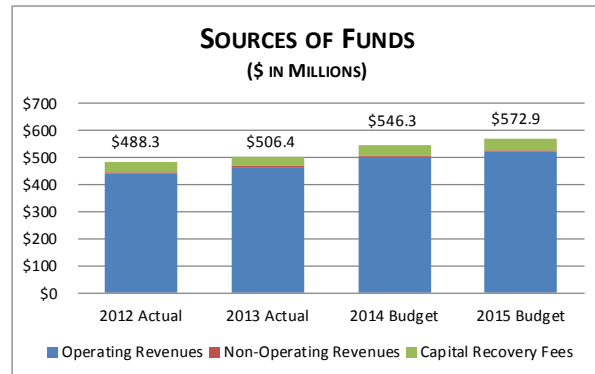
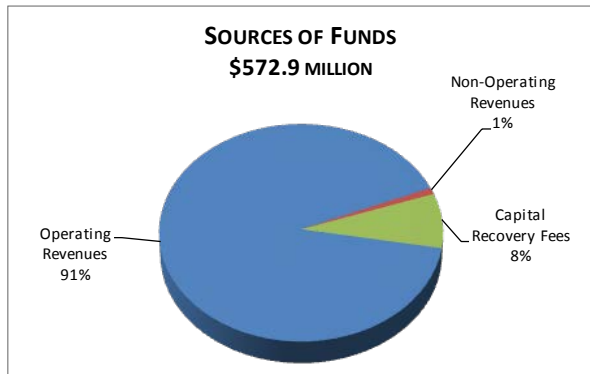
(\$ in thousands)	System Fund	Debt Service Fund	Debt Reserve Fund	Renewal and Replacement Fund	Project Fund	Combined Total
Equity, December 31, 2014	\$1,541,271	\$47,123	\$66,665	\$278,144	\$232,379	\$2,165,582
CHANGE IN EQUITY - brought forward	119,360	(110,939)	-	95,460	119	104,000
Transfers in (out)	(185,165)	185,165	2,017	(2,017)	-	-
Proceeds from Bond Issue	(139,962)	-	-	-	139,962	-
Bond Issue Costs	1,083	-	-	-	(1,083)	-
Retirement of Bonds	70,834	(70,834)	-	-	-	-
Commercial paper retired	(3,245)	3,245	-	-	-	-
Expenditures for plant additions	216,775	-	-	(87,635)	(129,140)	-
Equity, December 31, 2015	\$1,620,951	\$53,760	\$68,682	\$283,952	\$242,237	\$2,269,582

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SOURCES OF FUNDS

The following table summarizes the 2015 budgeted Sources of Funds for all core businesses.

SOURCES OF FUNDS				
<i>(dollars in thousands)</i>	2012 Actual	2013 Actual	2014 Budget	2015 Budget
SOURCES OF FUNDS				
Operating Revenues				
Sewer Service Charges	\$ 163,782	\$ 190,859	\$ 206,191	\$ 216,796
Metered Water Sales	126,246	124,901	134,399	136,138
Water Supply Fee	91,929	91,222	108,910	110,958
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Chilled Water & Steam Sales	12,378	12,621	11,816	10,236
Conservation	9,939	8,963	9,519	9,861
Industrial Waste Surcharge	5,139	5,443	5,442	4,915
Stormwater	4,567	5,077	4,420	4,781
Recycled Water System	5,038	5,124	5,185	5,238
Recovery of TCEQ Fees	1,475	1,433	1,721	1,742
Reduction for Affordability Program	(1,908)	(1,994)	(2,530)	(2,631)
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Nonoperating Revenues	2,137	1,721	1,483	1,737
Build America Bonds Subsidy	4,014	3,688	3,894	3,683
Total Revenues	444,680	467,747	508,899	525,075
Capital Recovery Fees	36,761	37,288	36,000	46,403
Draw on Equity	6,901	1,400	1,400	1,400
Total Sources of Funds	\$ 488,342	\$ 506,435	\$ 546,299	\$ 572,878



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

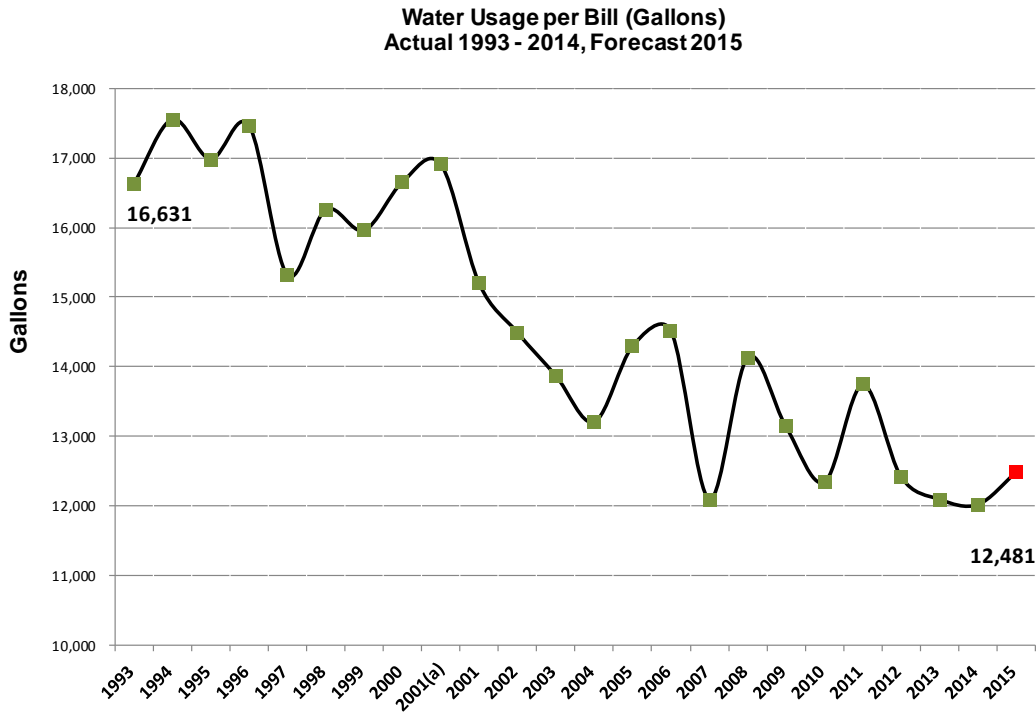
Due to this systematic and comprehensive approach to forecasting metered revenues, SAWS has been able to identify developing shifts in usage patterns and underlying trends in the uses of the water resources by its customers. These customer and usage forecasts are aggregated to develop a comprehensive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

In the recent term, the growth in wastewater customers has exhibited approximately the same growth in customers as customers in the SAWS water service area. With this trend expected to continue, 2015 customer growth is forecasted at 1.4% for both water and wastewater.

Average usage per customer is typically driven by weather, seasonal, cyclical, price elasticity, conservation, and drought restriction effects. Therefore 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 peak: 2005-2006, 2008-2009, and 2011
 - Rainy year trough: 2004, 2007, 2010, and 2012
- Impacts of ongoing drought restrictions: 2013 and 2014
- 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 starting proxy for the expected range of usage conditions in the future.

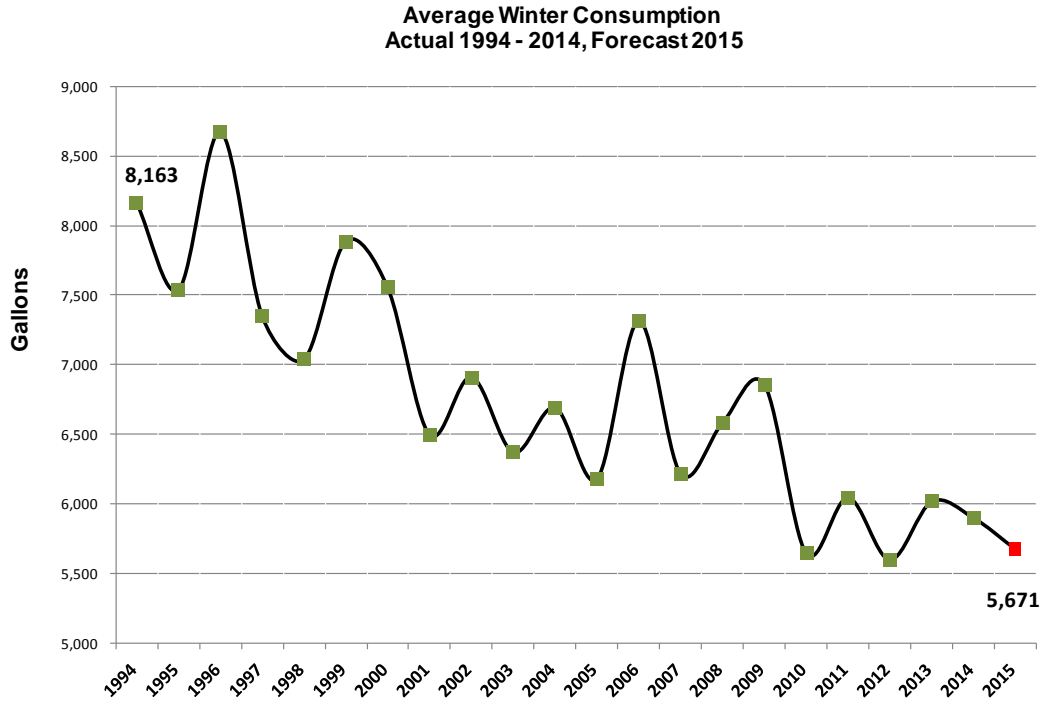
2014 usage per customer, however, was the lowest level seen since 2007 at 12,016 gallons per customer. Since 2014 is more recent and had drought restrictions in effect while fiscal year 2007 did not, 2014 is a possible starting point for the expected lower range of usage in the future. 2011 was extremely 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 at 13,739 gallons per customer

The 2015 use per customer forecast compared to the 2011 (high) and 2014 (low) range is an indication of the conservative nature and reduced revenue risk of the water revenue forecast. Details of the 2015 water usage forecast are as follows:

- Use per customer forecast of 12,482 gallons is at the 27th percentile of the 2011 to 2014 range
- Total adjusted water usage is forecasted at 55.5 billion gallons, slightly lower than the 56.0 billion gallons budgeted in 2014, despite projected customer growth of 1.4%.

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.

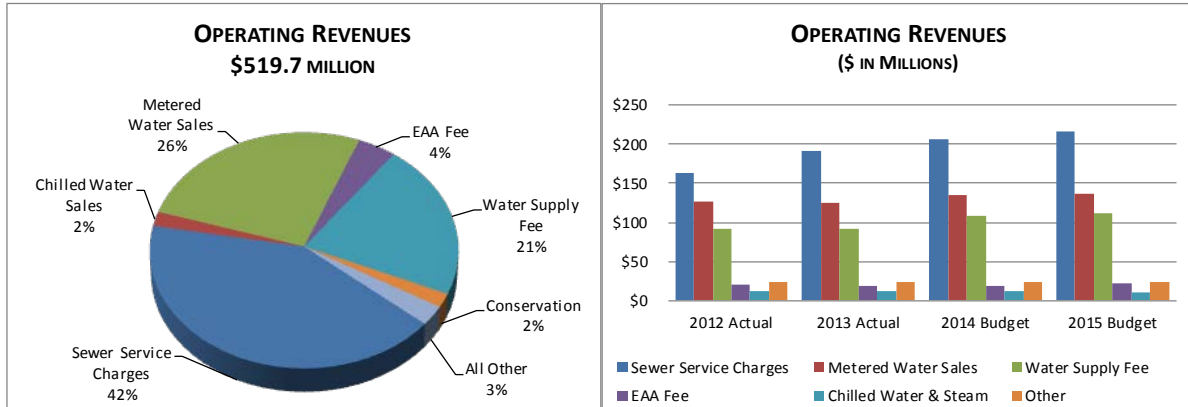
The AWC, as shown in the following chart, has declined dramatically over the last decade as a result of indoor conservation efforts and public awareness about the winter averaging method and measurement period. As reflected in the AWC chart below, the 2010-2014 AWC levels were significantly lower than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



OPERATING REVENUES

The 2015 revenue budget includes a rate adjustment of 5.3% on an average residential bill (7,788 gallons water; 6,178 wastewater assumed). Details of the rate adjustment are as follows:

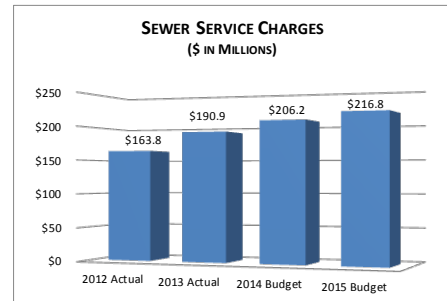
- 5.1% Water Supply Fee, 3.6% water delivery, and 6.4% wastewater rate adjustments
- Rate increases are effective for usage beginning January 1, 2015
- 0.3% reduction in the average residential bill due to EAA Fee rate reduction
- Rate adjustments result in projected additional operating revenue of \$23.1 million in 2015



Sewer Service Charges

Sewer service charges are fees for the collection and treatment of residential, commercial, and industrial sewage. 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.

2015 wastewater operating revenues are forecast at \$221.0 million and consist primarily of \$216.8 million in metered sewer service charges and \$4.9 million in sewer surcharge revenues. Net metered wastewater revenues include a 6.4% rate adjustment forecast to generate \$12.7 million in additional wastewater revenue in 2015.

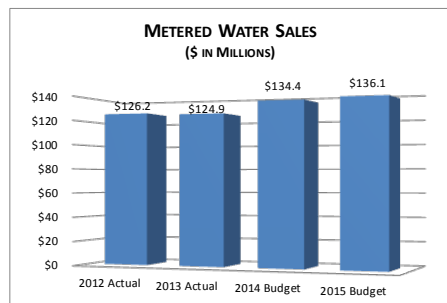


Metered Water Sales

Water charges are designed to recover the costs associated with the production, transmission, and distribution of water to the customer. 2015 water operating revenues are forecast at \$131.0 million, including a 3.6% rate adjustment forecast to generate \$5.0 million in additional water revenue in 2015.

The 2015 revenue forecast assumes that total water sales will decrease slightly to 55.5 billion gallons from the 56.0 billion gallons forecasted for 2014, primarily due to a lowering of the budgeted use per bill from decreased demand expectations.

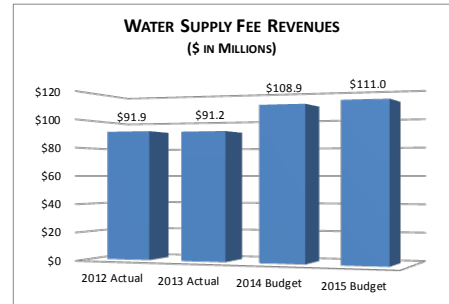
From the metered water sales revenues, \$5.6 million is budgeted to be transferred to the Water Supply core business to account for a portion of the water delivery rate schedule that continues to fund those Water Supply programs implemented before the Water Supply Fee was developed.



Water Supply Fee Revenues

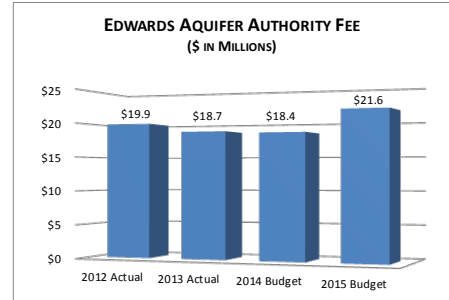
The Water Supply Fee was adopted in 2000 to support one of SAWS fundamental responsibilities: developing and procuring additional water supplies. In 2015, net metered water supply fee revenues are projected at \$111.0 million including a 5.1% Water Supply Fee rate adjustment forecast to generate \$5.4 million in additional revenue in 2015.

Consistent with Water Delivery, the revenue forecast is based on 55.5 billion gallons of billed water usage, with an additional \$5.6 million being transferred from the Water Delivery core business as previously discussed.



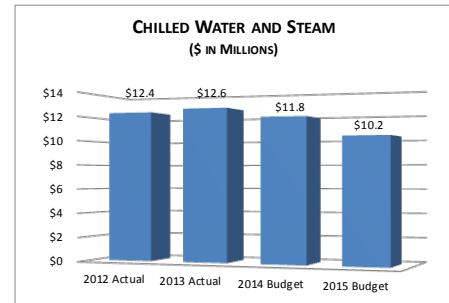
Edwards Aquifer Authority Fee

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 2015 EAA Fee budgeted revenue is \$21.6 million.



Chilled Water Sales

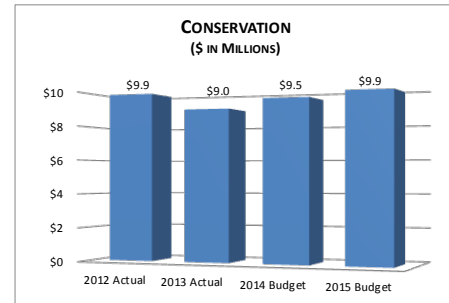
SAWS provides chilled water for cooling purposes primarily to commercial customers located in downtown San Antonio and the Port Authority of San Antonio. 2015 revenues are projected at \$10.2 million, significantly lower than the \$11.9 million budgeted in 2014 due to steam services no longer being provided in 2015. Chilled water services comprise approximately 2.0% of total operating revenues.



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 2015, conservation revenues are budgeted at \$9.9 million or 6.2% of Water Supply operating revenues.



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 of San Antonio provides a reimbursement to SAWS which substantially offsets the cost of providing those services, which is projected to be \$4.8 million in 2015.

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 to contribute 62.0% of recycled water revenues. Recycled water sales and operations are considered to be a part of the Water Supply core business.

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 2015.

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. There will be no change in the TCEQ per customer fees in 2015.

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 2015, \$2.6 million has been set aside for the discount; a 4% increase from the \$2.5M level budgeted in 2014.

NON-OPERATING REVENUES

2015 non-operating revenues, budgeted at \$5.4 million, are comprised of \$1.4 million of interest earnings on investments, \$0.3m in federal subsidies for employee health benefits, and a \$3.7 million federal subsidy to be received on Build America Bonds previously issued. In total, non-operating revenues account for 1.0% of the total sources of funds for 2015.

For the 2015 budget, the average investment base is assumed to be \$475 million. The interest earnings rate is estimated to be 0.3% annual rate, remaining at historically low levels.

DRAW ON EQUITY

The 2015 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 2015, capital recovery fees are projected at \$46.4 million, significantly higher than the \$36.0 million budgeted in 2014 due to an impact fee rate adjustment in June 2014. In total, such fees are projected to account for 8.0% of the total sources of funds for 2015.

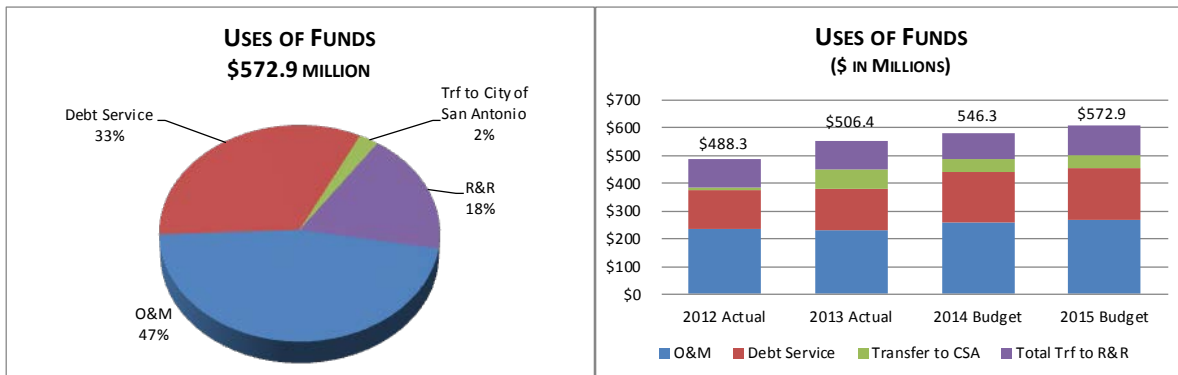
USES OF FUNDS

City of San Antonio, Texas Ordinance No. 75686 requires that Gross Revenues be pledged and appropriated to the extent required for the following uses and in the order of priority shown to pay:

- 1 • Operations & Maintenance
- 2 • Debt Service & Reserve Fund Requirements
- 3 • Transfer to the City
- 4 • Any Surplus Transferred to R&R (provides cash for funding capital program)

Uses of funds are summarized in the following table:

	2012 Actual	2013 Actual	2014 Budget	2015 Budget
<i>(dollars in thousands)</i>				
USES OF FUNDS				
Operations and Maintenance	233,918	235,793	260,313	265,784
Operating Reserve	3,164	2,264	952	1,893
Revenue Bond Debt Requirement	138,606	149,218	179,493	185,163
Other Debt Service Requirement	2,935	2,554	3,007	3,184
Transfer to the City of San Antonio	11,160	11,528	12,927	13,275
Balance Available for:				
Renewal and Replacement Fund (Restricted)	36,925	37,328	36,147	46,516
Renewal and Replacement Fund (Unrestricted)	61,634	67,750	53,460	57,063
Total Uses of Funds	\$ 488,342	\$ 506,435	\$ 546,299	\$ 572,878

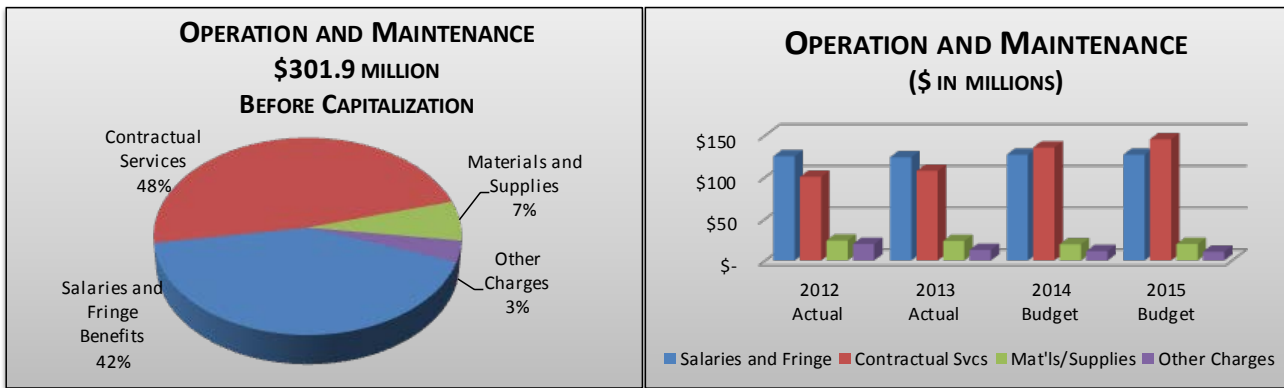


OPERATION AND MAINTENANCE EXPENSE

The cost to operate and maintain the system on a daily basis comprises the largest single requirement of SAWS' revenues. Approximately 46 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
- Continuing programs designed to 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)

	2012 Actual	2013 Actual	2014 Budget	2015 Budget
Salaries and Fringe Benefits				
511100 Salaries	\$ 80,769	\$ 79,520	\$ 80,466	\$ 81,571
511140 Overtime Pay	3,070	3,449	2,611	2,952
511150 On-Call Pay	405	450	462	394
511160 Employee Insurance	14,358	12,568	14,457	14,946
511162 Retirement	20,074	20,042	20,508	17,057
511164 Unused Sick Leave Buyback	33	27	31	31
511166 Personal Leave Buyback	874	792	885	896
511168 Accrued Vacation leave	876	863	1,328	1,344
511170 Incentive Pay	287	2,033	58	60
511175 Other Post Employment Benefits	4,033	4,000	6,000	7,500
Salaries and Fringe Benefits Total	124,779	123,744	126,806	126,751
Contractual Services				
511210 Operating Expense	2,092	1,695	1,826	1,737
511211 Rental of Facilities	255	256	265	303
511212 Alarm and Security	1,606	1,556	1,143	986
511213 Collection Expense	160	-	-	-
511214 Uniforms and Shoe Allowance	88	247	282	303
511216 Catering Svcs & Luncheons	89	73	76	78
511219 Conservation Programs	404	736	611	2,768
511220 Maintenance Expense	9,395	9,275	8,587	10,804
511221 Street Cut Permit Admin Fee	602	620	627	588
511222 St Pave/Repair Fee	986	1,132	842	1,381
511223 Preventive Maintenance	65	61	62	66
511224 Corrective Maintenance	1,283	1,151	1,243	1,279
511225 Damage Repair	133	158	144	155
511230 Equipment Rental Charges	540	493	704	670
511240 Travel	172	46	116	142
511245 Training	614	244	479	559
511247 Conferences	40	34	60	66
511250 Memberships and Subscriptions	395	238	312	331
511260 Utilities	23,319	25,831	25,984	25,047
511261 Water Options	15,406	15,157	25,281	29,081
511265 Ground Water District Pay	19,471	18,244	21,643	21,840
511270 Mail and Parcel Post	1,990	1,864	2,018	2,163
511280 Telemetering Charges	45	26	35	2
511309 Educational Assist-Books	8	14	13	13
511310 Educational Assistance	140	263	182	188
511312 Contractual Prof Svcs	10,886	19,967	33,953	31,748
511313 Inspect & Assessment Fees	1,497	1,556	1,586	1,613
511315 Temporary Employees	799	740	356	1,380
511320 Legal Services	3,310	1,622	2,178	4,478
511370 Communications	963	1,101	1,118	1,223
511381 Software and Hardware Maintenan	3,413	2,791	3,712	4,176
Contractual Services Total	100,165	107,194	135,437	145,168

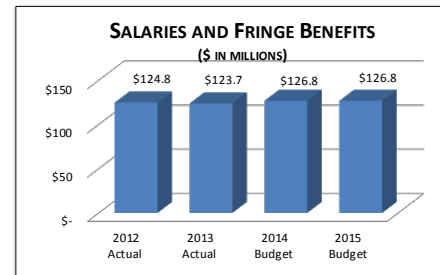
OPERATION AND MAINTENANCE BY EXPENSE CLASSIFICATION (CONTINUED)

(\$ in thousands)

	2012 Actual	2013 Actual	2014 Budget	2015 Budget
Materials and Supplies				
511410 Small Tools	716	720	544	548
511417 Copy and Printing Expense	10	11	25	36
511420 Operating Materials	2,734	2,247	2,077	2,284
511421 Heating Fuel	44	58	77	50
511422 Chemicals	6,602	5,822	5,507	5,470
511425 Education of School Children	50	27	20	24
511426 Public Awareness-WQEE	-	12	1	1
511427 Enforcement	33	-	16	16
511428 Program Materials	1,333	1,558	712	-
511430 Maintenance Materials	7,354	8,186	6,088	6,484
511440 Safety Materials & Supplies	728	733	642	666
511441 Inventory Variances	5	(42)	13	31
511450 Tires and Tubes	652	664	611	591
511451 Motor Fuel & Lubricants	3,705	3,358	3,095	3,447
Materials and Supplies Total	23,966	23,355	19,426	19,648
Other Charges				
511510 Judgements and Claims	2,439	642	563	582
511511 AL & GL Claims - Cont. Liab.	(292)	(236)	216	224
511520 Bank Charges	881	1,047	516	523
511525 Cash Short/(Over)	-	2	-	-
511530 Employee Relations	271	135	185	181
511540 Retiree Insurance	14,721	8,465	7,094	6,242
511570 Casualty Insurance	1,218	1,259	1,327	1,415
511580 Unemployment Compensation	75	34	69	72
511590 Workers Comp Medical	479	763	866	896
511600 WC-Contigent Liab Adjust	(309)	179	-	-
511610 Workers Comp Benefits	62	346	203	211
511620 WC-Misc Claims Expense	35	39	35	36
Other Charges Total	19,580	12,676	11,074	10,382
O&M Before Capitalized Cost Total	268,490	266,969	292,742	301,950
Capitalized Cost	(33,413)	(30,856)	(32,429)	(36,166)
Intercenter Transfers	(1,160)	(320)	-	-
Grand Total	\$ 233,917	\$ 235,793	\$ 260,313	\$ 265,784

Salaries and Fringe Benefits

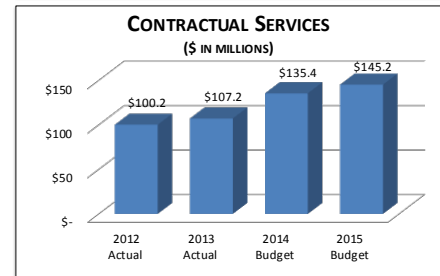
Salaries and fringe benefits include full time and part time salaries, overtime, on-call pay, employees’ insurance and retirement benefits, and contributions to a trust established to provide other post-employment benefits (OPEB). Total salary and fringe benefit costs for 2015 are estimated at \$126.8 million, or 42.0% of gross operation and maintenance expenditures, and reflect a .04% decrease from the prior year budget. Since 2013, SAWS has reduced the number of budgeted positions by more than 200 or 12%. These reductions have been achieved through efficiencies achieved by integrating the operations of SAWS and DSP, as well as other efforts to increase productivity. The savings from position reductions has enabled SAWS to provide for wage adjustments in 2015 that more than offset an increase in employee cost sharing contributions for pension and other benefits. Additionally, SAWS has increased funding of the OPEB trust fund by \$1.5 million.



Contractual Services

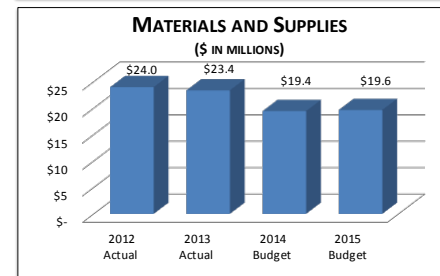
Contractual services costs represent expenditures for services that are obtained by express or implied contract. Total Contractual Services for 2015 are budgeted at \$145.2 million, which is 48.1% of the gross operation and maintenance expenditures and reflects a 7.2% increase from the 2014 budget, driven primarily by the following:

- Additional funding to continue the operational aspects of SAWS’ SSO reduction program
- Increased funding for Regional Carrizo Program water options



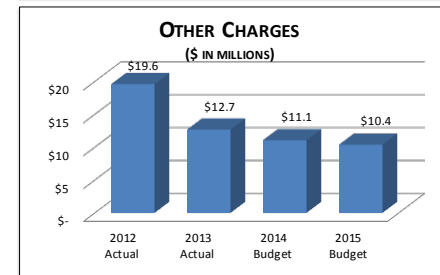
Materials and Supplies

The Materials and Supplies budget of \$19.6 million (6.5% of gross operation and maintenance expenditures) has increased 1.1% as compared to the prior year budget. The slight increase is due primarily to an increase for motor fuels and lubricants.



Other Charges

Other Charges for 2015 are estimated at \$10.4 million, or 3.4% of gross operation and maintenance expenditures, and reflect a 6.2% decrease from the prior year budget. Budgeted in this category are bank charges and retirees’ healthcare costs. The projected reduction in this category is a result of changes to the health benefits provided to retirees.



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 2015, Capitalized Costs are estimated at \$36.2 million, which is an increase of 11.5% from 2014. This increase is due primarily to increased infrastructure construction on sanitary sewer overflow (SSO) reduction projects.

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 2015 capital outlay budget will fund \$8.0 million of capital expenditures meeting the above criteria.

The table below summarizes the planned 2015 expenditures for the capital outlay program. The proposed expenditure level represents an increase of \$.6 million from the prior-year level.

(\$ in thousands)	2012 Actual	2013 Actual	2014 Budget	2015 Budget
Automobiles and Trucks	\$ 6,556	\$ 2,331	\$ 3,332	\$ 3,602
Communications Equipment	-	6		
Computer Equipment	1,941	1,262	1,909	1,702
Lab Equipment	292	179	219	250
Machinery and Equipment	-		90	155
Miscellaneous Equipment	1,215	1,756	820	472
Office Furniture and Equipment	46	8		
Pumping Equipment	61	332	640	1,273
Software Systems	693	1,066	366	544
Structures and Improvements	45	7		
Total	\$ 10,849	\$ 6,947	\$ 7,376	\$ 7,998

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”. A \$1.9 million increase in the operating reserve will be funded during 2015 as a result of the projected increase in operating and maintenance expenditures between 2015 and 2016.

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 \$13.3 million for this transfer in 2015.

Balance Available for Transfer to Renewal and Replacement Fund

After meeting all other requirements of system revenues including operations and maintenance expenses, operating reserve, debt service, and transfer to the City’s General Fund, \$103.6 million is estimated to be available for transfer to the Renewal and Replacement Fund (R&R) of which \$46 million is projected from 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 \$8.0 million for 2015 capital outlay expenditures, \$95.6 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 SAWS Capital Improvement Program in 2016 and beyond.

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 2005, Series 2007, Series 2009, Series 2009B, Series 2010B, Series 2011, Series 2011A, Series 2012, and Series 2012A outstanding in the amount of \$1,428,460,000 as of December 31, 2014, 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, Series 2013E (NO RESERVE FUND), Series 2014A (NO RESERVE FUND), Series 2014C, and Series 2014D outstanding in the amount of \$770,095,000 as of December 31, 2014, 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 Series 2013F (NO RESERVE FUND) Bonds (the “Series 2013F Bonds”), and the Series 2014B (NO RESERVE FUND) Bonds (the “Series 2014B Bonds”), (together the “Bonds”) outstanding in the amount of \$200,000,000 as of December 31, 2014, were 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 Series 2013F 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 Series 2013F Bonds will be remarketed into a successive SIFMA Index Mode, or another mode as allowed under the authorizing ordinance. During the initial term of the Series 2014B Bonds, the interest rate will reset weekly based on the SIFMA Swap Index, plus a spread of 0.40%. The initial term expires October 31, 2017, at which time; the Series 2014B 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. \$94,895,000 of the commercial paper notes outstanding at December 31, 2014 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 2015 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 \$135.3 million of bonds in 2015. The amount necessary to fulfill total bonded debt service requirements in 2015 is projected to be \$185.2 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 2015 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 2015 Budget assumes \$302 million of commercial paper will be outstanding to fund capital improvement projects through 2015. As stated in the "Interest Rate Hedge Agreement (Swap)" section herein, \$94.9 million of the commercial paper program is attributable to the redemption of the Subordinate Lien Obligations. The 2015 Budget assumes that the interest to be paid on the 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 \$2.6 million in debt related expenses in 2015. 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 2015 Annual Operating Budget projects an estimated annual Senior Lien Debt Coverage ratio of 2.38 times, which exceeds the ordinance requirement of 1.25 times.

DEBT COVERAGE CALCULATION

Total Sources of Funds	\$ 572,877,828
Less Revenues from:	
City Public Service contract	3,223,125
Interest on CPS contract	
Capital Recovery Fees	46,403,165
Transfer from Renewal & Replacement Fund	1,400,000
Interest on Project Funds	118,750
Gross Revenues as defined by Ordinance No. 75686	\$ 521,732,788
Less: Operations & Maintenance	265,784,276
Pledged Revenues as defined by Ordinance No. 75686	\$ 255,948,513
Annual Senior Lien Debt Service Requirement	\$ 107,579,888
Annual Senior Lien Debt Coverage Ratio	2.38
Maximum Annual Senior Lien Debt Service Requirement (Year 2027)	\$ 125,218,393
Maximum Annual Senior Lien Debt Coverage Ratio	2.04
Annual Combined Debt Service Requirement	\$ 185,164,512
Annual Combined Debt Coverage Ratio	1.38
Maximum Annual Combined Bonded Debt Service Requirement (Year 2021)	\$ 189,332,301
Maximum Annual Combined Bonded Debt Coverage Ratio	1.35

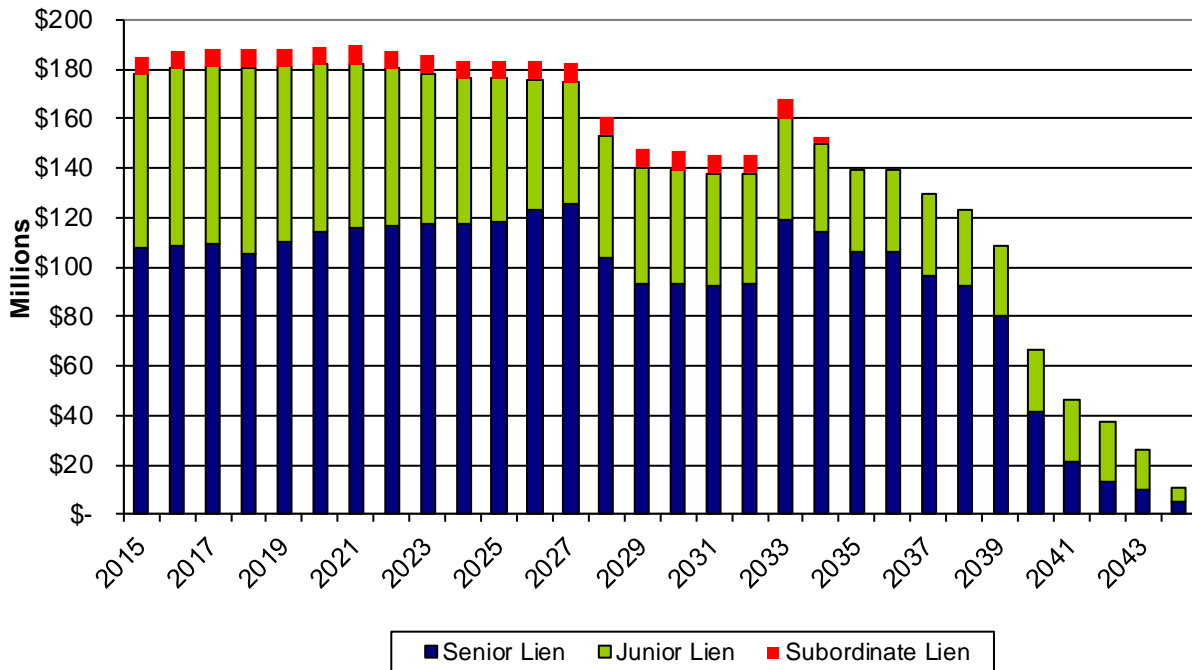
BUDGETED REVENUE AND REFUNDING BONDS DEBT SERVICE SCHEDULES

Fiscal Year December 31.	Senior Lien			Junior Lien		
	Principal	Interest	Total	Principal	Interest	Total
2015	\$ 30,238,333	\$ 77,341,554	\$ 107,579,888	\$ 41,250,000	\$ 29,113,441	\$ 70,363,441
2016	32,756,667	75,969,854	108,726,520	42,418,333	29,026,714	71,445,048
2017	34,958,333	74,426,583	109,384,916	43,196,667	28,582,498	71,779,164
2018	32,866,666	72,785,833	105,652,499	47,681,667	27,359,697	75,041,364
2019	39,061,667	71,268,558	110,330,225	44,791,667	25,871,913	70,663,580
2020	44,773,333	69,446,021	114,219,355	43,293,333	24,423,181	67,716,514
2021	48,371,667	67,280,941	115,652,607	43,383,333	22,990,607	66,373,940
2022	51,863,333	64,890,370	116,753,703	41,785,000	21,496,792	63,281,792
2023	54,848,333	62,299,857	117,148,190	40,855,000	20,054,029	60,909,029
2024	57,643,333	59,550,635	117,193,969	40,213,333	18,638,500	58,851,833
2025	61,323,333	56,641,020	117,964,353	40,933,333	17,222,197	58,155,530
2026	69,303,333	53,538,297	122,841,630	37,031,667	15,759,759	52,791,426
2027	75,166,667	50,051,727	125,218,393	35,076,667	14,447,739	49,524,406
2028	57,351,667	46,500,465	103,852,132	36,050,000	13,219,375	49,269,375
2029	49,311,667	43,715,590	93,027,256	35,331,666	11,933,295	47,264,962
2030	51,685,000	41,255,064	92,940,064	35,366,667	10,786,665	46,153,332
2031	54,146,667	38,662,801	92,809,468	35,316,666	9,774,081	45,090,748
2032	57,210,000	35,986,515	93,196,515	35,753,333	8,766,179	44,519,512
2033	85,483,333	33,211,444	118,694,777	33,713,333	7,722,801	41,436,134
2034	85,680,000	28,912,453	114,592,453	28,823,333	6,705,698	35,529,032
2035	81,615,000	24,451,367	106,066,367	27,375,000	5,867,455	33,242,455
2036	85,626,667	20,300,629	105,927,295	28,006,667	5,108,648	33,115,315
2037	80,721,667	16,003,341	96,725,008	28,581,667	4,326,334	32,908,001
2038	80,178,333	11,892,884	92,071,218	27,240,000	3,523,863	30,763,863
2039	72,830,000	7,755,849	80,585,849	24,791,667	2,778,883	27,570,549
2040	37,191,667	3,969,317	41,160,983	23,665,000	2,145,306	25,810,306
2041	19,618,333	2,039,784	21,658,118	23,163,333	1,562,462	24,725,795
2042	12,358,333	1,154,509	13,512,843	22,711,667	1,001,868	23,713,535
2043	9,550,000	524,825	10,074,825	15,328,333	453,328	15,781,661
2044	4,880,000	134,200	5,014,200	5,698,333	95,160	5,793,493
	\$1,558,613,333	\$1,211,962,284	\$2,770,575,617	\$1,008,826,667	\$ 390,758,470	\$1,399,585,137

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
2015	\$ 3,345,000	\$ 3,876,184	\$ 7,208,207	\$ 74,833,333	\$ 110,331,179	\$ 185,164,513
2016	3,498,333	3,736,363	7,221,184	78,673,333	108,732,931	187,406,264
2017	3,656,667	3,590,132	7,234,696	81,811,667	106,599,213	188,410,879
2018	3,823,333	3,437,284	7,246,799	84,371,666	103,582,813	187,954,480
2019	3,996,667	3,277,468	7,260,617	87,850,000	100,417,940	188,267,940
2020	4,178,333	3,110,408	7,274,135	92,245,000	96,979,610	189,224,610
2021	4,370,000	2,935,753	7,288,741	96,125,000	93,207,301	189,332,301
2022	4,571,667	2,753,087	7,305,753	98,220,000	89,140,249	187,360,249
2023	4,780,000	2,561,992	7,324,754	100,483,334	84,915,877	185,399,211
2024	4,996,667	2,362,188	7,341,992	102,853,333	80,551,322	183,404,656
2025	5,226,667	2,153,327	7,358,854	107,483,333	76,016,544	183,499,877
2026	5,461,667	1,934,852	7,379,994	111,796,667	71,232,908	183,029,575
2027	5,710,000	1,706,555	7,396,519	115,953,333	66,206,020	182,159,354
2028	5,971,667	1,467,877	7,416,555	99,373,333	61,187,717	160,561,051
2029	6,243,333	1,218,261	7,439,543	90,886,666	56,867,146	147,753,812
2030	6,528,333	957,290	7,461,594	93,580,000	52,999,018	146,579,019
2031	6,825,000	684,405	7,485,623	96,288,333	49,121,288	145,409,621
2032	7,135,000	399,120	7,509,405	100,098,333	45,151,814	145,250,148
2033	2,413,333	100,877	7,534,120	121,610,000	41,035,122	162,645,122
2034			2,514,211	114,503,333	35,618,151	150,121,485
2035			-	108,990,000	30,318,822	139,308,822
2036			-	113,633,333	25,409,277	139,042,610
2037			-	109,303,333	20,329,675	129,633,009
2038			-	107,418,333	15,416,748	122,835,081
2039			-	97,621,667	10,534,731	108,156,398
2040			-	60,856,667	6,114,623	66,971,290
2041			-	42,781,667	3,602,246	46,383,913
2042			-	35,070,000	2,156,378	37,226,378
2043			-	24,878,333	978,153	25,856,486
2044			-	10,578,333	229,360	10,807,693
	\$ 92,731,667	\$ 42,263,423	\$ 142,203,297	\$2,660,171,667	\$1,644,984,177	\$4,305,155,843

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)

	2012 Actual	2013 Actual	2014 Budget	2015 Budget
Board of Trustees and Pres/CEO				
Office of the President-CEO	\$ 919	\$ 997	\$ 913	\$ 967
Board of Trustees	59	51	52	47
Board of Trustees Support	375	270	259	270
Continuous Improvement and Innovation	-	209	297	492
Internal Audit	382	374	461	485
Board of Trustees and Pres/CEO Total	1,735	1,900	1,982	2,261
Engineering and Construction				
Office of the VP - Strategic Resources	363	365	365	357
Collection and Distribution	1,519	1,451	1,377	2,227
Governmental Engineering	2,216	1,535	1,541	1,232
Infrastructure Planning	4,814	4,860	5,233	4,477
Operations and Maintenance Eng.	816	310	-	-
Pipeline Inspections	4,343	3,842	3,946	3,499
Production, Recycle, Treatment Engineering	3,378	2,907	2,719	3,419
Service Center Facility Plan	112	97	99	116
Engineering and Construction Total	17,562	15,368	15,281	15,327
Water Resources and Conservation				
Office of the VP - Water Resources and Conservation	226	208	210	213
Conservation	4,481	4,790	4,363	4,329
Environmental Laboratory Services	1,649	2,239	2,349	2,281
Resource Protection & Compliance	5,698	6,139	6,572	6,320
Water Resources	37,436	35,954	50,630	53,794
Water Resources and Conservation Total	49,489	49,330	64,124	66,937
Operations				
Ofc of Chief Operating Officer	525	420	379	510
Environmental Services	578	480	524	-
Office of Energy Management	231	180	175	226
Operations Total	1,334	1,081	1,078	736
Distribution and Collection Operations				
Office of the VP - Distribution and Collection	318	305	254	520
Construction and Maintenance	12,193	10,965	12,227	11,595
Distribution and Collection Support Services	743	686	641	631
Eastern Service Centers	11,426	11,383	10,515	9,313
Medio Creek Service Center	-	1,236	1,132	856
Western Service Centers	10,095	9,233	7,968	8,545
Distribution and Collection Operations Total	34,775	33,809	32,737	31,460
Facilities and Maintenance				
Fleet and Facilities	22,990	21,851	21,371	19,816
Security	2,519	2,178	2,195	2,313
Treatment Maintenance Management	24,786	25,704	25,980	25,241
Facilities and Maintenance Total	50,295	49,733	49,546	47,371
Production and Treatment Operations				
Ofc of Director - Production and Treatment Operations	-	107	257	295
Office of the VP - Production and Treatment Operations	108	31	39	39
Production	13,029	12,941	10,832	10,742
Treatment Operations Management	20,342	20,617	19,509	19,725
Production and Treatment Operations Total	33,479	33,697	30,637	30,800

OPERATION AND MAINTENANCE EXPENSE BY DEPARTMENT (CONTINUED)

(\$ in thousands)

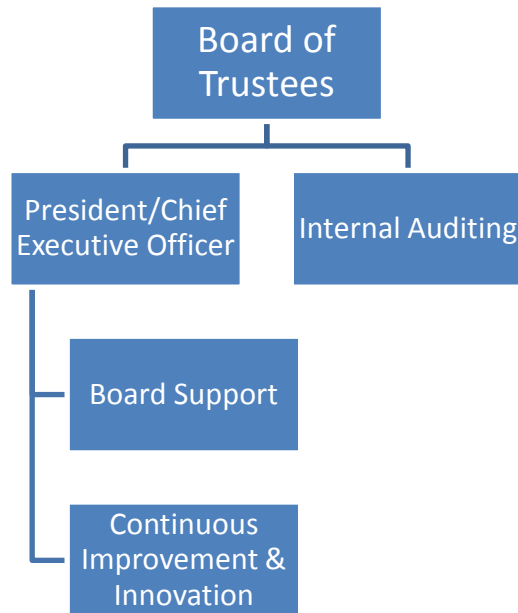
	2012 Actual	2013 Actual	2014 Budget	2015 Budget
Sewer System Improvements				
Capacity Assessment	-	678	3,563	2,694
Capacity Mgt O&M (CMOM)	-	5,040	5,205	8,332
Program Administration	1,249	5,162	5,222	6,076
Structural Sewer Assessment	-	1,706	9,077	9,692
Sewer System Improvements Total	1,249	12,587	23,067	26,794
Financial Services				
Office of the CFO	335	317	301	373
Accounting	2,255	2,521	2,402	2,566
Business Planning	597	514	483	499
Purchasing	539	595	588	529
Treasury	815	985	1,394	1,405
Financial Services Total	4,542	4,933	5,168	5,372
Information Systems				
Administration	516	1,169	973	757
Application Services	2,515	1,999	2,729	3,147
Control System Programming	-	407	452	454
Information Services Programs	334	420	485	560
Information Technology	8,576	7,488	8,096	9,280
Information Systems Total	11,941	11,482	12,736	14,197
Customer Service				
Customer Service Administration	429	506	562	980
Billing	1,386	1,703	1,797	1,528
Customer Care	2,646	3,302	2,942	2,669
Field Operations	6,862	7,543	7,241	6,556
Quality	440	383	353	266
Customer Service Total	11,763	13,437	12,896	11,999
Legal				
Contracting	1,669	1,664	1,690	1,658
Corporate Real Estate	775	799	794	966
Legal Department	4,595	3,204	3,568	4,320
Legal Total	7,039	5,668	6,053	6,945
Human Resources				
Office of the VP - Human Resources	645	460	412	-
Claims	560	546	543	-
Corporate Training	1,388	738	954	-
Human Resources	1,887	2,041	1,977	3,285
Risk Management	1,356	1,290	1,458	3,004
Safety and Environmental Health	1,089	981	1,103	-
Human Resources Total	6,924	6,056	6,447	6,289
Public Affairs				
Communications Administration	280	273	274	327
Communications	1,841	1,351	1,289	1,332
External Relations	2,086	1,730	1,919	2,039
Public Affairs Administration	53	52	38	-
Public Affairs Total	4,259	3,406	3,520	3,698
Other Requirements	32,103	24,484	27,471	31,763
O&M Before Capitalized Cost Total	268,490	266,969	292,742	301,950
Capitalized Cost	(33,413)	(30,856)	(32,429)	(36,166)
Intercenter Transfers	(1,160)	(320)	-	-
Grand Total	\$ 233,917	\$ 235,793	\$ 260,313	\$ 265,784

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.

- **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 Executive Management.
- **Planning** – Develops and implements strategic long-range business planning. Emphasizes water resources planning and legislative initiatives.
- **Continuous Improvement and Innovation** – 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.
- **Internal Audit** - provides independent and objective assurance and consulting services designed to add value and improve SAWS operations.

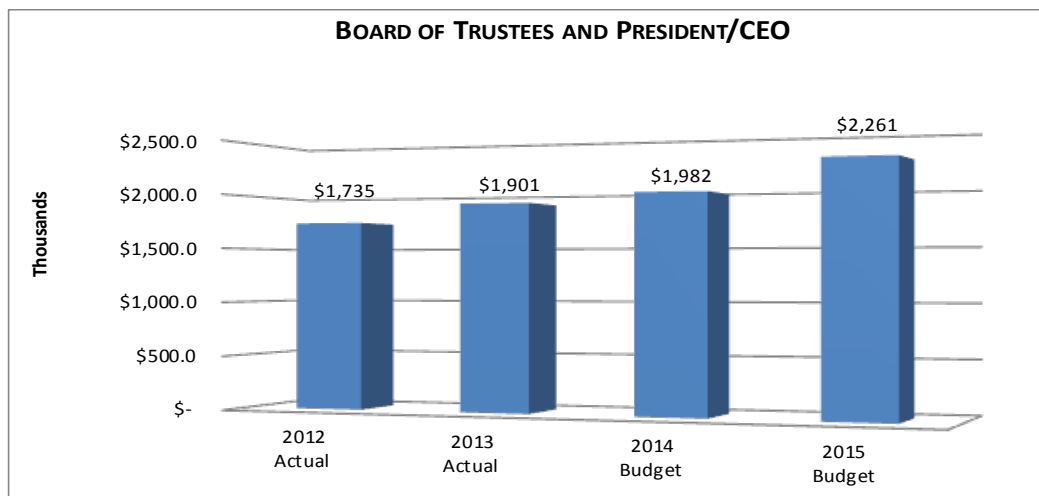


BOARD OF TRUSTEES AND PRESIDENT/CEO (CONTINUED)

Expenditures by Type	2012 Actual	2013 Actual	2014 Budget	2015 Budget
O&M Before Capitalized Cost				
Salaries and Fringe Benefits	\$ 1,405	\$ 1,672	\$ 1,651	\$ 1,739
Contractual Services	316	221	317	508
Materials and Supplies	14	7	14	14
Other Charges	-	-	-	-
O&M Before Capitalized Cost Total	1,735	1,900	1,982	2,261
Capitalized Cost	-	-	-	-
Intercenter Transfers	-	1	-	-
Grand Total	\$ 1,735	\$ 1,901	\$ 1,982	\$ 2,261
Capital Outlay	\$ -	\$ 27	\$ 2	\$ -

Expenditures by Department	2012 Actual	2013 Actual	2014 Budget	2015 Budget
Office of the President-CEO	\$ 919	\$ 997	\$ 913	\$ 967
Board of Trustees	59	51	52	47
Board of Trustees Support	375	270	259	270
Continuous Improvement and Innovation	-	209	297	492
Internal Audit	382	374	461	485
O&M Before Capitalized Cost Total	1,735	1,900	1,982	2,261
Capitalized Cost	-	-	-	-
Intercenter Transfers	-	1	-	-
Grand Total	\$ 1,735	\$ 1,901	\$ 1,982	\$ 2,261

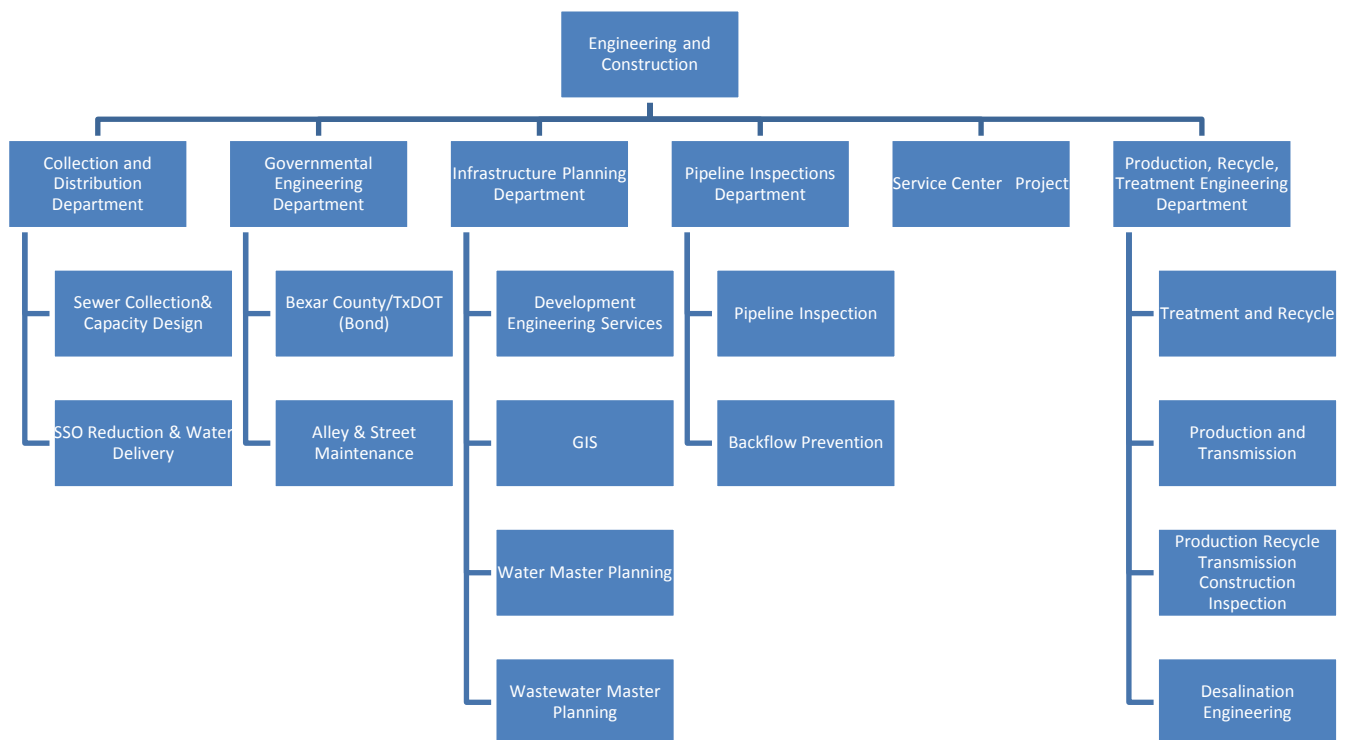
Full-time Equivalents	2012 Budget	2013 Budget	2014 Budget	2015 Budget
Office of the President-CEO	6.0	6.0	5.2	4.5
Board of Trustees Support	2.0	2.0	0.9	0.9
Continuous Improvement and Innovation	-	-	2.6	2.7
Internal Audit	5.0	5.0	3.9	3.6
Total Full-Time Equivalents	13.0	13.0	12.6	11.6



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:

- **Collection & Distribution Engineering** – Plans and designs new and rehabilitated water distribution system and wastewater collection system projects.
- **Governmental Engineering**: manages all intergovernmental capital projects.
- **Infrastructure Planning** – Manages impact fee program, coordinates CIP, maintains infrastructure maps and GIS databases, develops water and wastewater master plans, and manages new development.
- **Pipeline Inspections** – Inspects pipeline construction projects for water and sewer and Water Supply and water supply projects, and manages the backflow prevention program and water main chlorination.
- **Service Center Project** – Manages design and construction of Service Center Improvement Projects.
- **Production, Recycle, Treatment Engineering** – Handles planning, design and construction management for water production, water recycling plants, wastewater treatment plants and wastewater infrastructure.



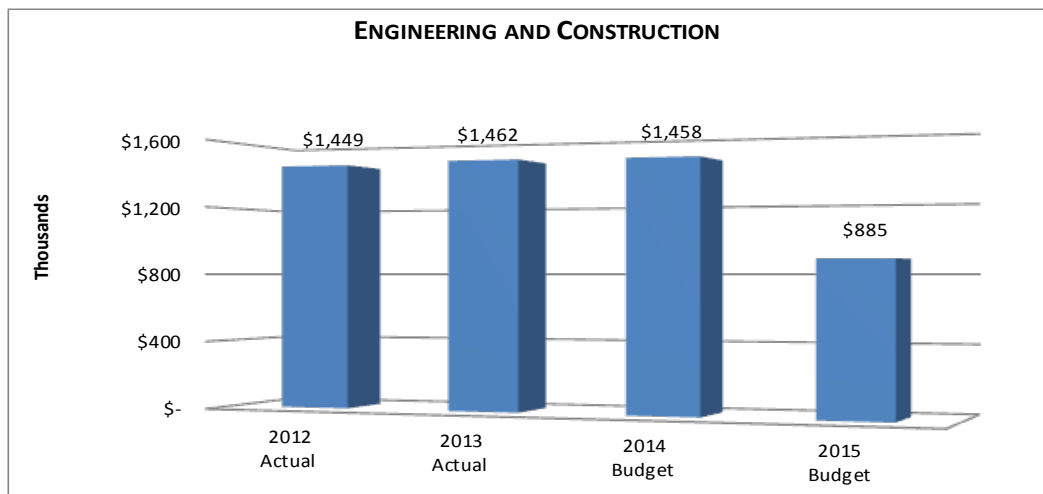
ENGINEERING AND CONSTRUCTION (CONTINUED)

Expenditures by Type	2012 Actual	2013 Actual	2014 Budget	2015 Budget
O&M Before Capitalized Cost				
Salaries and Fringe Benefits	\$ 16,558	\$ 14,564	\$ 14,086	\$ 13,882
Contractual Services	923	737	1,138	1,390
Materials and Supplies	82	66	57	55
Other Charges	-	-	-	-
O&M Before Capitalized Cost Total	17,562	15,368	15,281	15,327
Capitalized Cost	(16,114)	(13,901)	(13,823)	(14,442)
Intercenter Transfers	1	(4)	-	-
Grand Total	\$ 1,449	\$ 1,462	\$ 1,458	\$ 885

Capital Outlay	\$ 40	\$ 35	\$ -	\$ 26
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Expenditures by Department	2012 Actual	2013 Actual	2014 Budget	2015 Budget
Office of the VP - Strategic Resources	\$ 363	\$ 365	\$ 365	\$ 357
Collection and Distribution	1,519	1,451	1,377	2,227
Governmental Engineering	2,216	1,535	1,541	1,232
Infrastructure Planning	4,814	4,860	5,233	4,477
Operations and Maintenance Eng.	816	310	-	-
Pipeline Inspections	4,343	3,842	3,946	3,499
Production, Recycle, Treatment Engineering	3,378	2,907	2,719	3,419
Service Center Facility Plan	112	97	99	116
O&M Before Capitalized Cost Total	17,562	15,368	15,281	15,327
Capitalized Cost	(16,114)	(13,901)	(13,823)	(14,442)
Intercenter Transfers	1	(4)	-	-
Grand Total	\$ 1,449	\$ 1,462	\$ 1,458	\$ 885

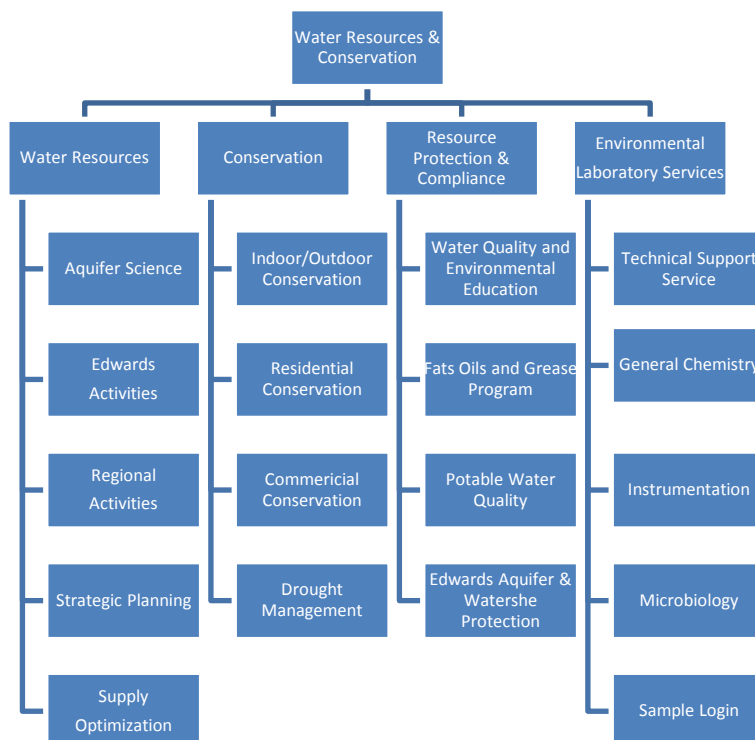
Full-time Equivalents	2012 Budget	2013 Budget	2014 Budget	2015 Budget
Office of the VP - Strategic Resources	3.0	5.0	1.7	1.8
Collection and Distribution	17.0	17.0	15.3	22.4
Governmental Engineering	25.0	26.0	16.9	13.7
Infrastructure Planning	57.5	57.5	58.7	52.1
Operations and Maintenance Eng.	9.0	9.0	-	-
Pipeline Inspections	62.0	63.0	58.2	48.4
Production, Recycle, Treatment Engineering	34.0	36.0	29.1	29.1
Service Center Facility Plan	1.0	1.0	0.9	0.9
Total Full-Time Equivalents	208.5	214.5	180.9	168.4



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 also conducts laboratory analytical services, water sample testing and regulatory reporting. 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** – Is responsible for implementing SAWS' water management plan, through proactively managing existing supplies to ensure customer needs are met and leading efforts in the planning and development of new water supply opportunities to meet the city's growth. In addition to managing and developing supplies, Water Resources is also responsible for the marketing of the direct recycled water program as well as directing efforts to minimize non-revenue water, ensuring efficient use of water supplies.
- 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.
- Environmental Laboratory Services (ELS)** – ELS is responsible for providing analytical services that ensure data integrity, reliability, responsiveness and accuracy for all of SAWS needs both in monitoring and compliance. The lab maintains a broad scope of analytical expertise covering microbiology, inorganic and organic testing activities. This broad base of technical expertise enables the laboratory to perform a wide variety of routine environmental tests to support the SAWS' water and wastewater activities. ELS is accredited by the Texas Commission on Environmental Quality (TCEQ) under the National Environmental Laboratory Accreditation Program.



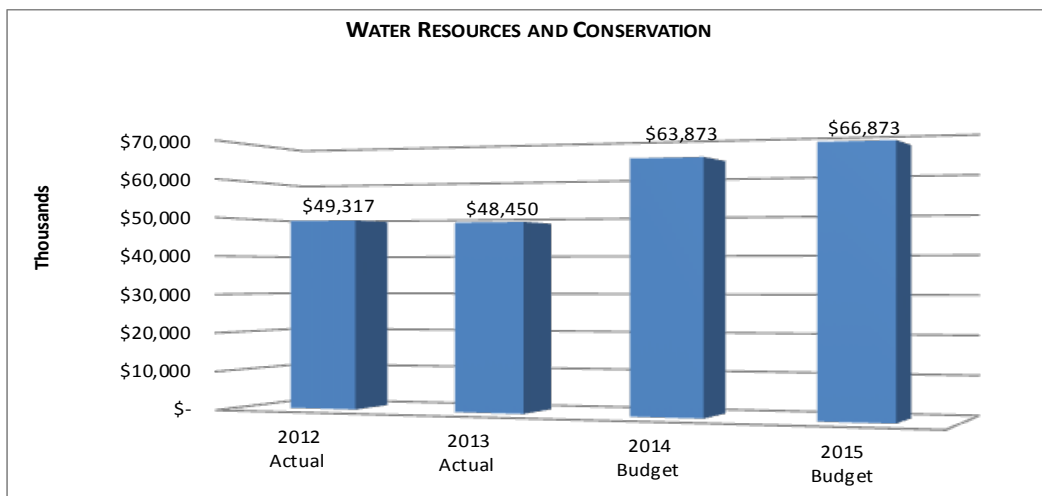
WATER RESOURCES AND CONSERVATION (CONTINUED)

Expenditures by Type	2012 Actual	2013 Actual	2014 Budget	2015 Budget
O&M Before Capitalized Cost				
Salaries and Fringe Benefits	\$ 9,484	\$ 10,204	\$ 10,017	\$ 9,133
Contractual Services	38,156	37,072	52,897	57,294
Materials and Supplies	1,849	2,054	1,210	510
Other Charges	-	-	-	-
O&M Before Capitalized Cost Total	49,489	49,330	64,124	66,937
Capitalized Cost	(170)	(874)	(251)	(64)
Intercenter Transfers	(2)	(6)	-	-
Grand Total	\$ 49,317	\$ 48,450	\$ 63,873	\$ 66,873

Capital Outlay	\$ -	\$ 179	\$ 195	\$ 250
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Expenditures by Department	2012 Actual	2013 Actual	2014 Budget	2015 Budget
Office of the VP - Water Resources and Conservation	\$ 226	\$ 208	\$ 210	\$ 213
Conservation	4,481	4,790	4,363	4,329
Environmental Laboratory Services	1,649	2,239	2,349	2,281
Resource Protection & Compliance	5,698	6,139	6,572	6,320
Water Resources	37,436	35,954	50,630	53,794
O&M Before Capitalized Cost Total	49,489	49,330	64,124	66,937
Capitalized Cost	(170)	(874)	(251)	(64)
Intercenter Transfers	(2)	(6)	-	-
Grand Total	\$ 49,317	\$ 48,450	\$ 63,873	\$ 66,873

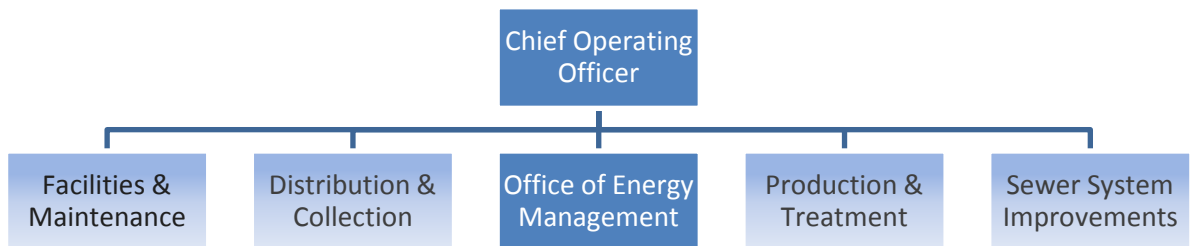
Full-time Equivalents	2012 Budget	2013 Budget	2014 Budget	2015 Budget
Office of the VP - Water Resources and Conservation	2.0	2.0	1.6	1.6
Conservation	24.5	25.6	19.4	19.4
Environmental Laboratory Services	23.0	23.0	23.0	21.0
Resource Protection & Compliance	71.0	71.0	72.6	70.9
Water Resources	20.0	19.0	17.6	9.5
Total Full-Time Equivalents	140.5	140.6	134.2	122.4



OPERATIONS GROUP

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

- **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.



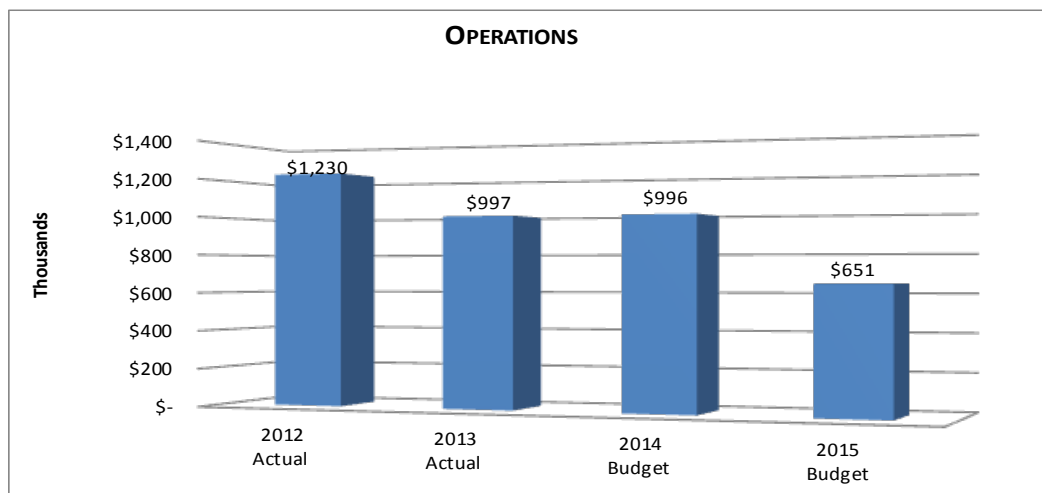
OPERATIONS GROUP (CONTINUED)

Expenditures by Type	2012 Actual	2013 Actual	2014 Budget	2015 Budget
O&M Before Capitalized Cost				
Salaries and Fringe Benefits	\$ 1,233	\$ 1,039	\$ 1,030	\$ 717
Contractual Services	97	35	42	17
Materials and Supplies	2	5	6	3
Other Charges	2	1	-	-
O&M Before Capitalized Cost Total	1,334	1,081	1,078	736
Capitalized Cost	(105)	(84)	(82)	(85)
Intercenter Transfers	-	-	-	-
Grand Total	\$ 1,230	\$ 997	\$ 996	\$ 651

Capital Outlay	\$ -	\$ -	\$ -	\$ -
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Expenditures by Department	2012 Actual	2013 Actual	2014 Budget	2015 Budget
Ofc of Chief Operating Officer	\$ 525	\$ 420	\$ 379	\$ 510
Environmental Services	578	480	524	-
Office of Energy Management	231	180	175	226
O&M Before Capitalized Cost Total	1,334	1,081	1,078	736
Capitalized Cost	(105)	(84)	(82)	(85)
Intercenter Transfers	-	-	-	-
Grand Total	\$ 1,230	\$ 997	\$ 996	\$ 651

Full-time Equivalents	2012 Budget	2013 Budget	2014 Budget	2015 Budget
Ofc of Chief Operating Officer	9.5	9.5	2.6	3.6
Environmental Services	2.0	2.0	5.6	-
Office of Energy Management	-	-	1.7	2.7
Total Full-Time Equivalents	11.5	11.5	10.0	6.2



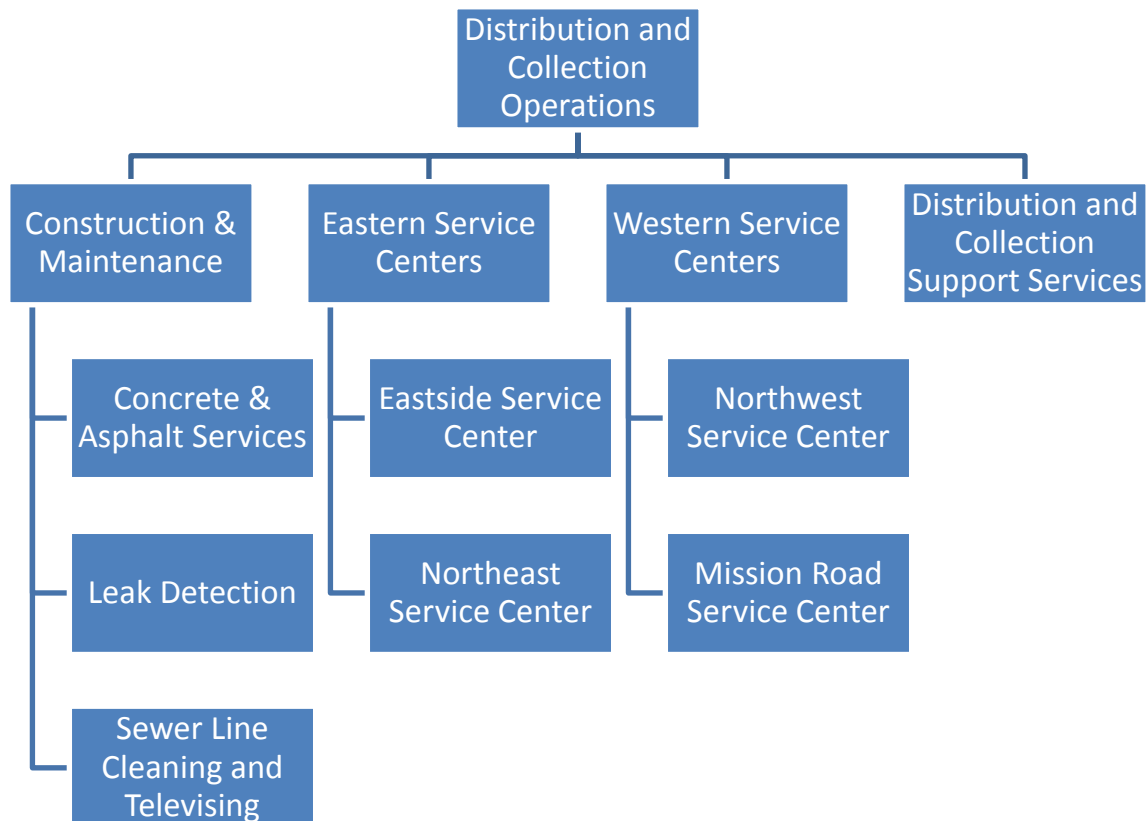
DISTRIBUTION AND COLLECTION

The Distribution and Collection Operations Group operates, maintains and repairs over 5,200 miles of sewer and over 5,000 miles of water mains, and 120 miles of recycled water distribution, recycle and wastewater collection systems 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.
- **Preventative Maintenance Programs** – Ensures the integrity of water and wastewater infrastructure.
- **Construction Crews** – Offers in-house construction expertise, including asphalt and concrete services, to improve service restoration and increase customer satisfaction.
- **Sewer Televising Programs** – Equips management to make informed decisions while helping protect the quality of the Edwards Aquifer.
- **Sewer Line Cleaning** – Reduces potential for back-ups due to debris and grease.
- **Leak Detection Program** – Ensures water leaks are identified, reducing water loss.

SAWS distribution and collection crews are mobilized from four strategically located service centers throughout the city: Eastside, Mission Road (south central), Northeast and Northwest.



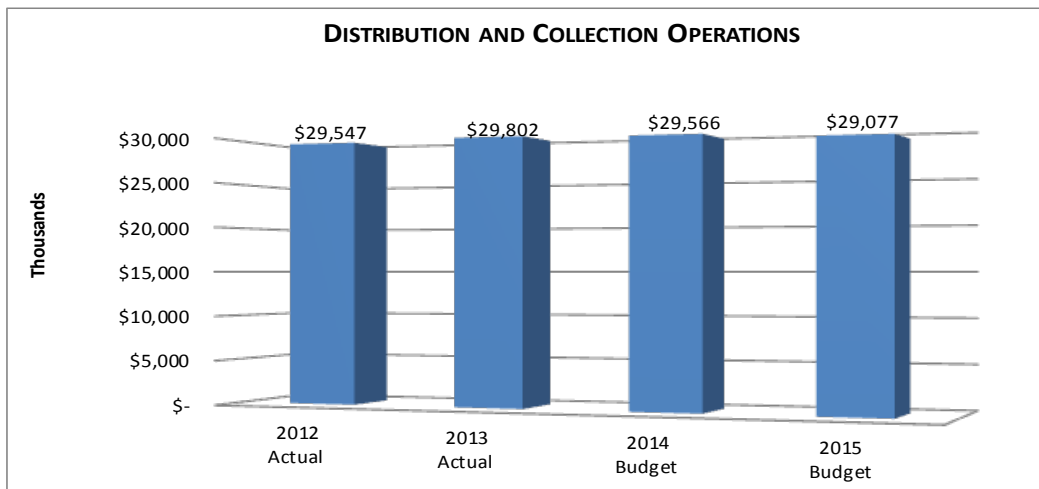
DISTRIBUTION AND COLLECTION (CONTINUED)

Expenditures by Type	2012 Actual	2013 Actual	2014 Budget	2015 Budget
O&M Before Capitalized Cost				
Salaries and Fringe Benefits	\$ 23,515	\$ 23,092	\$ 22,880	\$ 22,134
Contractual Services	5,977	5,308	5,293	4,579
Materials and Supplies	5,267	5,397	4,563	4,747
Other Charges	16	11	-	-
O&M Before Capitalized Cost Total	34,775	33,809	32,737	31,460
Capitalized Cost	(4,351)	(3,608)	(3,171)	(2,383)
Intercenter Transfers	(877)	(398)	-	-
Grand Total	\$ 29,547	\$ 29,802	\$ 29,566	\$ 29,077

Capital Outlay	\$ -	\$ 9	\$ 219	\$ 148
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Expenditures by Department	2012 Actual	2013 Actual	2014 Budget	2015 Budget
Office of the VP - Distribution and Collection	\$ 318	\$ 305	\$ 254	\$ 520
Construction and Maintenance	12,193	10,965	12,227	11,595
Distribution and Collection Support Services	743	686	641	631
Eastern Service Centers	11,426	11,383	10,515	9,313
Medio Creek Service Center	-	1,236	1,132	856
Western Service Centers	10,095	9,233	7,968	8,545
O&M Before Capitalized Cost Total	34,775	33,809	32,737	31,460
Capitalized Cost	(4,351)	(3,608)	(3,171)	(2,383)
Intercenter Transfers	(877)	(398)	-	-
Grand Total	\$ 29,547	\$ 29,802	\$ 29,566	\$ 29,077

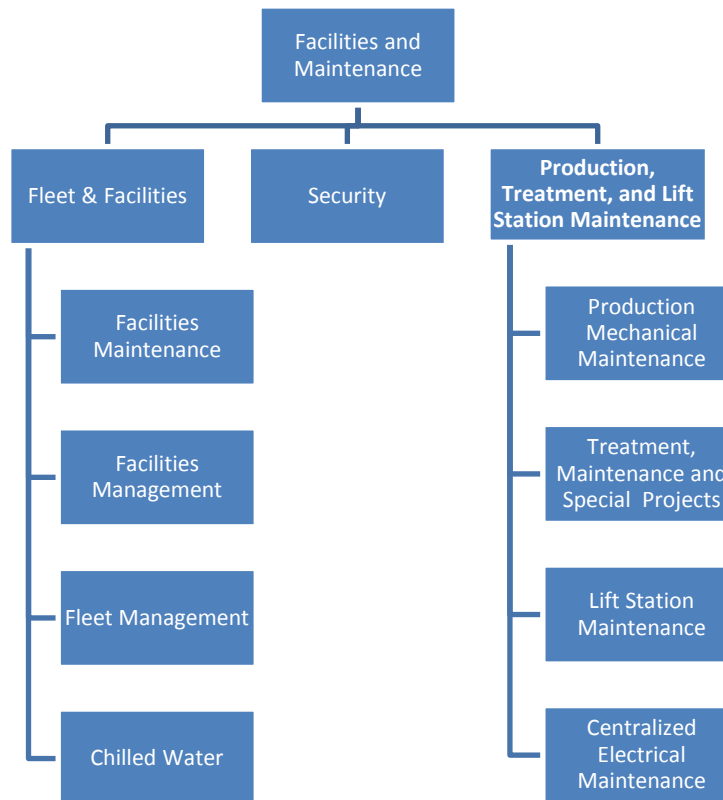
Full-time Equivalents	2012 Budget	2013 Budget	2014 Budget	2015 Budget
Office of the VP - Distribution and Collection	2.0	2.0	1.8	3.5
Construction and Maintenance	122.5	151.0	144.7	155.6
Distribution and Collection Support Services	12.5	12.5	11.0	10.6
Eastern Service Centers	155.0	140.0	147.4	110.3
Medio Creek Service Center	-	9.0	16.9	16.7
Western Service Centers	146.0	123.0	103.6	98.1
Total Full-Time Equivalents	438.0	437.5	425.3	394.7



FACILITIES AND MAINTENANCE

This group is responsible for maintaining SAWS’ headquarters; service centers; production, treatment, and lift station facilities; and fleet equipment. Additionally the operation of SAWS’ chilled water facilities is handled by this group. This group consists of the following departments:

- **Fleet and Facilities** – several areas fall under this department.
 - Chilled Water is responsible for the production of chilled water 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 SAWS’ facilities.
 - Fleet provides comprehensive maintenance services for vehicles and equipment. The Fleet Department also manages vehicle replacement and disposal.
- **Security** – Manages a proactive security program and associated support contracts for all SAWS facilities.
- **Production, Treatment and Lift Stations** – Manages centralized mechanical and electrical maintenance across all SAWS production, treatment and lift station facilities and the Aquifer Storage & Recovery (ASR).



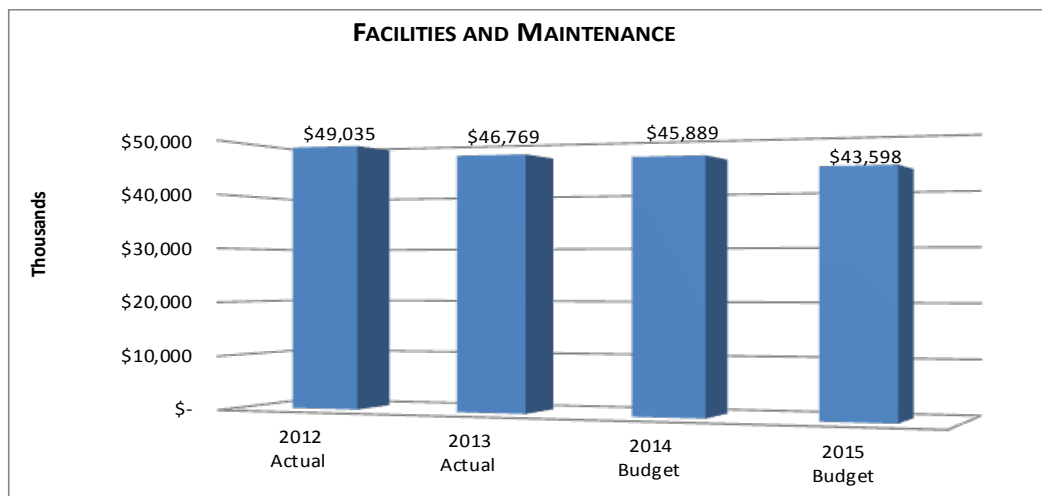
FACILITIES AND MAINTENANCE (CONTINUED)

Expenditures by Type	2012 Actual	2013 Actual	2014 Budget	2015 Budget
O&M Before Capitalized Cost				
Salaries and Fringe Benefits	\$ 16,626	\$ 16,662	\$ 17,206	\$ 15,562
Contractual Services	24,898	25,160	25,483	24,546
Materials and Supplies	8,771	7,910	6,857	7,263
Other Charges	-	-	-	-
O&M Before Capitalized Cost Total	50,295	49,733	49,546	47,371
Capitalized Cost	(1,599)	(2,559)	(3,657)	(3,773)
Intercenter Transfers	339	(404)	-	-
Grand Total	\$ 49,035	\$ 46,769	\$ 45,889	\$ 43,598

Capital Outlay	\$ 7,320	\$ 2,845	\$ 4,410	\$ 5,114
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Expenditures by Department	2012 Actual	2013 Actual	2014 Budget	2015 Budget
Fleet and Facilities	\$ 22,990	\$ 21,851	\$ 21,371	\$ 19,816
Security	2,519	2,178	2,195	2,313
Treatment Maintenance Management	24,786	25,704	25,980	25,241
O&M Before Capitalized Cost Total	50,295	49,733	49,546	47,371
Capitalized Cost	(1,599)	(2,559)	(3,657)	(3,773)
Intercenter Transfers	339	(404)	-	-
Grand Total	\$ 49,035	\$ 46,769	\$ 45,889	\$ 43,598

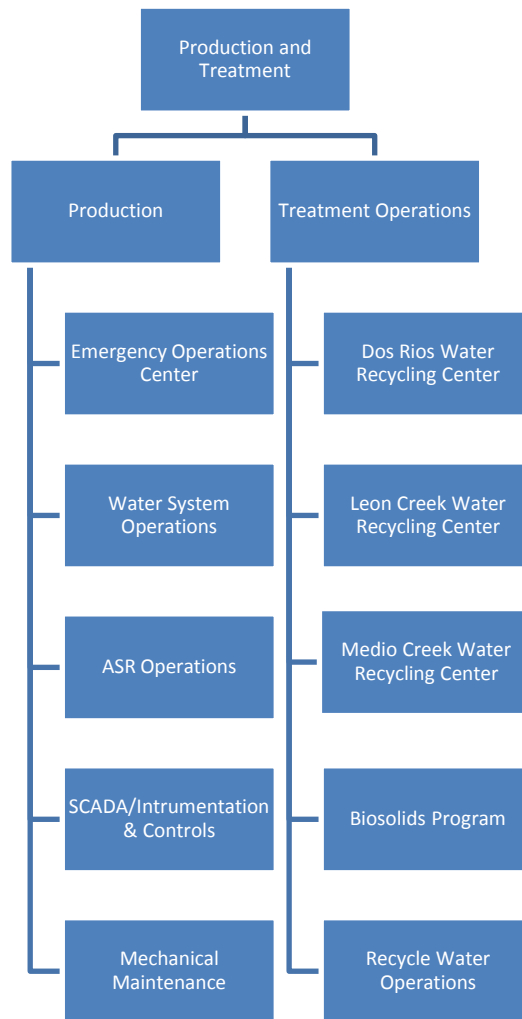
Full-time Equivalents	2012 Budget	2013 Budget	2014 Budget	2015 Budget
Fleet and Facilities	109.0	107.5	103.9	87.8
Security	9.0	9.0	7.8	9.0
Treatment Maintenance Management	117.0	119.0	155.7	141.6
Total Full-Time Equivalents	235.0	235.5	267.4	238.5



PRODUCTION AND TREATMENT

The Production and Treatment Operations group provides the essential function of managing the 24-hour-a-day operation of the water and wastewater system. The group is responsible for the production and distribution of potable water; the processing of wastewater biosolids for ultimate disposal; the distribution of recycled water for reuse purposes and management of city wide odor control program. This group consists of the following departments:

- Production** – Manages the production and distribution of potable water across SAWS service area. Oversees contract water deliveries or contract operation of the Medina River water treatment plant. Manages centralized instrumentation and maintenance functions for all SAWS services. The EOC manages the 24-hour emergency center and reports/dispatches crews for water leaks, main breaks and overall tactical response to problems with the system.
- 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).



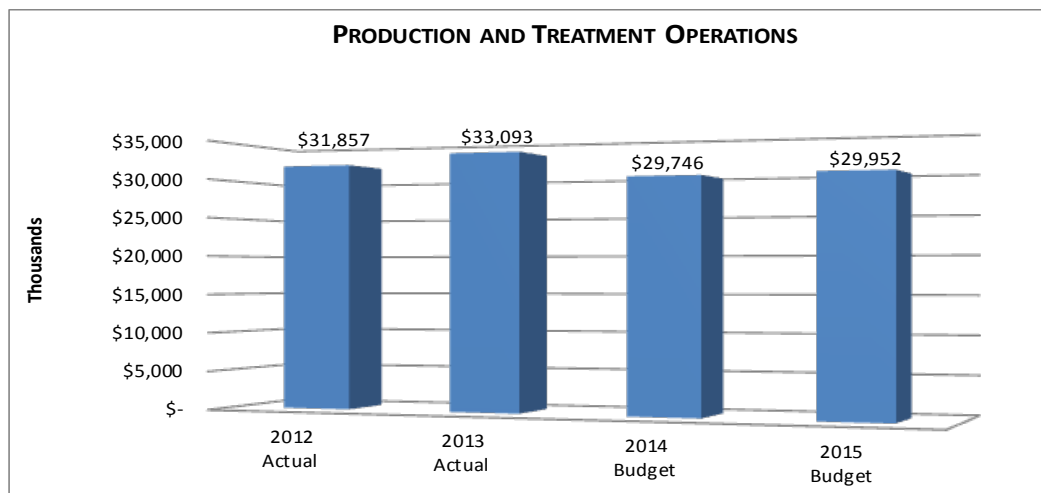
PRODUCTION AND TREATMENT (CONTINUED)

Expenditures by Type	2012 Actual	2013 Actual	2014 Budget	2015 Budget
O&M Before Capitalized Cost				
Salaries and Fringe Benefits	\$ 11,531	\$ 10,419	\$ 9,283	\$ 9,174
Contractual Services	15,125	16,827	15,797	16,038
Materials and Supplies	6,823	6,451	5,557	5,589
Other Charges	-	-	-	-
O&M Before Capitalized Cost Total	33,479	33,697	30,637	30,800
Capitalized Cost	(946)	(1,110)	(890)	(848)
Intercenter Transfers	(676)	505	-	-
Grand Total	\$ 31,857	\$ 33,093	\$ 29,746	\$ 29,952

Capital Outlay	\$ 1,259	\$ 991	\$ 281	\$ -
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Expenditures by Department	2012 Actual	2013 Actual	2014 Budget	2015 Budget
Ofc of Director - Production and Treatment Oper	\$ -	\$ 107	\$ 257	\$ 295
Office of the VP - Production and Treatment	108	31	39	39
Production	13,029	12,941	10,832	10,742
Treatment Operations Management	20,342	20,617	19,509	19,725
O&M Before Capitalized Cost Total	33,479	33,697	30,637	30,800
Capitalized Cost	(946)	(1,110)	(890)	(848)
Intercenter Transfers	(676)	505	-	-
Grand Total	\$ 31,857	\$ 33,093	\$ 29,746	\$ 29,952

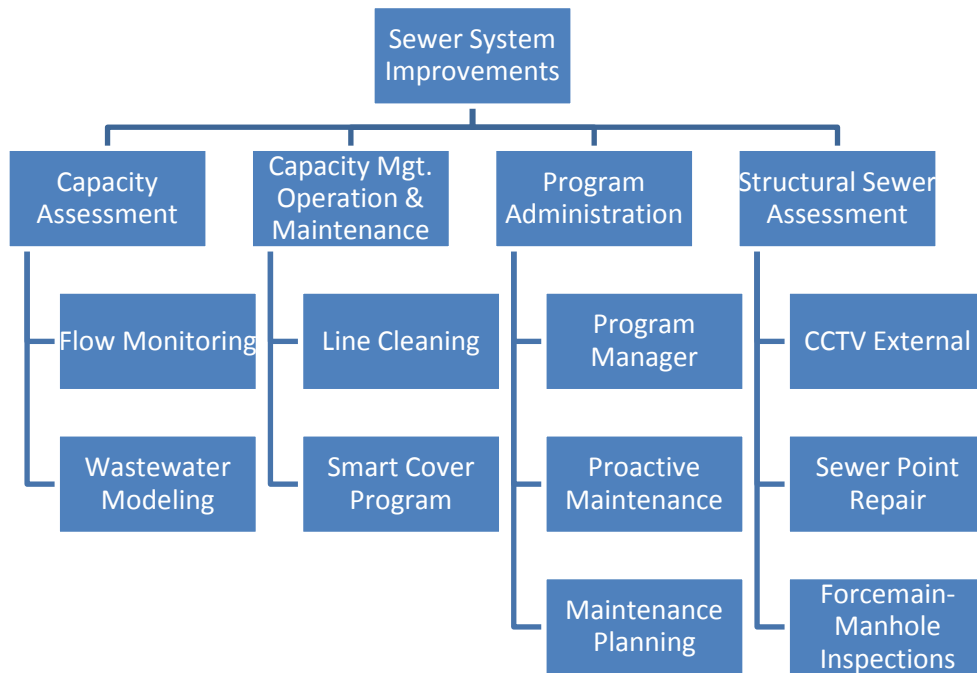
Full-time Equivalents	2012 Budget	2013 Budget	2014 Budget	2015 Budget
Office of the VP - Production and Treatment	-	-	2.5	3.0
Production	126.0	120.5	58.3	54.7
Treatment Operations Management	82.0	85.0	79.0	78.0
Total Full-Time Equivalents	208.0	205.5	139.8	135.7



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.



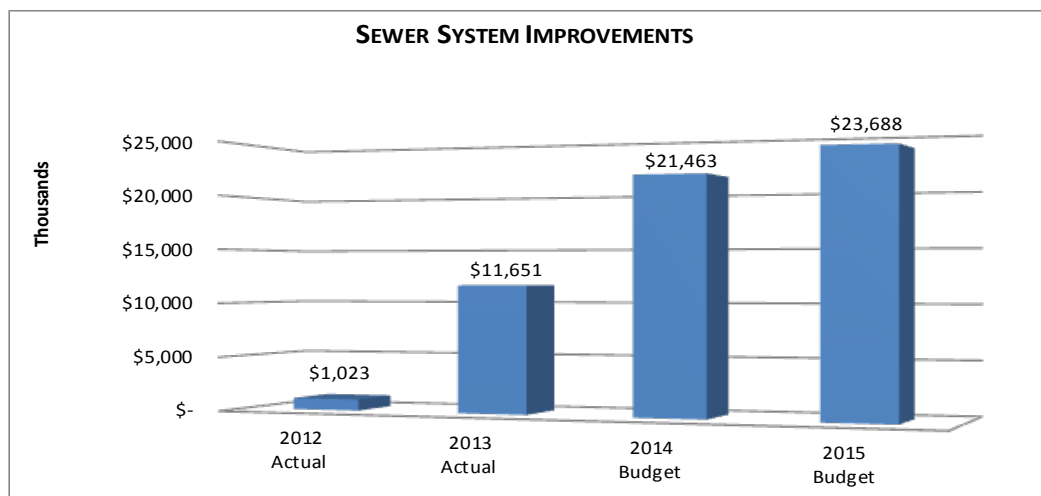
SEWER SYSTEM IMPROVEMENTS (CONTINUED)

Expenditures by Type	2012 Actual	2013 Actual	2014 Budget	2015 Budget
O&M Before Capitalized Cost				
Salaries and Fringe Benefits	\$ 1,229	\$ 2,210	\$ 2,222	\$ 2,418
Contractual Services	12	10,162	20,832	24,138
Materials and Supplies	8	215	12	238
Other Charges	-	-	-	-
O&M Before Capitalized Cost Total	1,249	12,587	23,067	26,794
Capitalized Cost	(225)	(984)	(1,604)	(3,106)
Intercenter Transfers	(1)	48	-	-
Grand Total	\$ 1,023	\$ 11,651	\$ 21,463	\$ 23,688

Capital Outlay	\$ -	\$ 53	\$ 180	\$ 180
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Expenditures by Department	2012 Actual	2013 Actual	2014 Budget	2015 Budget
Capacity Assessment	\$ -	\$ 678	\$ 3,563	\$ 2,694
Capacity Mgt O&M (CMOM)	-	5,040	5,205	8,332
Program Administration	1,249	5,162	5,222	6,076
Structural Sewer Assessment	-	1,706	9,077	9,692
O&M Before Capitalized Cost Total	1,249	12,587	23,067	26,794
Capitalized Cost	(225)	(984)	(1,604)	(3,106)
Intercenter Transfers	(1)	48	-	-
Grand Total	\$ 1,023	\$ 11,651	\$ 21,463	\$ 23,688

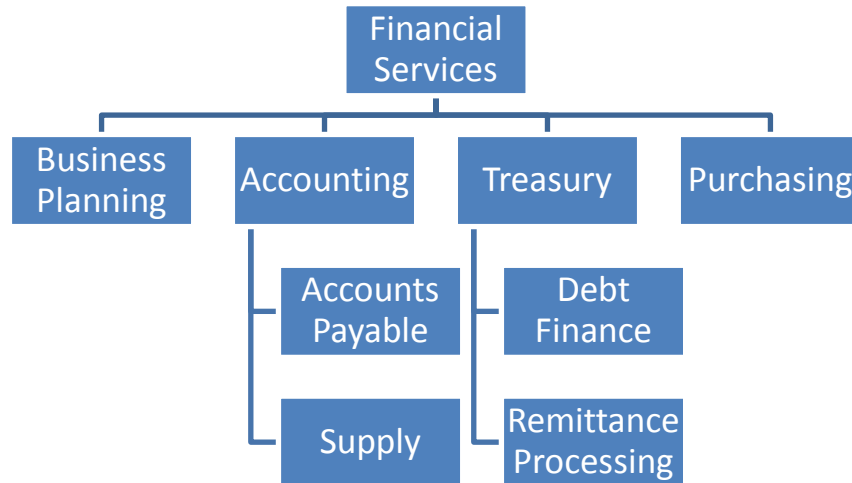
Full-time Equivalents	2012 Budget	2013 Budget	2014 Budget	2015 Budget
Capacity Assessment	-	1.0	-	-
Capacity Mgt O&M (CMOM)	-	13.0	-	-
Program Administration	16.0	22.0	29.0	29.0
Structural Sewer Assessment	-	2.0	-	-
Total Full-Time Equivalents	16.0	38.0	29.0	29.0



FINANCIAL SERVICES

The Financial Services Group is headed by the Sr. Vice President and Chief Financial Officer and 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:

- **Business Planning** – Responsible for short and long range financial plans and developing and implementing the budget, ensuring that SAWS’ strategic objectives are financially supported.
- **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.



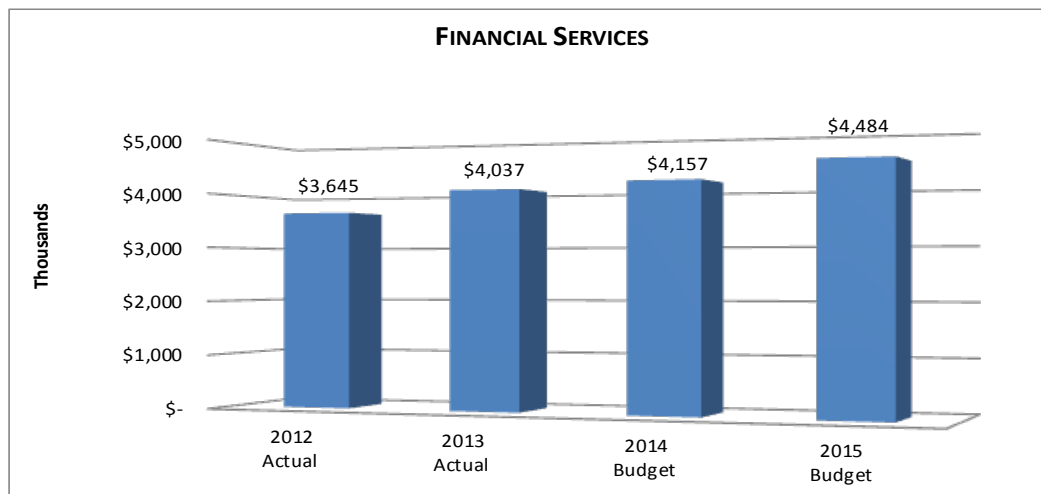
FINANCIAL SERVICES (CONTINUED)

Expenditures by Type	2012 Actual	2013 Actual	2014 Budget	2015 Budget
O&M Before Capitalized Cost				
Salaries and Fringe Benefits	\$ 4,135	\$ 4,391	\$ 4,144	\$ 4,322
Contractual Services	324	392	449	453
Materials and Supplies	41	72	58	74
Other Charges	41	78	516	523
O&M Before Capitalized Cost Total	4,542	4,933	5,168	5,372
Capitalized Cost	(896)	(894)	(1,010)	(888)
Intercenter Transfers	(1)	(2)	-	-
Grand Total	\$ 3,645	\$ 4,037	\$ 4,157	\$ 4,484

Capital Outlay	\$ -	\$ 80	\$ -	\$ -
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Expenditures by Department	2012 Actual	2013 Actual	2014 Budget	2015 Budget
Office of the CFO	\$ 335	\$ 317	\$ 301	\$ 373
Accounting	2,255	2,521	2,402	2,566
Business Planning	597	514	483	499
Purchasing	539	595	588	529
Treasury	815	985	1,394	1,405
O&M Before Capitalized Cost Total	4,542	4,933	5,168	5,372
Capitalized Cost	(896)	(894)	(1,010)	(888)
Intercenter Transfers	(1)	(2)	-	-
Grand Total	\$ 3,645	\$ 4,037	\$ 4,157	\$ 4,484

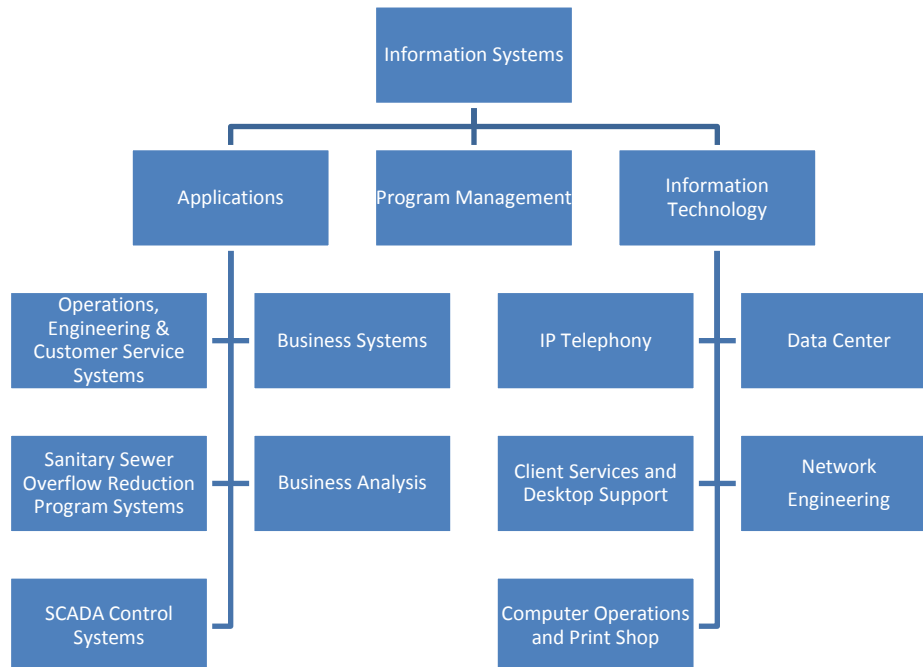
Full-time Equivalents	2012 Budget	2013 Budget	2014 Budget	2015 Budget
Office of the CFO	2.0	2.0	1.7	1.8
Accounting	36.5	36.0	32.0	34.7
Business Planning	8.0	8.0	5.2	5.4
Purchasing	7.0	6.0	6.5	5.7
Treasury	12.0	12.0	12.9	12.1
Total Full-Time Equivalents	65.5	64.0	58.3	59.7



INFORMATION SYSTEMS

SAWS Information Systems teams deliver quality, cost-effective applications and information technology services, promoting innovation to sustain growth and enable SAWS to better serve the community. Information Systems teams include:

- **Applications** - Supports all functional areas of SAWS and responsible for SAWS software from requirements, analysis and design through programming, configuration, implementation, operations, and related upgrades and sustainability.
- **Program Management** - Includes Information Systems program administration, project management, business process re-engineering, quality assurance, and organizational change management to support SAWS' Innovation and Technology strategies.
- **Information Technology:**
 - *Data Center* – Responsible for 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, including all aspects of network architecture and engineering, cyber security, wired and wireless network infrastructure and operations for SAWS facilities.
 - *IP Telephony* – Manages SAWS telecommunication services 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.



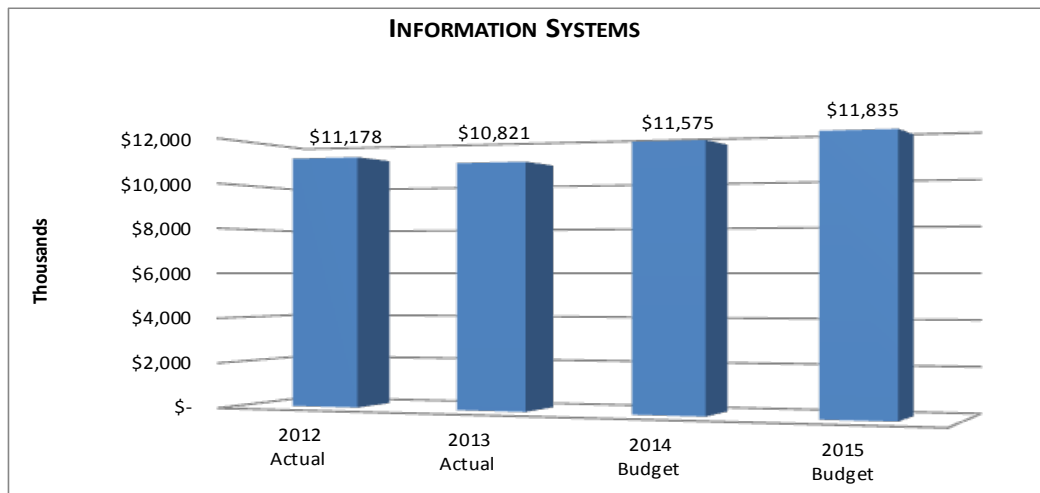
INFORMATION SYSTEMS (CONTINUED)

Expenditures by Type	2012 Actual	2013 Actual	2014 Budget	2015 Budget
O&M Before Capitalized Cost				
Salaries and Fringe Benefits	\$ 4,942	\$ 4,961	\$ 5,402	\$ 5,989
Contractual Services	6,660	6,133	6,948	7,743
Materials and Supplies	339	388	387	466
Other Charges	-	-	-	-
O&M Before Capitalized Cost Total	11,941	11,482	12,736	14,197
Capitalized Cost	(762)	(661)	(1,162)	(2,362)
Intercenter Transfers	-	-	-	-
Grand Total	\$ 11,178	\$ 10,821	\$ 11,575	\$ 11,835

Capital Outlay	\$ 2,009	\$ 2,671	\$ 1,904	\$ 2,236
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Expenditures by Department	2012 Actual	2013 Actual	2014 Budget	2015 Budget
Administration	\$ 516	\$ 1,169	\$ 973	\$ 757
Application Services	2,515	1,999	2,729	3,147
Control System Programming	-	407	452	454
Information Services Programs	334	420	485	560
Information Technology	8,576	7,488	8,096	9,280
O&M Before Capitalized Cost Total	11,941	11,482	12,736	14,197
Capitalized Cost	(762)	(661)	(1,162)	(2,362)
Intercenter Transfers	-	-	-	-
Grand Total	\$ 11,178	\$ 10,821	\$ 11,575	\$ 11,835

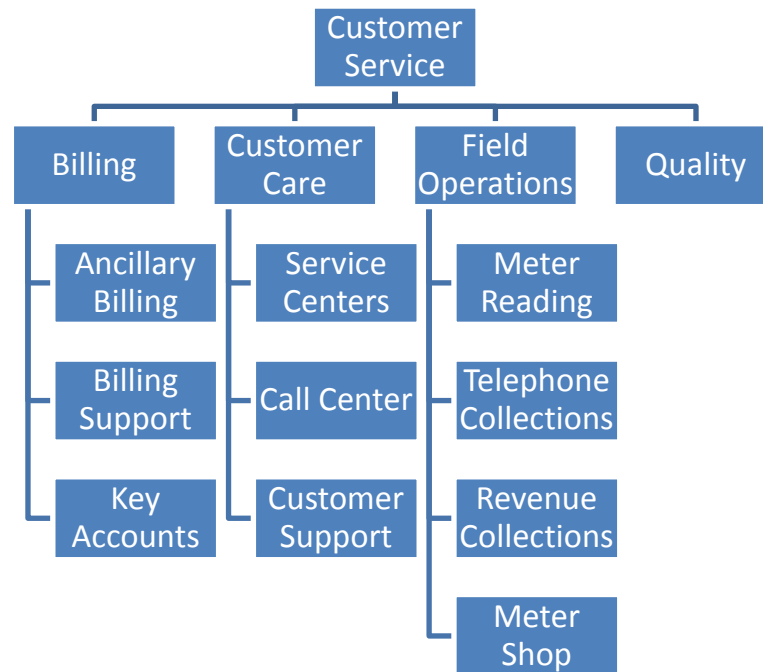
Full-time Equivalents	2012 Budget	2013 Budget	2014 Budget	2015 Budget
Administration	4.0	3.0	8.2	3.6
Application Services	15.0	15.0	9.8	13.7
Control System Programming	-	-	4.2	3.7
Information Services Programs	5.0	6.0	5.2	6.3
Information Technology	37.0	37.0	30.6	38.3
Total Full-Time Equivalents	61.0	61.0	58.0	65.4



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 meter reading; service turn-on/turn-off requests; collection of delinquent accounts; and setting, removing and testing water meters.
- **Quality** – Responsible for training and process improvements throughout Customer Service



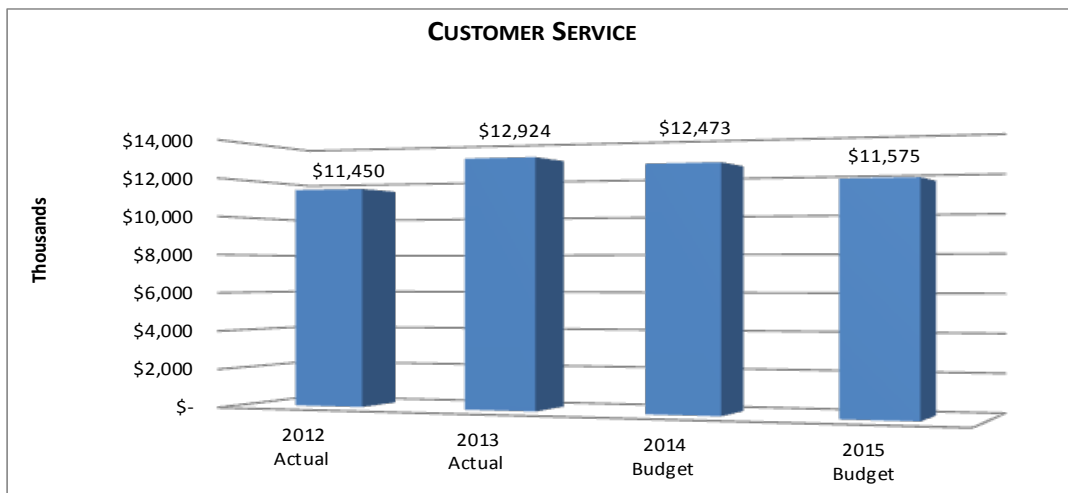
CUSTOMER SERVICE (CONTINUED)

Expenditures by Type	2012 Actual	2013 Actual	2014 Budget	2015 Budget
O&M Before Capitalized Cost				
Salaries and Fringe Benefits	\$ 10,611	\$ 12,318	\$ 12,065	\$ 11,008
Contractual Services	613	465	319	466
Materials and Supplies	535	651	509	522
Other Charges	4	4	3	3
O&M Before Capitalized Cost Total	11,763	13,437	12,896	11,999
Capitalized Cost	(369)	(455)	(424)	(424)
Intercenter Transfers	57	(58)	-	-
Grand Total	\$ 11,450	\$ 12,924	\$ 12,473	\$ 11,575

Capital Outlay	\$ 45	\$ 58	\$ 186	\$ 45
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Expenditures by Department	2012 Actual	2013 Actual	2014 Budget	2015 Budget
Customer Service Administration	\$ 429	\$ 506	\$ 562	\$ 980
Billing	1,386	1,703	1,797	1,528
Customer Care	2,646	3,302	2,942	2,669
Field Operations	6,862	7,543	7,241	6,556
Quality	440	383	353	266
O&M Before Capitalized Cost Total	11,763	13,437	12,896	11,999
Capitalized Cost	(369)	(455)	(424)	(424)
Intercenter Transfers	57	(58)	-	-
Grand Total	\$ 11,450	\$ 12,924	\$ 12,473	\$ 11,575

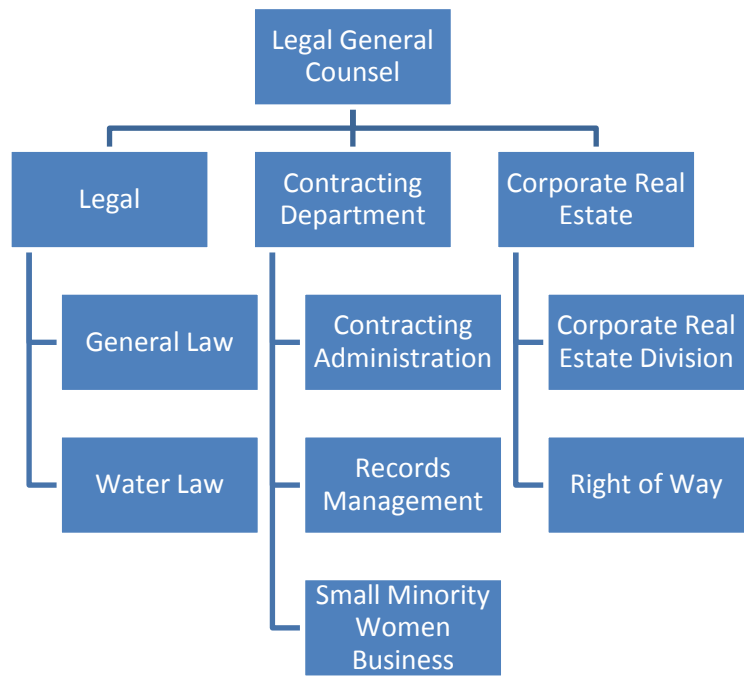
Full-time Equivalents	2012 Budget	2013 Budget	2014 Budget	2015 Budget
Customer Service Administration	2.0	6.0	5.6	9.3
Billing	33.0	31.0	31.9	29.6
Customer Care	57.0	51.0	61.3	53.9
Field Operations	120.0	121.0	140.3	123.2
Quality	8.0	11.0	5.6	3.7
Total Full-Time Equivalents	220.0	220.0	244.7	219.8



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 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; manages all utility records in compliance with the Texas Local Government Records Act, 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, and supports all construction and maintenance activities by obtaining all rights of entry and easements.



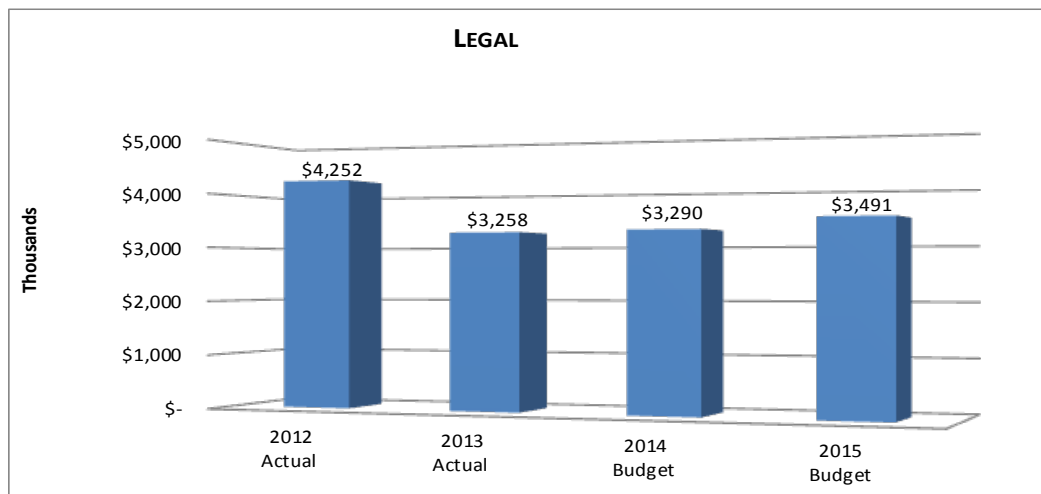
LEGAL (CONTINUED)

Expenditures by Type	2012 Actual	2013 Actual	2014 Budget	2015 Budget
O&M Before Capitalized Cost				
Salaries and Fringe Benefits	\$ 3,515	\$ 3,561	\$ 3,472	\$ 3,546
Contractual Services	3,501	1,964	2,553	3,379
Materials and Supplies	21	19	28	20
Other Charges	2	124	-	-
O&M Before Capitalized Cost Total	7,039	5,668	6,053	6,945
Capitalized Cost	(2,787)	(2,408)	(2,763)	(3,454)
Intercenter Transfers	(0)	(1)	-	-
Grand Total	\$ 4,252	\$ 3,258	\$ 3,290	\$ 3,491

Capital Outlay	\$ -	\$ -	\$ -	\$ -
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Expenditures by Department	2012 Actual	2013 Actual	2014 Budget	2015 Budget
Contracting	\$ 1,669	\$ 1,664	\$ 1,690	\$ 1,658
Corporate Real Estate	775	799	794	966
Legal Department	4,595	3,204	3,568	4,320
O&M Before Capitalized Cost Total	7,039	5,668	6,053	6,945
Capitalized Cost	(2,787)	(2,408)	(2,763)	(3,454)
Intercenter Transfers	(0)	(1)	-	-
Grand Total	\$ 4,252	\$ 3,258	\$ 3,290	\$ 3,491

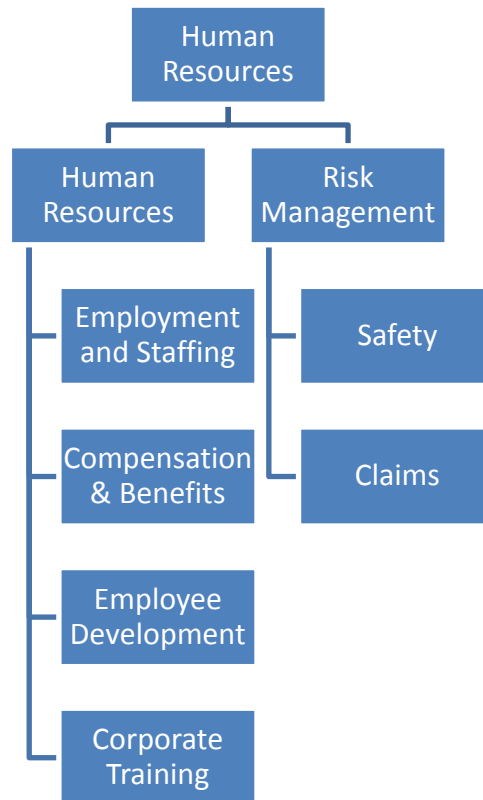
Full-time Equivalents	2012 Budget	2013 Budget	2014 Budget	2015 Budget
Contracting	18.0	22.0	18.9	20.0
Corporate Real Estate	9.0	8.0	6.9	7.1
Legal Department	11.5	11.5	11.8	10.3
Total Full-Time Equivalents	38.5	41.5	37.6	37.4



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 two departments: Human Resources and Corporate Training.

- **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.



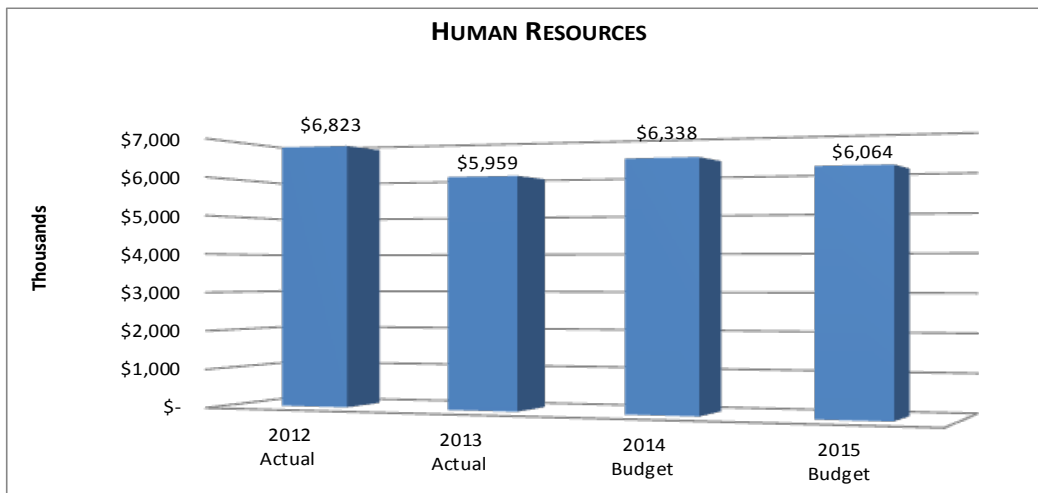
HUMAN RESOURCES (CONTINUED)

Expenditures by Type	2012 Actual	2013 Actual	2014 Budget	2015 Budget
O&M Before Capitalized Cost				
Salaries and Fringe Benefits	\$ 3,947	\$ 3,670	\$ 3,602	\$ 3,368
Contractual Services	1,408	1,064	1,278	1,279
Materials and Supplies	101	40	61	53
Other Charges	1,468	1,282	1,506	1,590
O&M Before Capitalized Cost Total	6,924	6,056	6,447	6,289
Capitalized Cost	(102)	(97)	(109)	(225)
Intercenter Transfers	-	-	-	-
Grand Total	\$ 6,823	5,959	6,338	6,064

Capital Outlay	\$ -	\$ -	\$ -	\$ -
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Expenditures by Department	2012 Actual	2013 Actual	2014 Budget	2015 Budget
Office of the VP - Human Resources	\$ 645	\$ 460	\$ 412	\$ -
Claims	560	546	543	-
Corporate Training	1,388	738	954	-
Human Resources	1,887	2,041	1,977	3,285
Risk Management	1,356	1,290	1,458	3,004
Safety and Environmental Health	1,089	981	1,103	-
O&M Before Capitalized Cost Total	6,924	6,056	6,447	6,289
Capitalized Cost	(102)	(97)	(109)	(225)
Intercenter Transfers	-	-	-	-
Grand Total	\$ 6,823	\$ 5,959	\$ 6,338	\$ 6,064

Full-time Equivalents	2012 Budget	2013 Budget	2014 Budget	2015 Budget
Office of the VP - Human Resources	5.0	5.0	3.5	-
Claims	-	-	7.4	-
Corporate Training	-	-	6.1	-
Human Resources	26.5	24.0	13.8	24.0
Risk Management	20.5	23.0	0.9	16.6
Safety and Environmental Health	-	-	11.3	-
Total Full-Time Equivalents	52.0	52.0	42.9	40.6

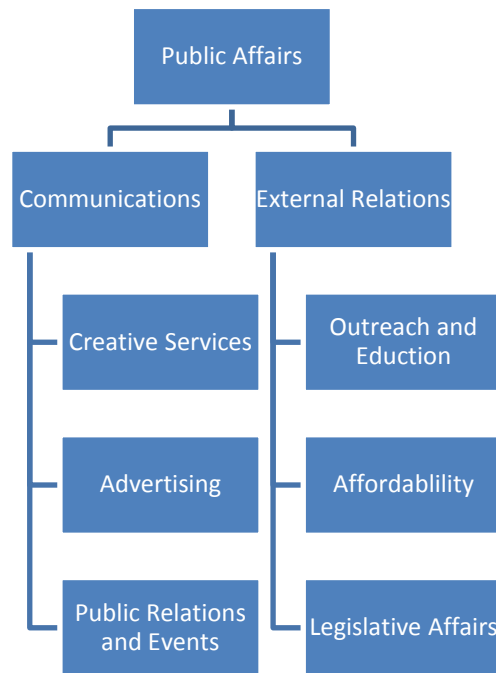


PUBLIC AFFAIRS

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 and appropriate messaging 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.



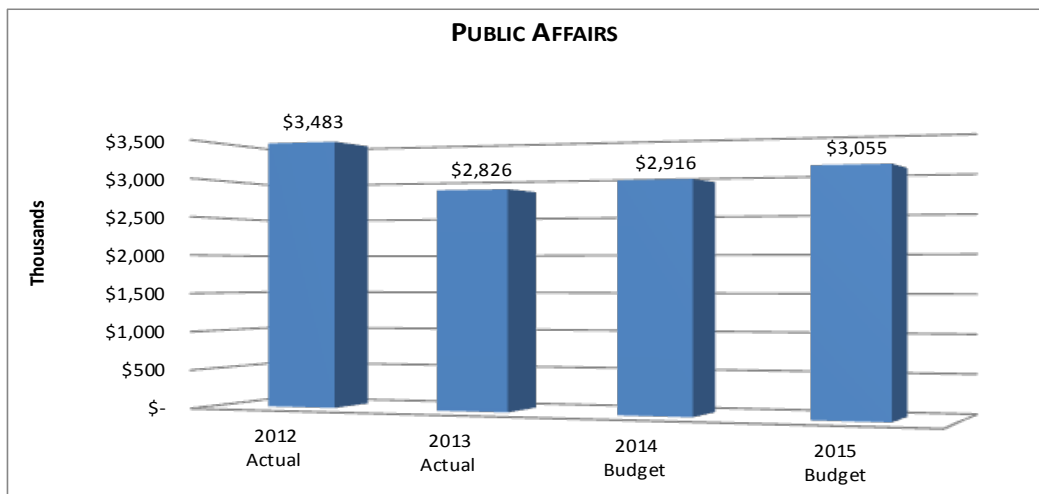
PUBLIC AFFAIRS (CONTINUED)

Expenditures by Type	2012 Actual	2013 Actual	2014 Budget	2015 Budget
O&M Before Capitalized Cost				
Salaries and Fringe Benefits	\$ 2,264	\$ 2,003	\$ 2,087	\$ 2,221
Contractual Services	1,891	1,323	1,324	1,377
Materials and Supplies	104	79	105	97
Other Charges	-	-	4	4
O&M Before Capitalized Cost Total	4,259	3,406	3,520	3,698
Capitalized Cost	(776)	(580)	(603)	(643)
Intercenter Transfers	-	-	-	-
Grand Total	\$ 3,483	2,826	2,916	3,055

Capital Outlay	\$ -	\$ -	\$ -	\$ -
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Expenditures by Department	2012 Actual	2013 Actual	2014 Budget	2015 Budget
Communications Administration	\$ 280	\$ 273	\$ 274	\$ 327
Communications	1,841	1,351	1,289	1,332
External Relations	2,086	1,730	1,919	2,039
Public Affairs Administration	53	52	38	-
O&M Before Capitalized Cost Total	4,259	3,406	3,520	3,698
Capitalized Cost	(776)	(580)	(603)	(643)
Intercenter Transfers	-	-	-	-
Grand Total	\$ 3,483	\$ 2,826	\$ 2,916	\$ 3,055

Full-time Equivalents	2012 Budget	2013 Budget	2014 Budget	2015 Budget
Communications Administration	3.0	3.0	1.7	2.2
Communications	13.0	13.0	10.7	11.1
External Relations	15.5	15.5	11.7	12.5
Public Affairs Administration	-	-	0.4	-
Total Full-Time Equivalents	31.5	31.5	24.6	25.9

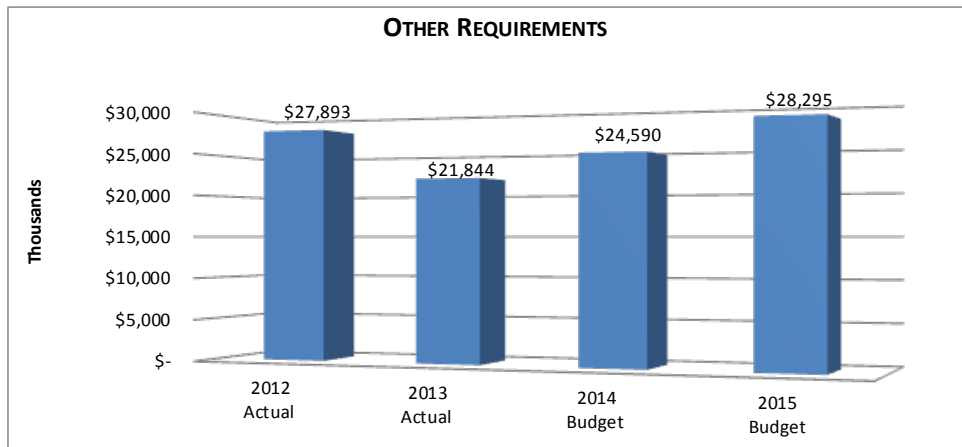


OTHER REQUIREMENTS

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

(\$ in thousands)

Expenditures by Type	2012 Actual	2013 Actual	2014 Budget	2015 Budget
O&M Before Capitalized Cost				
Salaries and Fringe Benefits	\$ 13,784	\$ 12,978	\$ 17,659	\$ 21,539
Contractual Services	263	330	766	1,961
Materials and Supplies	9	-	-	-
Other Charges	18,047	11,176	9,046	8,263
O&M Before Capitalized Cost Total	32,103	24,484	27,471	31,763
Capitalized Cost	(4,211)	(2,640)	(2,880)	(3,468)
Intercenter Transfers	-	-	-	-
Grand Total	\$ 27,893	\$ 21,844	\$ 24,590	\$ 28,295
Capital Outlay	\$ -	\$ -	\$ -	\$ -



AUTHORIZED POSITIONS

The 2015 Budget includes funding for 1,560.5 full-time equivalent (FTE) positions. This represents a reduction of 104.8 authorized FTE positions from the 1,665.3 FTE positions budgeted in 2014. The reduction in FTE positions for 2015 reflects the results of the comprehensive in-house review of operations undertaken by SAWS in 2014 to find efficiencies and to reduce costs. The reduction in positions was accomplished by eliminating vacant positions. In addition, a retirement incentive was offered to eligible employees in late 2013.

The following table shows the distribution of funded FTE positions within each SAWS organizational unit authorized in each budget year from 2012 through 2015. 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.

	2012 Budget	2013 Budget	2014 Budget	2015 Budget
Board of Trustees and Pres/CEO	13.0	13.0	12.6	11.6
Engineering and Construction	208.5	214.5	180.9	168.4
Water Resources and Conservation	140.5	140.6	134.2	122.4
Operations	11.5	11.5	10.0	6.2
Distribution and Collection Operations	438.0	437.5	425.3	394.7
Facilities and Maintenance	235.0	235.5	267.4	238.5
Production and Treatment Operations	208.0	205.5	139.8	135.7
Sewer System Improvements	16.0	38.0	29.0	29.0
Financial Services	65.5	64.0	58.3	59.7
Information Systems	61.0	61.0	58.0	65.4
Customer Service	220.0	220.0	244.7	219.8
Legal	38.5	41.5	37.6	37.4
Human Resources	52.0	52.0	42.9	40.6
Public Affairs	31.5	31.5	24.6	25.9
Other Requirements	-	-	-	5.3
Total	1,739.0	1,766.1	1,665.3	1,560.5

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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. The CIP identifies requirements for sustaining, restoring and modernizing the facilities and infrastructure that support water supply and delivery, wastewater collection and treatment, and chilled water 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 businesses: Water Supply, Water Delivery, Wastewater and Chilled Water. The proposed 2014 program totals \$216.8 million and is summarized in the table below.

\$ in thousands	Water Supply	Water Delivery	Wastewater	Chilled Water	Total
Sources of Funds					
System Revenues	\$ 9,919.2	\$ 11,310.3	\$ 16,476.8	\$ -	\$ 37,706.3
Capital Recovery Fees	6,000.0	11,389.1	32,221.8	-	49,610.9
Debt Proceeds	1,500.0	34,563.7	90,808.8	2,585.0	129,457.5
Total	\$ 17,419.2	\$ 57,263.1	\$ 139,507.4	\$ 2,585.0	\$ 216,774.7
Uses of Funds					
Corporate	\$ 529.2	\$ 1,469.8	\$ 1,462.8	\$ -	\$ 3,461.8
Water Resources	16,890.0				16,890.0
Collection Facilities			1,424.6		1,424.6
Governmental		26,522.5	25,443.4		51,966.0
Mains - New		2,592.8	13,036.8		15,629.6
Main Replacements		10,706.5	71,399.7		82,106.2
Production		15,971.5			15,971.5
Treatment			26,740.0		26,740.0
Chilled Water				2,585.0	2,585.0
Total	\$ 17,419.2	\$ 57,263.1	\$ 139,507.4	\$ 2,585.0	\$ 216,774.7

The Water Supply CIP supports the development of long term water supplies from surface and groundwater sources through a fee assessed to ratepayers. The Water Delivery/Wastewater CIP consists of the expansion, improvement and replacement of infrastructure required to generate, deliver, collect and treat water and wastewater.

The 2015 Wastewater CIP continues an expanded Sanitary Sewer Improvements program to reduce sanitary sewer overflows through replacing aging and defective sewer mains, upsizing sewer mains in need of increased capacity and rehabilitating or eliminating lift stations that contribute to sanitary sewer overflow. The 2015 wastewater CIP includes \$72.6 million in projects budgeted specifically for the Sanitary Sewer Improvements Program.

In addition to the replacement of aging water mains, the 2015 Water Delivery CIP includes replacing aging radio communication systems to better automate pumping facilities to meet customer demand and increase efficiency of energy use and reduce energy costs. A new tank and pump station in the southeastern service area will integrate the SAWS and District Special Project (formerly BexarMet) service areas.

The 2015 Water Supply CIP includes drilling new wells and installing pipelines for Phase I of the Expanded Carrizo aquifer project. This project, identified in the 2012 Water Management Plan, will ultimately provide 21,000 acre-feet of additional water supplies by 2026.

The 2015 CIP was developed using a refined prioritization process started in 2006. Projects generated by the CIP stakeholder groups from SAWS' Treatment, Production, Master Planning, Facilities Engineering, Operations, and Distribution and Collection departments were reviewed and scored by a CIP Planning Group consisting of vice presidents, directors and managers. The scoring process addressed the business risk exposure, independent of available funds, through a derivative of the Failure Modes and Effects Analysis (FMEA) methodology. FMEA

provides a structured approach to the analysis of risk through a composite index that considers potential impact of failure, probability of occurrence, and ability to mitigate the impact. The ranking and scoring process was made more efficient by soliciting project information directly from stakeholder groups, in order to avoid lengthy and unproductive large group meetings. Projects were totaled by dollar amount and compared to the long term funding strategy, and final selection was made by SAWS' Executive Management Team and approved by SAWS' Board of Trustees.

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 2015 CIP includes two projects, which could be considered significant and non-routine, and account for \$ 16.6 million or 6.3% of the 2015 CIP budget. The projects are listed as follows:

- **Cibolo Creek Sewershed Flow Diversion Project** – This project involves the construction of sewer infrastructure to transport wastewater flows from the Cibolo Creek Municipal Authority (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 is expected to increase significantly 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. The 2015 budget for this project is \$9.1 million.
- **Dos Rios WRC Thermal Hydrolysis Project** – The 2015 budget includes funding for the design of a thermal hydrolysis unit and a pre-dewatering facility. This technology, developed and used in Europe, increases the efficiency of the sludge digestion process by applying heat and pressure to the sludge prior to digestion, thereby reducing the total volume of sludge produced at the treatment plant. This will result in a reduced volume of biosolids, a significant cost savings of moving the digested sludge to landfills, and reduce the number of digesters needed at the treatment plant. The 2015 budget for the design of this project is \$4.5 million.

2015 CAPITAL IMPROVEMENT PROGRAM SUMMARY BY CORE BUSINESS

WATER DELIVERY

Core Business / CIP Category	Project Title	Cost Element	Programmed Amount
Water Delivery			
Corporate			
	Board Room Audio/Visual System Replacement	Acquisition	194,213
	Customer Service Improvements	Acquisition	1,012,805
	General Legal Expenses	Acquisition	176,525
	Rework Hansen/Infor Permit Module	Acquisition	86,250
	Total		1,469,793
Governmental			
	Governmental Water Projects	Construction	26,522,487
	Total		26,522,487
Main Replacement - Water			
	Open Cut Water Contract	Construction	1,725,000
	SAWS Customer Water Meter Replacements	Construction	2,886,500
	Valves, Services and Meter Replacements - SAWS	Construction	4,945,000
	Water Main Replacement Work Order Engineering Contract	Design	1,150,000
	Total		10,706,500
Mains - New			
	Turtle Creek No. 3 Pump Station to Medical Center Transmission Main	Design	292,828
	Water Main Oversizing 2015	Construction	2,300,000
	Total		2,592,828
Production			
	Broadband Access Points & Programmable Logic Controllers Replacement – Phase 1	Construction Phase 1 of 2	5,625,225
	DeZavala Storage Tank	Acquisition	237,188
	Production Facilities Engineering Work Order Contract	Design	575,000
	Southeast Tank and Pump Station Improvements - SAWS portion	Construction	5,490,100
	Turtle Creek No. 3 Well Field and Pumps, Ground Storage Tank, High Service Pumps	Design	1,631,612
	Water Production Facility Upgrades Program Phase 11 – Wurzbach Pump Station	Design	1,338,644
	Water Production Facility Upgrades Program Phase 4b – Basin	Design	1,073,692
	Total		15,971,461
Water Delivery Total			57,263,069

2015 CAPITAL IMPROVEMENT PROGRAM SUMMARY BY CORE BUSINESS (CONTINUED)

WASTEWATER

Core Business / CIP Category	Project Title	Cost Element	Programmed Amount
Wastewater			
Corporate			
	Board Room Audio/Visual System Replacement	Acquisition	189,147
	Customer Service Improvements	Acquisition	986,384
	General Legal Expenses	Acquisition	203,280
	Rework Hansen/Infor Permit Module	Acquisition	84,000
	Total		1,462,811
Governmental Sewer			
	Governmental Sewer Projects	Construction	25,443,445
	Total		25,443,445
Collection Facilities			
	Install Sewer Mains and Eliminate Lift Stations near Port SA	Design	560,000
	Lift Station Elimination Phase 3	Acquisition	176,400
	Lift Station Rehabilitation - Phase 4	Design	448,000
	McAllister Park Odor Control Station Relocation	Construction	240,240
	Total		1,424,640
Main Replacement - Sewer			
	C-33 Olmos Basin Project Phase 4	Construction Phase 3 of 4	6,720,000
	E-19: Salado Creek to Binz-Engleman	Design	4,480,000
	E-7 Beitel Creek: Wurzbach Pkwy to Austin Hwy	Design	1,679,198
	Main Replacements - Sewer - SAWS Crews	Construction	5,488,000
	Sewer Laterals 2015	Construction	3,780,000
	Small and Large Diameter Condition Remedial Measures	Construction	26,320,000
	W-1 Leon Creek: Hwy 151 to Hwy 90	Design	4,116,549
	W-6: Western Watershed Sewer Relief Line –Project 4	Construction Phase 3 of 6	14,336,000
	Wastewater Main Replacement Work Order Engineering Contract	Design	4,480,000
	Total		71,399,747
Mains - New			
	Cibolo Creek Sewershed Flow Diversion Project	Construction	9,116,800
	Sewer Main Oversizing 2015	Construction	560,000
	Westpointe East - Medio Outfall	Construction	3,360,000
	Total		13,036,800
Treatment			
	Dos Rios WRC Electrical System Improvements - Phase 1	Construction	13,440,000
	Dos Rios WRC Second Stage Diffuser Replacement	Construction	2,044,000
	Dos Rios WRC Thermal Hydrolysis Project	Design	4,480,000
	Leon Creek WRC Admin Building, Headworks NPW / Weir Cleaning System, and Site Pavir	Design	1,288,000
	Salado Creek Headworks Improvements	Construction	4,928,000
	Treatment & Recycle Facilities Engineering Work Order Contract	Design	560,000
	Total		26,740,000
Wastewater Total			139,507,443

2015 CAPITAL IMPROVEMENT PROGRAM SUMMARY BY CORE BUSINESS (CONTINUED)**WATER SUPPLY**

Core Business / CIP Category	Project Title	Cost Element	Programmed Amount
Water Supply			
Corporate			
	General Legal Expenses	Acquisition	529,200
	Total		529,200
Water Resources			
	Aquifer Storage & Recovery Control System Upgrade	Design	2,376,000
	Expanded Carrizo Water Supply Phase 1	Construction	11,934,000
	Vista Ridge Integration Pipeline	Acquisition	1,080,000
	Total		15,390,000
Recycled Water			
	Recycled Water Customer Lines	Construction	1,250,000
	Recycled Water Governmental Adjustments	Construction	250,000
	Total		1,500,000
Water Supply Total			17,419,200

CHILLED WATER

Core Business / CIP Category	Project Title	Cost Element	Programmed Amount
Chilled Water			
Chilled Water			
	Chilled Water System Communication and Controls Replacement	Construction	825,000
	Install 2,000 Ton Chiller and Pumps in Cherry Street Plant	Construction	1,760,000
	Total		2,585,000
Chilled Water Total			2,585,000
Grand Total			\$ 216,774,712

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CIP PROJECT DATA

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2015 CAPITAL IMPROVEMENTS PROGRAM
Project Data Sheet

Water Delivery

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2015 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Board Room Audio/Visual System Replacement

Programmed Amount: \$194,213

Core Business: Water Delivery

Category: Corporate WD

Phase: Acquisition

Council District System Wide

Description and Scope:

The existing equipment is reaching the end of its expected service life. Individual equipment failures over the past few years have resulted in inefficiency in accommodating the needs of the Board and Executive Management Team during monthly Board meetings. The existing control room was designed using building automation and teleconferencing technology that is not well suited to the instant response expectations of SAWS Board meetings.

Justification:

Failure to replace and upgrade the current system will result in more frequent unexpected component failures, with negative impact on the efficiency and professionalism of Board meetings.

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.	2015	0	0
	\$168,881	\$0	\$0



2015 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Customer Service Improvements

Programmed Amount: \$1,012,805

Core Business: Water Delivery

Category: Corporate WD

Phase: Acquisition

Council District System Wide

Description and Scope:

Automation initiatives for Customer Service, including:

- Storm Water system for COSA, \$77,900
- ERSS dashboards and self service, 296,000
- Infor CIS Dynamic Portal, \$270,000
- IVR expansion for new requirements, \$350,000
- Implement laptop replacement for field staff, \$182,500
- Implement solution for meter reading and balancing routes, \$225,000
- Upgrade Call Center infrastructure, \$230,000
- Replace Higher Grounds recording platform, \$130,000

These costs are split between water and wastewater core businesses.

Justification:

These initiatives reflect recommendations from discussions with the consultant evaluating Customer Service, West Monroe.

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.	2015	0	0
	\$880,700	\$0	\$0



2015 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: General Legal Expenses - WD

Programmed Amount: \$176,525

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 new Service Centers, 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. The actual expenditures are applied to the specific CIP project.

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:	
Corporate Mandate	Regulatory Non-compliance	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:

2015

Design Year:

\$153,500

Construction Year



2015 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Rework Hansen/Infor Permit Module

Programmed Amount: \$86,250

Core Business: Water Delivery

Category: Corporate WD **Phase:**

Acquisition

Council District System Wide

Description and Scope:

The current module requires unnecessary data input which requires at least two additional man years to maintain the database. The rework include revisions to modules for Utility Service Agreements, Plats, General Construction Permits, Counter Permits, Impact Fee invoices and payments, and meter requests.

Justification:

This rework will eliminate redundant data entry, unnecessary data input, and cumbersome data input screens. Developer customers contribute over \$80 million per year in capital improvements and impact fees. Problems with the module are wasting staff time and causing customer dissatisfaction and staff frustration.

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.	2015	0	0
	\$75,000	\$0	\$0



2015 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Governmental Water Projects

Programmed Amount: \$26,522,487

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. The projects are broken out as: 68% for replacement of water mains in poor condition; 28% for adjustment of water mains whose existing alignment conflicts with proposed new street alignment; and 4% for installation of needed new water mains to provide additional capacity.

The breakout by agency is:

CIMS/TxDOT: 66%

City Public Works: 22%

Bexar County: 12%

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

2015

\$23,063,032

	<h2 style="margin: 0;">2015 CAPITAL IMPROVEMENTS PROGRAM</h2> <h3 style="margin: 0;">Project Data Sheet</h3>
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PROJECT OVERVIEW

Project: Open Cut Water Contract
Programmed Amount: \$1,725,000
Core Business: Water Delivery
Category: Main Replacement - Water
Phase: Construction
Council District System Wide



Description and Scope:

This annual contract provides for the 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
10	10	10
		Risk Exposure
		1000

<u>FUNDING INFORMATION</u>	Land Year:	Design Year:	Construction Year
Amounts shown are estimated costs without SAWS overhead.			2015
			\$1,500,000



2015 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: SAWS Customer Water Meter Replacements

Programmed Amount: \$2,886,500

Core Business: Water Delivery

Category: Main Replacement - Water

Phase: Construction

Council District System Wide



Description and Scope:

Replace 27,300 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	Risk Exposure		
10	10	10	1000		

FUNDING INFORMATION

Amounts shown are estimated costs without SAWS overhead.

Land Year:

Design Year:

Construction Year

2015
\$2,510,000



2015 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Valves, Services and Meter Replacements - SAWS

Programmed Amount: \$4,945,000

Core Business: Water Delivery

Category: Main Replacement - Water

Phase: Construction

Council District System Wide



Description and Scope:

This project funds the 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 is 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 10	Risk Mitigation 8	Risk Exposure 640		

<u>FUNDING INFORMATION</u>	Land Year:	Design Year:	Construction Year
Amounts shown are estimated costs without SAWS overhead.			2015
			\$4,300,000



2015 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Water Main Replacement Work Order Engineering Contract

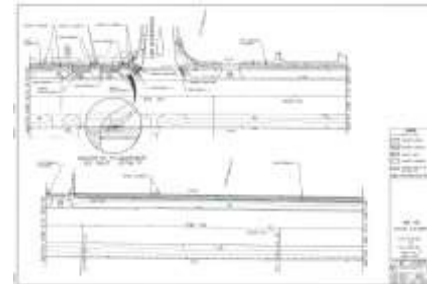
Programmed Amount: \$1,150,000

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. The projects will replace sub-standard or deteriorated water mains requiring immediate replacements.

Justification:

Design of mains to be replaced or repaired 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

2015

\$1,000,000



2015 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Turtle Creek No. 3 Pump Station to Medical Center Transmission Main

Programmed Amount: \$292,828

Core Business: Water Delivery

Category: Mains - New

Phase: Design

Council District 8



Description and Scope:

This project will provide for a new 1.5 mile transmission main to convey water from the proposed Turtle Creek #3 primary pump station to the Medical Center area. It will provide an additional source of water, and much needed redundancy to this highly critical area.

Justification:

SAWS Master Planning determined that the best way to convey water to the higher elevations in the northwest area is through the Anderson and University pump stations. The large main from Anderson to University is already in place.

FAILURE ANALYSIS AND RISK RATINGS

Failure Mode:	Failure Impact:	Failure Root Cause:	
Inadequate Capacity	Low Flow/Pressure	Lack of Redundancy	
Impact Severity	Likelihood of Occurrence	Risk Mitigation	Risk Exposure
8	9	9	648

<u>FUNDING INFORMATION</u>	Land Year:	Design Year:	Construction Year
Amounts shown are estimated costs without SAWS overhead.	0	2015	2017
	\$0	\$254,633	\$2,030,000



2015 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Water Main Oversizing 2015

Programmed Amount: \$2,300,000

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

FUNDING INFORMATION

Amounts shown are estimated costs without SAWS overhead.

Land Year:

Design Year:

Construction Year

2015

\$2,000,000



2015 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

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

Programmed Amount: \$5,625,225

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 existing systems have been in use for 10 to 20 years.

The upgrades will support a common communication IP backbone, and 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 through 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 of \$6.3 million.

This project was planned for construction in 2014. Design was delayed and construction was moved to 2015. The funds were used for cost overruns on three pump station projects.

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

<u>FUNDING INFORMATION</u>	Land Year:	Design Year:	Construction Year
Amounts shown are estimated costs without SAWS overhead.		2014	2015
		\$543,500	\$4,891,500



2015 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: DeZavala Storage Tank
Programmed Amount: \$237,188
Core Business: Water Delivery
Category: Production
Phase: Acquisition
Council District 8



Description and Scope:

Funds are needed to acquire land for a two million gallon elevated water storage tank for Pressure Zone 7. This pressure zone serves a large area both east and west of Interstate 10, and this master planned water storage tank will accommodate future growth in the pressure zone.

The project will be designed in 2016 and constructed in 2018.

Justification:

This project is needed for future growth in a rapidly growing part of the city.

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	9	9	729

<u>FUNDING INFORMATION</u>	Land Year:	Design Year:	Construction Year
Amounts shown are estimated costs without SAWS overhead.	2015	2016	2018
	\$206,250	\$412,500	\$4,125,000



2015 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Production Facilities Engineering Work Order Contract

Programmed Amount: \$575,000

Core Business: Water Delivery

Category: Production

Phase: Design

Council District System Wide

Description and Scope:

The San Antonio Water System periodically has need for general types of projects that entail evaluation, rehabilitation, improvement upgrades, addition/demolition, replacement/expansion of equipment and facilities. These include:

- water production primary and secondary pump station facilities
- elevated storage tank and ground storage tank sites
- transmission mains (20-inch diameter and larger)
- valve & control valve replacement, yard piping, electrical upgrades, SCADA, programming
- other related projects of similar nature as above

The scope of work may include, but is not limited to, geotechnical and field survey, potholing and subsurface utility investigation, right of way services, permit application assistance, public meetings/hearings attendance, coordination with other utilities, agencies and consultants, civil, structural, mechanical, electrical and environmental services related to potable water facilities, preliminary engineering evaluation and recommendations, preparation of design plans, specifications, cost estimates, and bid documents, assistance during construction by reviewing contractor submittals and shop drawings, preparation of pay estimates, participating in equipment performance testing, final inspection and project completion and other construction phase services.

Justification:

This Work Order Contract will be on an “as-needed” basis, and the scope of the services will depend on the nature of each individual project. A work order will be issued upon identification of a project and determination of its scope and schedule.

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.	0	2015	0
	\$0	\$500,000	\$0



2015 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Southeast Tank and Pump Station Improvements - SAWS portion

Programmed Amount: \$5,490,100

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. The project was planned for construction in 2014, but the SAWS funding was moved to 2015 due to cost overruns on other pump station projects.

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	2015
	\$63,775	\$431,332	\$4,774,000



2015 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Turtle Creek No. 3 Well Field and Pumps, Ground Storage Tank, High Service Pumps

Programmed Amount: \$1,631,612

Core Business: Water Delivery

Category: Production

Phase: Design

Council District 8



Description and Scope:

This project will design the well field of the future Turtle Creek #3 primary pump station, with construction funding for the well field to be included in the 2017 CIP. This pump station provides water to the densely populated Medical Center area. This will be the first of three consecutive projects, in the 2008 Water Infrastructure Plan, to construct a new 20 million gallon/day Pressure Zone 8 primary pump station. At build-out, the station will include two additional wells (\$11.7 M, 2017 CIP); a 5.0 MG ground storage reservoir (\$4.23 M, 2018 CIP); and a 20 MGD high service pump station (\$6.83 M, 2019 CIP). This primary station will replace the existing secondary pump station consisting of only one well. The station will be located at the same site as the existing Turtle Creek #3 pump station, where additional land has been acquired by SAWS.

Justification:

This station provides service to the Medical Center area. This critical area is currently served by Turtle Creek #2 (one of two wells remaining); Dreamhill (one well out of service for over a year); and the existing Turtle Creek #3 (one well). The failure of any, or a combination, of these three wells would seriously affect SAWS' ability to maintain reliable water service to the Medical Center area.

FAILURE ANALYSIS AND RISK RATINGS

Failure Mode:		Failure Impact:	Failure Root Cause:	
Inadequate Capacity		Low Flow/Pressure	Lack of Redundancy	
Impact Severity	Likelihood of Occurrence	Risk Mitigation	Risk Exposure	
8	9	9	648	

<u>FUNDING INFORMATION</u>	Land Year:	Design Year:	Construction Year
Amounts shown are estimated costs without SAWS overhead.	2011	2015	2017
	\$1,170,000	\$1,418,793	\$11,701,000



2015 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Water Production Facility Upgrades Program Phase 11 – Wurzbach Pump Station

Programmed Amount: \$1,338,644

Core Business: Water Delivery

Category: Production

Phase: Design

Council District OCL



Description and Scope:

The Wurzbach pump station is in Pressure Zone 5 and supplies 79 million gallons per day of water to the northwestern and northern service areas along Loop 410. This project, Phase 11 of the multi-year program pump station rehabilitation program, will replace aging, obsolete and unserviceable medium voltage electrical and control equipment, components, and related infrastructure, and will also replace the existing synchronous well pump motor #3 with an induction type motor. All primary medium voltage switchgear, the motor control center, associated high service and well pump controls, duct banks and related infrastructure require replacement. The project includes the upgrade of chlorination facilities to bring them into compliance with current Fire Codes, as well as OSHA, TCEQ and AWWA standards and requirements.

Construction is planned for 2017 at an estimated cost of \$9.6 million.

Justification:

This primary pump station was built in 1963. An addition was made around 1985 but all electrical gear is original, and at over 50 years old it has significantly exceeded the 20-25 year life expectancy for electrical equipment. Existing vaults and hand-holds are unsafe and generally in violation of current electrical and safety codes. Furthermore, the equipment has reached a level of obsolescence that not only makes it unreliable but replacement parts and components are becoming increasingly difficult to obtain, resulting in extended equipment outages.

FAILURE ANALYSIS AND RISK RATINGS

Failure Mode:		Failure Impact:	Failure Root Cause:	
Unsustainable Equipment		Low Flow/Pressure	Age/Deterioration	
Impact Severity	Likelihood of Occurrence	Risk Mitigation	Risk Exposure	
9	8	9	648	

<u>FUNDING INFORMATION</u>	Land Year:	Design Year:	Construction Year
Amounts shown are estimated costs without SAWS overhead.	0	2015	2017
	\$0	\$1,164,038	\$9,600,000



2015 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Water Production Facility Upgrades Program Phase 4b – Basin

Programmed Amount: \$1,073,692

Core Business: Water Delivery

Category: Production

Phase: Design

Council District 1



Description and Scope:

This project, Phase 4b of a multi-phase pump station rehabilitation program, will rehabilitate the Basin pump station that serves Pressure Zone 4, across the northern half of the area inside Loop 410. This pump station has a capacity of over 100 million gallons per day. The project will replace aging, obsolete and unserviceable equipment and components, including the replacement of the existing chlorine disinfection system with a new sodium hypochlorite on-site generation system; replacement of existing electrical duct banks not replaced during the first phase of the project, new energy efficient exterior lighting, replacement of selected sections of yard piping, defective and/or failed valves, modification to existing well heads to satisfy TCEQ requirements, and mill and overlay of existing pavement in poor condition. This will bring the facility into compliance with current Fire Codes, and OSHA, TCEQ and AWWA standards.

Construction is planned for 2016 at an estimated cost of \$7 million. This will complete the upgrades to this pump station.

Justification:

This station is located within a residential area adjacent to the Basin Public Golf Course and the presence of hazardous chlorine gas, currently used for disinfection, presents a serious hazard to the general population, if it were to leak out of the one-ton cylinders. In addition, the existing electrical duct banks are in poor structural conditions and require replacement to improve the electrical system reliability.

FAILURE ANALYSIS AND RISK RATINGS

Failure Mode:		Failure Impact:	Failure Root Cause:	
Unsustainable Equipment		Low Flow/Pressure	Age/Deterioration	
Impact Severity	Likelihood of Occurrence	Risk Mitigation	Risk Exposure	
9	8	9	648	

<u>FUNDING INFORMATION</u>	Land Year:	Design Year:	Construction Year
Amounts shown are estimated costs without SAWS overhead.	0	2015	2017
	\$0	\$933,645	\$7,000,000



2015 CAPITAL IMPROVEMENTS PROGRAM
Project Data Sheet

Wastewater

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2015 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Board Room Audio/Visual System Replacement

Programmed Amount: \$189,147

Core Business: Wastewater

Category: Corporate WW

Phase: Acquisition

Council District System Wide

Description and Scope:

The existing equipment is reaching the end of its expected service life. Individual equipment failures over the past few years have resulted in inefficiency in accommodating the needs of the Board and Executive Management Team during monthly Board meetings. The existing control room was designed using building automation and teleconferencing technology that is not well suited to the instant response expectations of SAWS Board meetings.

Justification:

Failure to replace and upgrade the current system will result in more frequent unexpected component failures, with negative impact on the efficiency and professionalism of Board meetings.

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.	2015	0	0
	\$168,881	\$0	\$0



2015 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Customer Service Improvements

Programmed Amount: \$986,384

Core Business: Wastewater

Category: Corporate WW

Phase: Acquisition

Council District System Wide

Description and Scope:

Automation initiatives for Customer Service, including:

- Storm Water system for COSA, \$77,900
- ERSS dashboards and self service, 296,000
- Infor CIS Dynamic Portal, \$270,000
- IVR expansion for new requirements, \$350,000
- Implement laptop replacement for field staff, \$182,500
- Implement solution for meter reading and balancing routes, \$225,000
- Upgrade Call Center infrastructure, \$230,000
- Replace Higher Grounds recording platform, \$130,000

These costs are split between water and wastewater core businesses.

Justification:

These initiatives reflect recommendations from discussions with the consultant evaluating Customer Service, West Monroe

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.	2015	0	0
	\$880,700	\$0	\$0



2015 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: General Legal Expenses - WW

Programmed Amount: \$203,280

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 new Service Centers, 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. The actual expenditures are applied to the specific CIP project.

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:	
Corporate Mandate		Regulatory Non-compliance	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
Amounts shown are estimated costs without SAWS overhead.	2015		
	\$181,500		



2015 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Rework Hansen/Infor Permit Module

Programmed Amount: \$84,000

Core Business: Wastewater

Category: Corporate WW

Phase: Acquisition

Council District System Wide

Description and Scope:

The current module requires unnecessary data input which requires at least two additional man years to maintain the database. The rework include revisions to modules for Utility Service Agreements, Plats, General Construction Permits, Counter Permits, Impact Fee invoices and payments, and meter requests.

Justification:

This rework will eliminate redundant data entry, unnecessary data input, and cumbersome data input screens. Developer customers contribute over \$80 million per year in capital improvements and impact fees. Problems with the module are wasting staff time and causing customer dissatisfaction and staff frustration.

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.	2015	0	0
	\$75,000	\$0	\$0



2015 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Governmental Sewer Projects
Programmed Amount: \$25,443,445
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. The program is broken out as follows: 53% for replacement of sewer mains in poor condition; 25% for adjustment of sewer mains whose existing alignment conflicts with proposed new street alignment; and 22% for installation of needed new sewer mains to provide additional capacity.

The breakout by agency is:

CIMS/TxDOT: 42%
 City Public Works: 24%
 Bexar County: 34%

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

Land Year:	Design Year:	Construction Year
		2015
Amounts shown are estimated costs without SAWS overhead.		\$22,717,362



2015 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Install Sewer Mains and Eliminate Lift Stations near Port SA

Programmed Amount: \$560,000

Core Business: Wastewater

Category: Collection Facilities

Phase: Design

Council District 4



Description and Scope:

This project will design the elimination of eight lift stations at Port SA due to operational problems and increased maintenance costs. This project will install sanitary sewer laterals and mains that will allow for gravity flow of the wastewater, eliminating the need for the lift stations. The eight lift stations are numbers 307, 308, 309, 310, 313, 320, 326, and 329 at Port SA. Construction is scheduled for 2017.

Justification:

This project will eliminate lift stations and construct gravity sewer mains to replace them. This project is important because it will eliminate the potential for sanitary sewer overflows due to lift stations failures, and also because it will eliminate O&M costs associated with upkeep of the facilities. Deferring this project will not have a known physical impact, but will require O&M expenditures of \$21,000 per year per lift station. This elimination project or a rehabilitation project is required by the EPA Consent Decree.

FAILURE ANALYSIS AND RISK RATINGS

Failure Mode:		Failure Impact:	Failure Root Cause:	
Unsustainable Equipment		Environmental Impact	Age/Deterioration	
Impact Severity	Likelihood of Occurrence	Risk Mitigation	Risk Exposure	
8	8	7	448	

<u>FUNDING INFORMATION</u>	Land Year:	Design Year:	Construction Year
Amounts shown are estimated costs without SAWS overhead.	0	2015	2017
	\$0	\$500,000	\$5,000,000



2015 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Lift Station Elimination Phase 3

Programmed Amount: \$176,400

Core Business: Wastewater

Category: Collection Facilities

Phase: Acquisition

Council District 6



Description and Scope:

This master planned lift station elimination project resulted from an analysis that considered available capacity, current flow condition, life cycle cost and age of the lift stations. The alternatives included eliminating or rehabilitating the lift stations. The most cost effective alternative is to eliminate two lift stations in this phase. This project will eliminate the Copperfield (#182) and Quail Creek (#197) lift stations. The Copperfield lift station is near FM 1604 and Wiseman Blvd, and the Quail Creek lift station is near Tezel Road and Northchase. Funds are needed in 2015 to acquire easements for the gravity sewer mains that will be installed to eliminate these lift stations.

Justification:

Lift Station Elimination Phase 3 addresses the elimination of two lift stations by directing the flow to gravity flow mains. This will reduce operational and maintenance costs associated with upkeep of the facilities. This project is important because it will eliminate the potential for sanitary sewer overflows due to lift station failures.

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	
5	6	4	120	

<u>FUNDING INFORMATION</u>	Land Year:	Design Year:	Construction Year
Amounts shown are estimated costs without SAWS overhead.	2015	2010	2016
	\$157,500	\$157,500	\$882,000



2015 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Lift Station Rehabilitation - Phase 4

Programmed Amount: \$448,000

Core Business: Wastewater

Category: Collection Facilities

Phase: Design

Council District 2, 5



Description and Scope:

Rehabilitate six existing lift stations that are located in the Central, East, and Far West sewersheds. The lift stations are Comanche Park #1 (#166), Comanche Park #2 (#167), Concord (#137), Hwy 90 W (#201), Near West (#187), and San Marcos (#026). The project will include safety and security upgrades, protection of three of the lift stations on the 100-year flood plain, and evaluation and rehabilitation of wet wells, pump replacement, and electrical panel upgrades. All of the lift stations will be connected to the remote Supervisory Control and Data Acquisition System (SCADA) monitoring system. Wet well storage capacity will be verified for TCEQ regulatory compliance as well as adequate response time in the event of an emergency. The pumping, wet well, and force main capacity will be increased if it is found that the current capacities are inadequate. The EPA Consent Decree requires that these lift stations be rehabilitated by 2018. Construction will start in 2016.

Phase 5 (2018) of the lift station rehabilitation program will address lift stations that are located at Port Authority of San Antonio and Lackland AFB.

Justification:

These lift stations were installed between 20 and 50 years ago, and the typical life expectancy is 20 years. Rehabilitating the lift stations will reduce the probability of a sanitary sewer overflow. SAWS Master Planning recommended eliminating two of the eight lift stations that were originally planned for rehabilitation.

FAILURE ANALYSIS AND RISK RATINGS

Failure Mode:		Failure Impact:	Failure Root Cause:	
Unsustainable Equipment		Environmental Impact	Age/Deterioration	
Impact Severity	Likelihood of Occurrence	Risk Mitigation	Risk Exposure	
9	9	10	810	

FUNDING INFORMATION

	Land Year:	Design Year:	Construction Year
Amounts shown are estimated costs without SAWS overhead.		2015	2016
		\$400,000	\$4,000,000



2015 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: McAllister Park Odor Control Station Relocation

Programmed Amount: \$240,240

Core Business: Wastewater

Category: Collection Facilities

Phase: Construction

Council District 9



Description and Scope:

This project will construct a new odor control injection station to relocate the temporary station at McAllister Park. The injection station will be relocated to a new site off Henderson Pass behind the Northwood Shopping area. The easements for the new site will be acquired in 2014. 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 the new injection site to prevent unwanted odors due to hydrogen sulfide. This also minimizes gas in the sewer lines and reduces corrosion of the pipes.

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 \$250,000, so this project will pay for itself in about ten years.

FAILURE ANALYSIS AND RISK RATINGS

Failure Mode:		Failure Impact:	Failure Root Cause:	
Inadequate Facilities		Customer Dissatisfaction	Conflict with City or State	
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	2014	2015
	\$120,000	\$20,000	\$214,500



2015 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: C-33 Olmos Basin Project Phase 4

Programmed Amount: \$6,720,000

Core Business: Wastewater

Category: Main Replacement - Sewer

Phase: Construction Phase

Council District 9



Description and Scope:

Phase 4 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 involved the installation of a parallel 54-inch and 66-inch sewer main along Avenue B from the Witte Museum to Josephine St., and is complete. Phase 2 is under construction now 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 will be awarded in 2014 and will rehabilitate an existing 54-inch main within the University of Incarnate Word and install a parallel line for additional capacity. Phase 4 in 2015 increases pipe capacity from the University of Incarnate Word to the City of Alamo Heights. 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	2015
		\$1,200,000	\$6,000,000



2015 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: E-19: Salado Creek to Binz-Engleman

Programmed Amount: \$4,480,000

Core Business: Wastewater

Category: Main Replacement - Sewer

Phase: Design

Council District 2, 10

Description and Scope:

This project consists of designing the replacement of 5.6 miles of 24-inch to 78-inch gravity wastewater mains. The sewer mains are in the Eastern Sewershed and run north from Binz-Engleman Road generally along Salado Creek to a point north of Loop 410 near Nacogdoches Road.

Construction is planned for 2017-18 at a total cost of \$30 million.

Justification:

These sewer mains have experienced numerous sanitary sewer overflows and must be replaced. This project is part of the EPA Consent Decree.

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		
9	9	9	729		

<u>FUNDING INFORMATION</u>	Land Year:	Design Year:	Construction Year
Amounts shown are estimated costs without SAWS overhead.	0	2015	2017
	\$0	\$4,000,000	\$15,000,000



2015 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: E-7 Beitel Creek: Wurzbach Pkwy to Austin Hwy

Programmed Amount: \$1,679,198

Core Business: Wastewater

Category: Main Replacement - Sewer

Phase: Design

Council District 9, 10



Description and Scope:

This project will upsize about three miles of 24-inch to 36-inch wastewater main in the Eastern Sewershed from Austin Highway along Perrin-Beitel across Loop 410 and north along I-35 to north of Thousand Oaks near Wurzbach Parkway. This main collects wastewater flows from the northeast area of San Antonio and carries up to 12 million gallons per day. The project will be designed in 2015 and constructed in 2017-18. The construction cost is estimated at \$14.9 million.

Justification:

This is a project required by the EPA Consent Decree. The purpose of this project is to add capacity to the wastewater collection system where SAWS has had sanitary sewer overflows due to inadequate capacity during a 5-year, 6-hour design storm event.

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	
9	9	9	729	

FUNDING INFORMATION

	Land Year:	Design Year:	Construction Year
Amounts shown are estimated costs without SAWS overhead.	0	2015	2017
	\$0	\$1,499,284	\$7,496,420



2015 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Main Replacements - Sewer - SAWS Crews

Programmed Amount: \$5,488,000

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 to comply with the EPA Consent Decree.

FAILURE ANALYSIS AND RISK RATINGS

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

<u>FUNDING INFORMATION</u>	Land Year:	Design Year:	Construction Year
Amounts shown are estimated costs without SAWS overhead.			2015 \$4,900,000



2015 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Sewer Laterals 2015

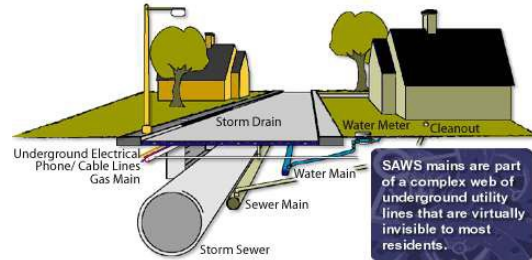
Programmed Amount: \$3,780,000

Core Business: Wastewater

Category: Main Replacement - Sewer

Phase: Construction

Council District: System Wide



Description and Scope:

Replace deteriorated customer sewer upper laterals from the sewer main to the customer's property line. 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, and is required by the EPA Consent Decree.

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	10	10	800	

FUNDING INFORMATION

Land Year:	Design Year:	Construction Year
		2015
Amounts shown are estimated costs without SAWS overhead.		\$3,375,000



2015 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Cibolo Creek Sewershed Flow Diversion Project

Programmed Amount: \$9,116,800

Core Business: Wastewater

Category: Mains - New

Phase: Construction

Council District 10



Description and Scope:

Construct sewer infrastructure to transfer wastewater flows from the Cibolo Creek Municipal Authority 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. This project was planned for construction in 2014, but cost overruns on the San Antonio River Outfall and additional governmental sewer main replacement projects required that it be pushed to 2015.

Justification:

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

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	

<u>FUNDING INFORMATION</u>	Land Year:	Design Year:	Construction Year
Amounts shown are estimated costs without SAWS overhead.	2015	2011	2015
	\$1,000,000	\$746,000	\$7,140,000



2015 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Sewer Main Oversizing 2015

Programmed Amount: \$560,000

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		

FUNDING INFORMATION

Amounts shown are estimated costs without SAWS overhead.

Land Year:

Design Year:

Construction Year

2015
\$500,000



2015 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Westpointe East - Medio Outfall

Programmed Amount: \$3,360,000

Core Business: Wastewater

Category: Mains - New

Phase: Construction

Council District OCL



Description and Scope:

This project will oversize a three mile sewer main extension in the Medio Creek Sewershed. The project will provide gravity sewer service to properties which currently have a Utility Service Agreement with SAWS. The project consists of three master planned segments (M-03B, M-03C and M-17) which will be built by the developer, and SAWS will oversize the infrastructure to support expected growth in the upstream area of the Medio Creek Sewershed. The three proposed segments will be 12-inch, 24-inch, and 27-inch sewer mains. The project is being designed in 2014.

Justification:

This project is developer driven and is being oversized at this time to mutually benefit SAWS and the developer with a lower shared cost compared to constructing both projects separately. This project will be paid for by impact fees and the developer will receive impact fee credits for their share of the participation. SAWS participation in this project will support growth in this area for upstream developments and reduce the need for future septic systems, package treatment plants and lift stations.

FAILURE ANALYSIS AND RISK RATINGS

Failure Mode:		Failure Impact:	Failure Root Cause:	
Inadequate Capacity		Customer Disatisfaction	System Improvement	
Impact Severity	Likelihood of Occurrence	Risk Mitigation	Risk Exposure	
6	8	10	480	

<u>FUNDING INFORMATION</u>	Land Year:	Design Year:	Construction Year
Amounts shown are estimated costs without SAWS overhead.	0	2014	2015
	\$0	\$0	\$3,000,000



2015 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Dos Rios WRC Electrical System Improvements - Phase 1

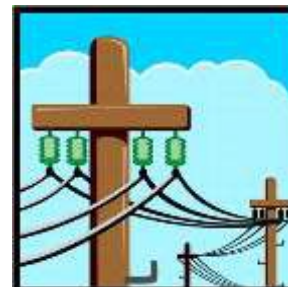
Programmed Amount: \$13,440,000

Core Business: Wastewater

Category: Treatment

Phase: Construction

Council District 3



Description and Scope:

Replace 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. 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. The electrical equipment to be replaced in Phase 1 was deemed in very poor condition by the Dos Rios WRC Electrical System Assessment project. Phase 1 will be constructed in 2015 at an estimated cost of \$12.9 million, and Phase 2 will be constructed in 2018. The total cost of the project is \$23.8 million.

Justification:

The Dos Rios WRC has been in operation since 1987, and the 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	10	10	1000	

FUNDING INFORMATION

	Land Year:	Design Year:	Construction Year
Amounts shown are estimated costs without SAWS overhead.		2014	2015
		\$1,100,000	\$12,000,000



2015 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Dos Rios WRC Second Stage Diffuser Replacement

Programmed Amount: \$2,044,000

Core Business: Wastewater

Category: Treatment

Phase: Construction

Council District 3

Description and Scope:

This project will replace the second stage diffuser system at the aeration basin. The fine bubble diffusers were supplied by a manufacturer that is no longer in business and are not as efficient as current technology diffusers. The new diffusers will have the capacity to carry the required amount of air and will include a construction sequence plan so that there is no interruption of service. This includes drop legs, laterals, and supports, and related infrastructure. The project will be designed in 2014.

Justification:

The Dos Rios WRC was commissioned in 1987 and operates with much of its original equipment. The diffusers at the aeration basins are at the end of their useful life. This project will replace the fine bubble diffuser system with a more efficient diffuser technology, which will increase efficiency and reduce maintenance requirements. Replacement of the antiquated and inefficient ceramic diffuser for the second stage activated sludge process at Dos Rios will reduce the run time on one 1500HP Aeration Blower during the plant low flows. This will result in an estimated annual savings of \$325,000.

FAILURE ANALYSIS AND RISK RATINGS

Failure Mode:		Failure Impact:	Failure Root Cause:	
Unsustainable Equipment		Regulatory Non-compliance	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.	0	2015	2015
	\$0	\$75,000	\$1,750,000



2015 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Dos Rios WRC Thermal Hydrolysis Project

Programmed Amount: \$4,480,000

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 the belt filter press building as needed. This technology, developed and used in Europe, increases the efficiency of the sludge digestion process by applying heat and pressure to the sludge prior to digestion, thereby reducing the total volume of sludge produced at the treatment plant. This will result in a reduced volume of biosolids, a significant cost savings of moving the digested sludge to landfills, and reduce the number of digesters needed at the treatment plant. This results in an overall operational cost savings.

The project will also improve the post digestion process by replacing the existing belt filter presses that are at the end of their service life with new dewatering equipment (either belt filter presses or centrifuges) depending on which is found to be a more cost effective application. The project will also upgrade the electrical and instrumentation and control equipment, which has become obsolete and difficult to maintain.

Justification:

Implementation of the thermal hydrolysis technology will lower the annual cost of biosolids disposal by at least \$1.2 million, by reducing the amount of biosolids generated at the Dos Rios WRC, and reduce the number of operational digesters needed for biosolids digestion following the thermal hydrolysis process. The project will also increase the operational reliability and efficiency of the dewatering facility through replacement of obsolete and unsustainable equipment and control systems.

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	9	900	

FUNDING INFORMATION

	Land Year:	Design Year:	Construction Year
Amounts shown are estimated costs without SAWS overhead.		2015	2016
		\$4,000,000	\$54,000,000



2015 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Leon Creek WRC Admin Building, Headworks, NPW / Weir Cleaning System, and Site Paving Upgra

Programmed Amount: \$1,288,000

Core Business: Wastewater

Category: Treatment

Phase: Design

Council District 3

Description and Scope:

This project will upgrade or replace the existing non-potable water (NPW) system, preliminary treatment facilities (headworks) that are old and ineffective, and install new and up-to-date instrumentation and control systems for the headworks. The NPW system provides non-potable water for various treatment processes and fire flow at the Leon Creek WRC. The project will replace the existing NPW pumps and the NPW piping throughout the plant, provide for the high pressures required for the existing equipment to work properly, and connect the pumps to the plant's backup power system. The project will also evaluate and restore or replace the site paving that is in poor condition due to age and wear and tear throughout the plant, and construct a new administration building for the plant operators, who are currently working out of modular buildings in poor condition.

The project is scheduled for design in 2015 with construction starting in 2017.

Justification:

The existing NPW pumps and the piping system are more than 25 years old. The pumps have deteriorated due to corrosion. The piping has experienced frequent breaks when the pressures are increased to supply the higher pressures needed for some of the treatment process equipment to work properly.

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
10	10	9	900

<u>FUNDING INFORMATION</u>	Land Year:	Design Year:	Construction Year
Amounts shown are estimated costs without SAWS overhead.	0	2015	2017
	\$0	\$1,150,000	\$12,000,000



2015 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Salado Creek Headworks Improvements

Programmed Amount: \$4,928,000

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 Water Recycling Center 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 have required several repairs. The scope includes rehabilitation of the existing grit chambers, 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 and grit removal is potentially allowing its accumulation in the downstream 90-inch interconnect pipe and siphons crossing under the San Antonio River.

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. This project was planned for construction in 2014, but higher priority projects required moving it to 2015.

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
10	10	10	1000
<u>FUNDING INFORMATION</u>			
Land Year:		Design Year:	Construction Year
Amounts shown are estimated costs without SAWS overhead.		2014	2015
		\$360,990	\$4,400,000



2015 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Treatment & Recycle Facilities Engineering Work Order Contract

Programmed Amount: \$560,000

Core Business: Wastewater

Category: Treatment

Phase: Design

Council District System Wide

Description and Scope:

This annual contract will fund design services to evaluate, design and bid processes and associated equipment at SAWS treatment and recycle facilities that require rehabilitation, improvement, addition, demolition, replacement and expansion. These facilities include:

- -wastewater treatment (SAWS water recycling centers)
- -recycle water pump stations (SAWS water recycling centers)
- -recycle water system (SAWS service area)
- -cooling (SAWS system downtown)
- -lift stations (SAWS service area)
- -odor control stations

The scope of design work will include, but is not limited to, geotechnical, potholing and subsurface utility investigations, surveying, permitting, public meetings/hearings attendance, environmental studies, preliminary engineering work for site/civil, structural, mechanical, electrical, instrumentation and control systems evaluation, recommendations and design, preparation of construction plans, specifications, cost estimates, construction schedules, assistance in bidding, construction phase services including review of contractor submittals, responding to request for information, preparation of request for proposals/change orders, contractor pay estimate reviews, attending construction progress meetings and walkthroughs, substantial and final completion inspections, and other related services as needed.

Justification:

This Work Order Contract will be on an "as-needed" basis, and the scope of the services will depend on the nature of each individual project. A work order will be issued upon identification of a project and determination of its scope and schedule.

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.	0	2015	0
	\$0	\$500,000	\$0

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2015 CAPITAL IMPROVEMENTS PROGRAM
Project Data Sheet

Water Supply

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2015 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: General Legal Expenses - WR

Programmed Amount: \$529,200

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 the Schertz Seguin right-of-way, Brackish 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. The actual expenditures are applied to the specific CIP project.

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: Corporate Mandate		Failure Impact: Regulatory Non-compliance		Failure Root Cause: Conflict with City or State	
Impact Severity 10	Likelihood of Occurrence 10	Risk Mitigation 10	Risk Exposure 1000		

<u>FUNDING INFORMATION</u>	Land Year: 2015	Design Year:	Construction Year:
Amounts shown are estimated costs without SAWS overhead.	\$490,000		



2015 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Aquifer Storage & Recovery Control System Upgrade

Programmed Amount: \$2,376,000

Core Business: Water Supply

Category: Water Resources

Phase: Design

Council District OCL



Description and Scope:

This project will ensure that SAWS conforms to stringent state and federal regulatory requirements that affect the ASR system operations and infrastructure security. The ASR control system is used to monitor and control various water treatment processes within the facility. Hardware, software and communications must be upgraded to help meet the challenges of providing high quality services and sustainable infrastructure security threats. These upgrades will position the ASR to move toward future standardizations of instrumentation and control systems for water production. The design includes significant programming of the system, which increases the cost beyond that of other infrastructure projects.

Justification:

This project will ensure that SAWS complies with strict state and federal regulatory requirements that affect our system operations and infrastructure security. Hardware, software and communications will be utilized to provide high quality services and to address potential security risks and threats.

FAILURE ANALYSIS AND RISK RATINGS

Failure Mode: Unsustainable Equipment	Failure Impact: Increased Maintenance	Failure Root Cause: Obsolescence	
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.	2015 \$2,200,000	2016 \$3,726,000



2015 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Expanded Carrizo Water Supply Phase 1

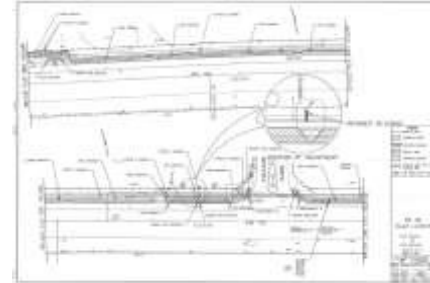
Programmed Amount: \$11,934,000

Core Business: Water Supply

Category: Water Resources

Phase: Construction

Council District OCL



Description and Scope:

Construct Phase 1 of a water supply project planned to produce 21,000 acre feet of water from the Carrizo Aquifer in southern 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 \$11.9 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.		2014	2015
		\$1,290,000	\$11,050,000



2015 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Vista Ridge Integration Pipeline

Programmed Amount: \$1,080,000

Core Business: Water Supply

Category: Water Resources

Phase: Acquisition

Council District System Wide

Description and Scope:

This project provides for funding for easement acquisition for the pipeline route and design funds for modeling and simulation of impact of the additional water in the transmission and distribution system.

This project will help meet the expected growth of 20,000 new people every year in San Antonio, and will be the largest non-Edwards Aquifer water supply in history. This project will increase our water supply portfolio by 20% of current demand.

Justification:

The existing infrastructure will undergo significant improvements to make sure this new water source can be efficiently integrated along with others in our diversified supply.

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
10	10	10	1000

FUNDING INFORMATION

	Land Year:	Design Year:	Construction Year
Amounts shown are estimated costs without SAWS overhead.	2015	2015	2017
	\$500,000	\$500,000	\$50,000,000



2015 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Recycled Water Customer Lines

Programmed Amount: \$1,250,000

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

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



2015 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Recycled Water Governmental Adjustments

Programmed Amount: \$250,000

Core Business: Water Supply

Category: Recycled Water

Phase: Construction

Council District System Wide



Description and Scope:

The governmental recycled water program consists of projects implemented in conjunction with other government entities, when they implement maintenance and/or capital improvement projects. Through this program, SAWS participates in the relocation and replacement of recycled water facilities, when appropriate or required. 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.

The recycled water lines at Highway 151 and Loop 410 will be adjusted as part of the project to install direct connectors at this intersection.

Justification:

Replacing 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

2015

\$200,000



2015 CAPITAL IMPROVEMENTS PROGRAM
Project Data Sheet

Chilled Water

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2015 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Chilled Water System Communication and Controls Replacement

Programmed Amount: \$825,000

Core Business: Chilled Water

Category: Chilled Water

Phase: Construction

Council District 1



Description and Scope:

This project will use the radio path survey conducted in 2014 of the entire heating and cooling system radio network to determine radio system hardware requirements, and construct a replacement to merge the two top end chiller control systems into one common system, install a replacement for the programmable logic controllers at the chillers, and install 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.

This project will be constructed in two phases in 2015 and 2016. The total cost 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: Equipment Failure		Failure Impact: Customer Dissatisfaction		Failure Root Cause: Critical Equipment Failure	
Impact Severity 10	Likelihood of Occurrence 10	Risk Mitigation 10	Risk Exposure 1000		

<u>FUNDING INFORMATION</u>	Land Year:	Design Year:	Construction Year
Amounts shown are estimated costs without SAWS overhead.		2014 \$164,000	2015 \$750,000



2015 CAPITAL IMPROVEMENTS PROGRAM Project Data Sheet

PROJECT OVERVIEW

Project: Install 2,000 Ton Chiller and Pumps in Cherry Street Plant

Programmed Amount: \$1,760,000

Core Business: Chilled Water

Category: Chilled Water

Phase: Construction

Council District 1



Description and Scope:

The Cherry St. plant was originally constructed with two chillers and provisions to add two future chillers. The third chiller was added in 2007. The footprint and required piping are plumbed out to accept the fourth chiller and provide sufficient chilled water to the City of San Antonio Convention Center expansion.

Justification:

The City of San Antonio will reimburse SAWS for this project over a 20-year period.

FAILURE ANALYSIS AND RISK RATINGS

Failure Mode:		Failure Impact:	Failure Root Cause:	
Inadequate Capacity		Customer Disatisfaction	System Improvement	
Impact Severity	Likelihood of Occurrence	Risk Mitigation	Risk Exposure	
9	10	10	900	

FUNDING INFORMATION

	Land Year:	Design Year:	Construction Year
Amounts shown are estimated costs without SAWS overhead.	0	2015	2015
	\$0	\$152,000	\$1,600,000

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)
2014	68,265	57,261	11,004	16.12%	50,689	\$ 7.49	\$ 21.43	\$ 11.99	\$ 14.81
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

- (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. Includes the State-Imposed TCEQ fee. See Schedule 13 for additional information.
- (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). Includes the State-Imposed TCEQ fee.
- (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									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Water (a):										
Residential Class	347,789	343,667	339,204	335,280	331,853	327,610	323,754	318,270	308,807	298,271
General Class	23,777	23,713	23,582	23,369	23,225	23,242	23,104	22,943	22,662	22,384
Wholesale Class	7	8	8	7	7	7	7	7	7	6
Total Water	371,573	367,388	362,794	358,656	355,085	350,859	346,865	341,220	331,476	320,661
Irrigation Class (b)	8,966	8,821	8,633	8,479	8,350	8,202	7,940	7,602	7,232	6,883
Wastewater:										
Residential Class	395,574	390,256	383,553	378,380	373,755	368,948	361,966	352,038	338,693	326,516
General Class	25,079	25,021	24,824	24,550	24,407	24,285	23,999	23,604	23,408	23,016
Wholesale Class	12	12	12	12	7	12	13	11	12	12
Total Wastewater	420,665	415,289	408,389	402,942	398,169	393,245	385,978	375,653	362,113	349,544
Conservation - Residential Class (c)	20,716	20,867	23,804	33,708	21,791	26,665	29,973	15,548	31,716	27,963
Recycled Water	102	97	92	80	81	86	76	71	69	56

- (a) Water Supply and EAA fees are billed to 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									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Water Sales:										
Residential Class	\$74,062	\$71,536	\$72,620	\$79,332	\$66,410	\$65,333	\$68,516	\$56,096	\$65,927	\$58,351
General Class	37,878	35,099	35,504	33,571	32,326	32,943	32,330	29,313	31,606	28,613
Wholesale Class	3,233	1,640	1,255	234	136	204	179	120	145	182
Irrigation Class (a)	11,011	10,893	11,164	11,722	12,909	12,176	16,124	10,659	12,541	11,723
Total Water	126,184	119,168	120,543	124,859	111,781	110,656	117,149	96,188	110,219	98,869
Water Supply Fees (b)										
Residential Class	48,270	43,121	44,163	51,696	45,312	45,909	49,042	39,081	48,403	42,283
General Class	39,355	32,393	32,537	31,586	29,764	30,403	30,140	28,105	29,531	27,036
Wholesale Class	7,196	3,227	2,294	202	158	178	160	132	166	165
Irrigation Class	12,551	12,057	12,058	13,029	6,147	6,423	8,016	5,285	6,133	5,741
Total Water Supply Fees	107,372	90,798	91,052	96,513	81,381	82,913	87,358	72,603	84,233	75,225
EAA Pass-through fees (c)										
Residential Class	9,654	9,905	10,841	4,767	5,423	3,605	5,893	3,561	4,925	4,818
General Class	6,874	6,991	7,352	2,930	3,648	2,387	3,622	2,560	3,005	3,080
Wholesale Class	1,271	659	509	18	19	14	19	12	17	19
Irrigation Class	1,061	1,134	1,242	540	765	494	963	481	626	654
Total Pass-through fees	18,860	18,689	19,944	8,255	9,855	6,500	10,497	6,614	8,573	8,571
Conservation Fees:										
Residential Class	1,956	2,454	2,986	3,682	2,814	2,962	3,663	1,986	4,112	3,291
General Class	6,498	6,606	7,040	6,702	4,461	4,008	3,938	3,957	3,637	3,968
Total Conservation	8,454	9,060	10,026	10,384	7,275	6,970	7,601	5,943	7,749	7,259
Wastewater Sales:										
Residential Class	125,051	116,775	98,674	88,702	79,118	81,202	75,752	72,212	72,901	63,605
General Class	68,371	62,300	54,175	48,271	41,768	41,343	40,034	38,554	38,325	37,342
Wholesale Class	7,848	7,599	6,761	6,105	5,044	5,225	5,281	6,469	6,704	6,435
Surcharge	5,450	5,438	5,134	4,815	4,861	4,648	4,614	4,409	4,271	4,081
Total Wastewater	206,720	192,112	164,744	147,893	130,791	132,418	125,681	121,644	122,201	111,463
TCEQ Pass-through fees (d)										
Water customers	1,169	1,086	1,064	1,178	964	-	-	-	-	-
Wastewater customers	433	347	411	464	280	-	-	-	-	-
	1,602	1,433	1,475	1,642	1,244	-	-	-	-	-
Recycled Water Sales	5,086	5,161	5,074	5,068	3,955	4,393	4,287	3,244	3,795	3,100
Stormwater Fees	4,420	5,058	4,558	4,158	3,745	3,358	3,037	3,056	3,056	2,938
Chilled Water & Steam	11,251	12,719	12,485	11,715	12,337	12,714	12,758	13,101	13,243	13,371
Miscellaneous Fees and Charges	13,860	12,787	12,427	10,193	8,872	9,266	9,541	7,944	8,204	7,374
Provision for Uncollectible Accounts	(4,166)	(4,646)	(3,900)	(2,811)	(3,463)	(3,711)	(3,288)	(2,619)	(2,638)	(1,637)
Total Operating Revenue	\$499,643	\$462,339	\$438,428	\$417,869	\$367,773	\$365,477	\$374,621	\$327,718	\$358,635	\$326,533

(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									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Water Sales (a):										
Residential Class	29,310	29,206	30,070	34,153	28,932	30,667	33,025	26,651	33,162	30,917
General Class	20,870	20,614	20,393	20,986	19,465	20,309	20,297	19,166	20,232	19,769
Wholesale Class	3,861	1,943	1,412	128	101	119	108	90	114	121
Irrigation Class	3,220	3,345	3,445	3,866	4,080	4,200	5,398	3,604	4,216	4,198
Total Water	57,261	55,108	55,320	59,133	52,578	55,295	58,828	49,511	57,724	55,005
Wastewater Sales:										
Residential Class	27,896	27,617	26,572	27,371	26,746	29,825	28,148	27,383	28,859	25,293
General Class	20,502	20,100	20,066	20,134	20,002	20,338	20,352	19,634	21,967	22,262
Wholesale Class	2,291	2,359	2,417	2,413	1,404	1,824	1,847	2,200	2,444	1,732
Total Wastewater	50,689	50,076	49,055	49,918	48,152	51,987	50,347	49,217	53,270	49,287
Conservation - Residential Class (b)	2,296	2,520	3,026	4,106	2,935	3,469	3,948	2,432	4,276	3,613
Recycled Water Sales	18,323	18,359	18,129	18,990	14,968	16,321	16,559	14,148	14,836	14,048

(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, 2014:					
SAN ANTONIO WATER SYSTEM					
DISTRICT SPECIAL PROJECT	(b) Public Water Utility	3,684	6.43	\$ 11,146	4.25
CITY OF SAN ANTONIO	Municipal Entity	509	0.89	2,667	1.02
HEB GROCERY	Grocery	486	0.85	2,001	0.76
SAN ANTONIO HOUSING AUTHORITY	Public Housing	457	0.80	1,887	0.72
BEXAR COUNTY	County Government	368	0.46	1,428	0.55
NORTHSIDE INDEPENDENT SCHOOL DISTRICT	School System	262	0.64	1,263	0.48
CPS ENERGY	Public Power Utility	291	0.51	1,123	0.43
MAXIM INTEGRATED PRODUCT INC.	Electronics	274	0.48	963	0.37
NORTHEAST INDEPENDENT SCHOOL DISTRICT	School System	185	0.32	903	0.34
SAN ANTONIO INDEPENDENT SCHOOL DISTRICT	School System	164	0.29	885	0.34
Subtotal (10 largest)		6,681	11.67	24,265	9.26
Balance from Other Customers		50,580	88.33	237,754	90.74
Total		57,261	100.00	\$ 262,019	100.00

(a) Includes Conservation, Water Supply and EAA fees.

(b) Refer to Note C to the financial statements for more information regarding transactions between the San Antonio Water System District Special Project and the San Antonio Water System.

Ten Largest Customers - Wastewater

Customer	Principal Business	Usage (million gallons)	%	Total Revenue (in thousands)	%
Fiscal Year Ended December 31, 2014:					
HEB GROCERY	Grocery	437	0.90	\$ 2,066	1.04
SAN ANTONIO HOUSING AUTHORITY	Public Housing	462	0.96	1,470	0.74
BEXAR COUNTY	County Government	301	0.62	1,019	0.51
L & H PACKING COMPANY	Beef Processor	117	0.24	741	0.37
TOYOTA	Automobile Manufacturer	198	0.41	715	0.36
MAXIM INTEGRATED PRODUCT, INC.	Electronics	204	0.42	644	0.32
CITY OF SAN ANTONIO	Municipal Entity	185	0.38	631	0.32
FRITO LAY, INC.	Food Manufacturer	69	0.14	547	0.27
TEXAS DEPARTMENT OF CRIMINAL JUSTICE	State Correctional Facility	131	0.27	494	0.25
NORTHSIDE INDEPENDENT SCHOOL DISTRICT	School System	148	0.31	491	0.25
Subtotal (10 largest)		2,254	4.66	8,818	4.42
Balance from Other Customers		46,144	95.34	190,487	95.58
Total		48,398	100.00	\$ 199,305	100.00

WATER AND SEWER RATE SCHEDULES

RESIDENTIAL WATER RATES

Effective for consumption on or about January 1, 2015

The Service Availability Charge (minimum bill) for all residential water service 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.

2014 MONTHLY SERVICE AVAILABILITY CHARGE				2015 MONTHLY SERVICE AVAILABILITY CHARGE			
INSIDE CITY LIMITS		OUTSIDE CITY LIMITS		INSIDE CITY LIMITS		OUTSIDE CITY LIMITS	
METER SIZE	SERVICE AVAILABILITY CHARGE	SERVICE AVAILABILITY CHARGE		METER SIZE	SERVICE AVAILABILITY CHARGE	SERVICE AVAILABILITY CHARGE	
5/8"	\$7.31	\$9.52		5/8"	\$7.57	\$9.86	
3/4"	10.26	13.34		3/4"	10.63	13.82	
1"	16.14	20.97		1"	16.72	21.72	
1 1/2"	30.83	40.08		1 1/2"	31.94	41.52	
2"	48.44	62.99		2"	50.18	65.26	
3"	89.58	116.47		3"	92.80	120.66	
4"	148.33	192.84		4"	153.67	199.78	
6"	295.23	383.80		6"	305.86	397.62	
8"	471.50	612.96		8"	488.47	635.03	
10"	677.14	880.29		10"	701.52	911.98	
12"	1,264.71	1644.14		12"	1,310.24	1,703.33	

2014 MONTHLY VOLUME CHARGE					2015 MONTHLY VOLUME CHARGE				
Step in gallons	INSIDE CITY LIMITS RATE PER 100 GALLONS		OUTSIDE CITY LIMITS RATE PER 100 GALLONS		Step in gallons	INSIDE CITY LIMITS RATE PER 100 GALLONS		OUTSIDE CITY LIMITS RATE PER 100 GALLONS	
	Standard	Seasonal	Standard	Seasonal		Standard	Seasonal	Standard	Seasonal
First 5,985	\$0.0971	\$0.0971	\$0.1264	\$0.1264	First 5,985	\$0.1006	\$0.1006	\$0.1310	\$0.1310
Next 6,732	0.1406	0.1529	0.1828	0.1988	Next 6,732	0.1457	0.1584	0.1894	0.2060
Next 4,488	0.1982	0.2273	0.2578	0.2956	Next 4,488	0.2053	0.2355	0.2671	0.3062
Over 17,205	0.3471	0.4710	0.4513	0.6121	Over 17,205	0.3596	0.4880	0.4675	0.6341

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 AND SEWER RATE SCHEDULES (CONTINUED)

RESIDENTIAL SEWER RATES

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.

2014 MONTHLY SEWER RATE		2015 MONTHLY SEWER RATE	
INSIDE CITY LIMITS	OUTSIDE CITY LIMITS	INSIDE CITY LIMITS	OUTSIDE CITY LIMITS
First 1,496 gallons Minimum Charge \$11.93	First 1,496 gallons Minimum Charge \$14.33	First 1,496 gallons Minimum Charge \$12.69	First 1,496 gallons Minimum Charge \$15.25
Over 1,496 gallons \$0.3163 per 100 gallons	Over 1,496 gallons \$0.3795 per 100 gallons	Over 1,496 gallons \$0.3365 per 100 gallons	Over 1,496 gallons \$0.4038 per 100 gallons
Customers who do not have a winter record of water usage or an interim average will be billed an Unaveraged or Unmetered Residential Charge of \$33.22 for Inside City Limits and \$39.87 for Outside City Limits.		Customers who do not have a winter record of water usage or an interim average will be billed an Unaveraged or Unmetered Residential Charge of \$35.35 for Inside City Limits and \$42.43 for Outside City Limits.	

WATER AND SEWER RATE SCHEDULES (CONTINUED)

GENERAL CLASS WATER RATES

Including Apartment, Commercial, Industrial and Municipal

Effective for consumption on or about January 1, 2015

For business customers, a multi-step, base-excess use structure has been developed called the General Class. The base amount for General Class customers is 100% of customer's average annual usage. Increased unit rates apply as usage exceeds each customer's base amount.

Monthly Service Availability and Volume Charge

The Monthly Service Availability Charge (minimum bill) for all general 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 month or fraction thereof shall be as follows:

2014 MONTHLY SERVICE AVAILABILITY FEE		
	INSIDE CITY LIMITS	OUTSIDE CITY LIMITS
METER SIZE	SERVICE AVAILABILITY CHARGE	SERVICE AVAILABILITY CHARGE
5/8"	\$10.16	\$13.21
3/4"	14.53	18.88
1"	23.24	30.20
1 1/2"	45.03	58.54
2"	71.18	92.54
3"	132.20	171.87
4"	219.38	285.19
6"	437.32	568.51
8"	698.83	908.49
10"	1,003.94	1,305.13
12"	1,875.69	2,438.39

2015 MONTHLY SERVICE AVAILABILITY FEE		
	INSIDE CITY LIMITS	OUTSIDE CITY LIMITS
METER SIZE	SERVICE AVAILABILITY CHARGE	SERVICE AVAILABILITY CHARGE
5/8"	\$10.53	\$13.69
3/4"	15.05	19.56
1"	24.08	31.29
1 1/2"	46.65	60.65
2"	73.74	95.87
3"	136.96	178.06
4"	227.28	295.46
6"	453.06	588.98
8"	723.99	941.20
10"	1,040.08	1,352.11
12"	1,943.21	2,526.17

2014 MONTHLY VOLUME CHARGE		
	INSIDE CITY LIMITS	OUTSIDE CITY LIMITS
USAGE BLOCKS	RATE PER 100 GALLONS	RATE PER 100 GALLONS
Base	\$0.1176	\$0.1529
>100-125% of Base	0.1406	0.1827
>125-175% of Base	0.1971	0.2562
>175% of Base	0.2887	0.3752

2015 MONTHLY VOLUME CHARGE		
	INSIDE CITY LIMITS	OUTSIDE CITY LIMITS
USAGE BLOCKS	RATE PER 100 GALLONS	RATE PER 100 GALLONS
Base	\$0.1218	\$0.1584
>100-125% of Base	0.1457	0.1893
>125-175% of Base	0.2042	0.2654
>175% of Base	0.2991	0.3887

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

WATER AND SEWER RATE SCHEDULES (CONTINUED)

GENERAL CLASS SEWER RATES

2014 MONTHLY SEWER RATE		2015 MONTHLY SEWER RATE	
INSIDE CITY LIMITS	OUTSIDE CITY LIMITS	INSIDE CITY LIMITS	OUTSIDE CITY LIMITS
First 1,496 gallons - Minimum Charge \$11.93	First 1,496 gallons - Minimum Charge \$14.33	First 1,496 gallons - Minimum Charge \$12.69	First 1,496 gallons - Minimum Charge \$15.25
Over 1,496 gallons - \$0.3163 per 100 gallons	Over 1,496 gallons - \$0.3795 per 100 gallons	Over 1,496 gallons - \$0.3365 per 100 gallons	Over 1,496 gallons - \$0.4038 per 100 gallons

WATER AND SEWER RATE SCHEDULES (CONTINUED)

WHOLESALE WATER AND SEWER RATES

Effective for Consumption on or about January 1, 2015

For the Wholesale Class, a multi-step, base-excess use structure has been developed. The base amount for Wholesale Class customers is equal to 100% of customer's annual average usage. Increased unit rates apply as usage exceeds each customer's base amount.

2014 MONTHLY SERVICE AVAILABILITY FEE			2015 MONTHLY SERVICE AVAILABILITY FEE		
INSIDE CITY LIMITS		OUTSIDE CITY LIMITS	INSIDE CITY LIMITS		OUTSIDE CITY LIMITS
METER SIZE	SERVICE AVAILABILITY CHARGE	SERVICE AVAILABILITY CHARGE	METER SIZE	SERVICE AVAILABILITY CHARGE	SERVICE AVAILABILITY CHARGE
6"	\$295.23	\$383.80	6"	\$305.86	\$397.62
8"	471.50	612.96	8"	488.47	635.03
10"	677.14	880.29	10"	701.52	911.98
12"	1,264.71	1,644.14	12"	1,310.24	1,703.33

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."

2014 MONTHLY VOLUME CHARGE			2015 MONTHLY VOLUME CHARGE		
RATE PER 100 GALLONS			RATE PER 100 GALLONS		
USAGE BLOCKS	INSIDE CITY LIMITS	OUTSIDE CITY LIMITS	USAGE BLOCKS	INSIDE CITY LIMITS	OUTSIDE CITY LIMITS
Base	\$0.0816	\$0.1060	Base	\$0.0845	\$0.1098
> 100-125% of Base	0.1225	0.1593	> 100-125% of Base	0.1269	0.1650
> 125-175% of Base	0.1769	0.2300	> 125-175% of Base	0.1833	0.2383
> 175% of Base	0.2502	0.3252	> 175% of Base	0.2592	0.3369

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

Wholesale Sewer Rates

2014 MONTHLY SEWER RATE		2015 MONTHLY SEWER RATE	
INSIDE CITY LIMITS	OUTSIDE CITY LIMITS	INSIDE CITY LIMITS	OUTSIDE CITY LIMITS
\$0.2850 Volume charge per 100 gallons of contributed wastewater. (\$2.14 per 100 cubic feet)	\$140.06/ Service Availability Fee plus \$0.3422 per 100 gallons of contributed wastewater. (\$2.56 per 100 cubic feet)	\$0.3032 Volume charge per 100 gallons of contributed wastewater. (\$2.28 per 100 cubic feet)	\$149.02/ Service Availability Fee plus \$0.3641 per 100 gallons of contributed wastewater. (\$2.72 per 100 cubic feet)

WATER AND SEWER RATE SCHEDULES (CONTINUED)

LANDSCAPE IRRIGATION SERVICE RATES

Effective for consumption on or about January 1, 2015

The landscape irrigation rate applies to all “landscape irrigation” accounts. These exclude irrigation meters using water as part of their business function (e.g. process water and nurseries) as well as when used for health and safety purposes (e.g. school athletic fields). New business service accounts will be required to install separate landscape irrigation meters. Existing accounts will be retrofitted where possible. Accounts not retrofitted will be prorated based on seasonal water use. The irrigation rate is an inverted multi-block rate structure that will apply per hundred gallons of use.

Monthly Service Availability and Volume Charge

The Monthly Service Availability Charge (minimum bill) for all irrigation 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 month or fraction thereof shall be as follows:

2014 MONTHLY SERVICE AVAILABILITY FEE		
	INSIDE CITY LIMITS	OUTSIDE CITY LIMITS
METER SIZE	SERVICE AVAILABILITY CHARGE	SERVICE AVAILABILITY CHARGE
5/8"	\$10.16	\$13.21
3/4"	14.53	18.88
1"	23.24	30.20
1 1/2"	45.03	58.54
2"	71.18	92.54
3"	132.20	171.87
4"	219.38	285.19
6"	437.32	568.51
8"	698.83	908.49
10"	1,003.94	1,305.13
12"	1,875.69	2,438.39

2015 MONTHLY SERVICE AVAILABILITY FEE		
	INSIDE CITY LIMITS	OUTSIDE CITY LIMITS
METER SIZE	SERVICE AVAILABILITY CHARGE	SERVICE AVAILABILITY CHARGE
5/8"	\$10.53	\$13.69
3/4"	15.05	19.56
1"	24.08	31.29
1 1/2"	46.65	60.65
2"	73.74	95.87
3"	136.96	178.06
4"	227.28	295.46
6"	453.06	588.98
8"	723.99	941.20
10"	1,040.08	1,352.11
12"	1,943.21	2,526.17

2014 MONTHLY VOLUME CHARGE				
	INSIDE CITY LIMITS		OUTSIDE CITY LIMITS	
USAGE BLOCKS GALLONS	RATE PER 100 GALLONS		RATE PER 100 GALLONS	
	Standard	Seasonal	Standard	Seasonal
0 Gallons	\$0.0000	\$0.0000	\$0.0000	\$0.0000
Next 6,732	0.1653	0.1653	0.2148	0.2148
Next 10,473	0.1982	0.2301	0.2577	0.2992
Over 17,205	0.3471	0.4764	0.4513	0.6193

2015 MONTHLY VOLUME CHARGE				
	INSIDE CITY LIMITS		OUTSIDE CITY LIMITS	
USAGE BLOCKS GALLONS	RATE PER 100 GALLONS		RATE PER 100 GALLONS	
	Standard	Seasonal	Standard	Seasonal
0 Gallons	\$0.0000	\$0.0000	\$0.0000	\$0.0000
Next 6,732	0.1713	0.1713	0.2225	0.2225
Next 10,473	0.2053	0.2384	0.2670	0.3100
Over 17,205	0.3596	0.4936	0.4675	0.6416

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 AND SEWER RATE SCHEDULES (CONTINUED)

RECYCLED WATER RATES

Effective for consumption on or about January 1, 2015

Monthly Service Availability and Volume Charge

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 month of fraction thereof shall be as follows:

Edwards Exchange Customers

2014 MONTHLY SERVICE AVAILABILITY FEE	
METER SIZE	SERVICE AVAILABILITY CHARGE
5/8"	\$9.26
3/4"	12.05
1"	15.69
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

2015 MONTHLY SERVICE AVAILABILITY FEE	
METER SIZE	SERVICE AVAILABILITY CHARGE
5/8"	\$9.51
3/4"	12.37
1"	16.11
1 1/2"	25.61
2"	37.45
3"	99.61
4"	148.06
6"	282.44
8"	425.73
10"	583.77
12"	720.27

2014 MONTHLY VOLUME CHARGE		
RATE PER 100 GALLONS		
USAGE IN GALLONS	Standard	Seasonal
Transferred Amount	\$ 0.0244	\$ 0.0244
All in excess of transferred amount	0.0914	0.0971

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.

2015 MONTHLY VOLUME CHARGE		
RATE PER 100 GALLONS		
USAGE IN GALLONS	Standard	Seasonal
Transferred Amount	\$ 0.0250	\$ 0.0250
All in excess of transferred amount	0.0938	0.0997

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

**2014
MONTHLY SERVICE AVAILABILITY FEE**

METER SIZE	SERVICE AVAILABILITY CHARGE
5/8"	\$9.26
3/4"	12.05
1"	15.69
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

**2014
MONTHLY VOLUME CHARGE**

RATE PER 100 GALLONS

USAGE IN GALLONS	Standard	Seasonal
First 748,000	\$ 0.0978	\$ 0.1051
Over 748,000	0.0999	0.1061

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.

**2015
MONTHLY SERVICE AVAILABILITY FEE**

METER SIZE	SERVICE AVAILABILITY CHARGE
5/8"	\$9.51
3/4"	12.37
1"	16.11
1 1/2"	25.61
2"	37.45
3"	99.61
4"	148.06
6"	282.44
8"	425.73
10"	583.77
12"	720.27

**2015
MONTHLY VOLUME CHARGE**

RATE PER 100 GALLONS

USAGE IN GALLONS	Standard	Seasonal
First 748,000	\$ 0.1004	\$ 0.1079
Over 748,000	0.1026	0.1089

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 AND SEWER RATE SCHEDULES (CONTINUED)**WATER SUPPLY FEE**

Effective for consumption on or about January 1, 2015

This fee directly funds the acquisition of new water supplies to reduce San Antonio's dependence on the Edwards Aquifer.

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

2014			2015		
RATE CLASS	Usage Blocks Gallons	Assessed Fee RATE PER 100 GALLONS	RATE CLASS	Usage Blocks Gallons	Assessed Fee RATE PER 100 GALLONS
Residential	First 5,985	\$0.1223	Residential	First 5,985	\$0.1285
	Next 6,732	0.1768		Next 6,732	0.1858
	Next 4,488	0.2495		Next 4,488	0.2622
	Over 17,205	0.4366		Over 17,205	0.4589
General	Base*	0.1880	General	Base*	0.1976
	>100-125% of Base	0.1880		>100-125% of Base	0.1976
	>125-175% of Base	0.1880		>125-175% of Base	0.1976
	>175% of Base	0.1880		>175% of Base	0.1976
Wholesale	Base*	0.1880	Wholesale	Base*	0.1976
	>100-125% of Base	0.1880		>100-125% of Base	0.1976
	>125-175% of Base	0.1880		>125-175% of Base	0.1976
	>175% of Base	0.1880		>175% of Base	0.1976
Irrigation	0 Gallons	0.0000	Irrigation	0 Gallons	0.0000
	Next 6,732	0.1880		Next 6,732	0.1976
	Next 10,473	0.2495		Next 10,473	0.2622
	Over 17,205	0.4735		Over 17,205	0.4976

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

WATER AND SEWER RATE SCHEDULES (CONTINUED)**EDWARDS AQUIFER AUTHORITY FEE**

Ordinance No. 87042 provides for the establishment and assessment of a pass-through charge of the Edwards Aquifer Authority Permit Fee to all San Antonio Water System water customers.

Year	EAA Fee (per 100 gallons)
2005	0.01549
2006	0.01482
2007	0.01352
2008	0.01769
2009	0.01222
2010	0.01841
2011	0.01407
2012	0.01719
2012*	0.03901
2013	0.03425
2014	0.03295
2015	0.03311

* Increased April 1, 2012 to include funding for [EAA Habitat Conservation Plan Program](#).

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.
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 States 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> <ul 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
BMWD	Bexar Metropolitan Water District
BRAC	Base Realignment and Closure
CCMA	Cibolo Creek Municipal Authority
CIP	Capital Improvement Program
COSA or CSA	City of San Antonio
CMOM	Capacity management Operation and maintenance
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
ELS	Environmental Laboratory Services
EMT	SAWS Executive Management Team
EPA	Environmental Protection Agency
ERSS	Enterprise Resource Software System
ETJ	Extra territorial jurisdiction
FMEA	Failure Methods and Effects Analysis
FTE	Full-time equivalent
GASB	Government Accounting Standards Board
GFOA	Government Finance Officers Association

GIS	Geographic Information System
GMP	Guaranteed Maximum Price
GPCD	Gallons per capita per day
HCP (EAHCP)	Edwards Aquifer Habitat Conservation Plan
LCRA	Lower Colorado River Authority
ITP	Incidental take Permit
MSA	Metropolitan Statistical Area
MYFP	Multi-year financial plan
O&M	Operations and Maintenance
OPEB	Other post-employment benefits
R&R	Renewal and Replacement
SAWS	San Antonio Water System
SIFMA	Securities Industry and Financial Markets Association
SSLGC	Schertz-Seguin Local Governmental Corporation
SSO	Sanitary sewer overflow
TCEQ	Texas Commission on Environmental Quality
TECP	Tax exempt commercial paper
USFWS	U.S. Fish and Wildlife Service
USAA	United Services Automobile Association
WCTS	Wastewater collection and transmission system
WRC	Water Recycling Center



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