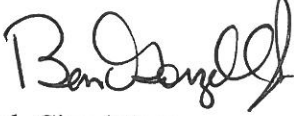


**CITY OF SAN ANTONIO  
INTERDEPARTMENTAL CORRESPONDENCE  
CITY MANAGER'S OFFICE**

**TO:** Sheryl Sculley, City Manager  
**FROM:** Ben Gorzell Jr., Chief Financial Officer   
**COPIES:** Mayor and City Council; Michael Bernard, City Attorney  
**SUBJECT:** Report on Proposed Adjustments to SAWS Rates and Rate Structure  
**DATE:** November 6, 2013

**SUMMARY & RECOMMENDATIONS:**

After discussions with SAWS personnel and a comprehensive review of SAWS rate proposals, Staff makes the following recommendations for City Council consideration:

- ⇒ Approval of an 5.10% system-wide increase;
- ⇒ SAWS continue to work with the City to study its pension and benefits plans and associated costs;
- ⇒ SAWS continue to provide quarterly written progress reports relating to its SSO program which outline performance of the program to include operational statistics such as miles of lines cleaned and televised and financial information;
- ⇒ Continue briefings to City Council every other month; agenda to be managed by the City and should be focused on financial performance and key policy issues; key policy issues include items such as water supply projects (Request for Competitive Sealed Proposal process), drought management plan, conservation initiatives, and rate structure; these key issues should be aligned from a policy perspective;
- ⇒ Where applicable, continue to implement efficiencies identified in the recently completed efficiency study by PA Consulting Group

**BACKGROUND:**

The San Antonio Water System (SAWS) has proposed adjustments to its water supply fee, water delivery and wastewater rates which are equivalent to an overall 5.1% system-wide increase. The proposed rate increase is scheduled to become effective January 1, 2014 and is expected to generate approximately \$23.6 million in additional revenues for SAWS. Briefings on the proposed rate adjustments were held on October 2<sup>nd</sup> and October 17<sup>th</sup> and covered topics such as revenue requirements, operations and maintenance budget, capital improvements program, wastewater sanitary sewer overflow (SSO) program, customer bill impacts, financial projections and proposed adjustments to the Affordability Discount Program. During the rate review that was completed earlier this calendar year, SAWS had indicated that the anticipated rate adjustment for 2014 would be 13.5%; however, SAWS made the following adjustments to reduce this request:

Previous Rate Forecast	13.5%
<hr/>	
Adjustments:	
O&M Budget Cuts	(2.9%)
Increased Revenue Projections	(2.7%)
Capital Financing Saving	(1.6%)
Removal of RFCSP Integration*	(0.6%)
Capital Budget Reallocation	(0.6%)
<hr/>	
Proposed Revised Request	5.1%
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\*Includes capital costs related to a Regional Water Supply contract that will be brought separately for Council consideration.

**REVIEW PROCESS:**

The Public Utilities Staff (“Staff”) of the Finance Department conducted a comprehensive review of the proposed rate adjustments. Staff was involved in the process as SAWS was developing its revenue requirements and rate models. The review included areas such as the Economic/Rate Model; Key Financial Targets; Revenue Requirements; Proposed Capital Plan; Operations and Maintenance Budget; Financing Plan; Affordability Programs; and Credit Considerations. The following sections offer a more detailed description of the areas included in the analysis.

**Sales Forecast**

The projections for water consumption and the average winter consumption were reviewed taking into consideration factors such as use per bill, customer growth, historical trend patterns, and correlations to other factors such as annual rainfall. Water consumption is the estimated volume of water to be sold to SAWS customers and is utilized to project revenues for the Water Delivery and Water Supply Core Businesses. Average winter consumption is the average water usage for residential customers between November 15<sup>th</sup> and March 15<sup>th</sup>. This calculation is meant to determine the volume of water utilized excluding irrigation which is then used as a basis for volumes entering the wastewater system. The average winter consumption is utilized to project revenues for the residential segment of the Wastewater Core Business.

For 2014, SAWS has projected 56.6 billion gallons of water to be sold and average winter consumption of 5,598 gallons. Public Utilities Staff reviewed these projections and conducted regression analysis. Based on this analysis, Staff believes the projections for water consumption and average winter consumption are reasonable.

**Operations & Maintenance (O&M) Budget**

The proposed SAWS O&M budget for FY2014 is \$260.3 million (after capitalization). This represents a \$16.4 million or 6.7% increase from last fiscal year’s budget of \$243.9 million. Approximately \$7.2 million of this increase can be attributed to planned activities to address

Sanitary Sewer Overflows (SSOs). The following Table I summarizes historical and projected O&M expenses.

**Table I – O&M History and Projections**

	2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 Projected
O&M Before Capitalization	\$ 234,478,695	\$ 227,952,429	\$223,616,376	\$268,490,334	\$276,523,966
Capitalization	(\$32,822,158)	(\$32,036,485)	(\$30,362,080)	(\$33,413,937)	(\$32,775,409)
Intercenter Transfers*				(\$1,159,517)	(\$1,496,905)
O&M After Capitalization	\$ 201,656,537	\$195,915,944	\$193,254,296	\$233,916,880	\$242,251,652

\* SAWS work performed on behalf of DSP, costs represent labor transfer

	2014 Forecast	2015 Forecast	2016 Forecast	2017 Forecast	2018 Forecast
O&M Before Capitalization	\$292,742,376	\$298,630,254	\$307,409,362	\$311,761,282	\$316,651,143
Capitalization	(\$32,429,266)	(\$32,628,897)	(\$32,628,897)	(\$32,628,897)	(\$32,628,897)
O&M After Capitalization	\$260,313,110	\$266,001,357	\$274,780,465	279,132,385	284,022,246

The growth in projected O&M expenses from 2014 to 2018 averages 2.3% annually; while the average growth in revenues is .68%. As such, it is projected that future rate increases, cost reductions, or a combination of these will be necessary to cover the expected growth in operations and maintenance expenses. Following is a brief discussion on some of the key areas of the O&M budget.

Personnel Positions

With respect to personnel positions, Table II summarizes positions at year-end from 2007 to 2012 and the authorized positions, net of turnover for fiscal years 2013 through 2015. The labor costs associated with the District Special Project (formerly Bexar Metropolitan Water District) activities are charged directly to the District Special Project (DSP) or allocated via the SAWS allocation model. As noted in Table II, the total number of budgeted positions decreased by 70 in 2014. Additional decreases in authorized positions are expected to occur in 2015 as efficiencies are realized due to the merger of SAWS and DSP. Effective in 2013, all employees of the DSP were considered SAWS employees.

**Table II – Authorized Positions**

	2007	2008	2009	2010	2011	2012	2013 (a)	2014 (a)	2015 (a)
SAWS	1,608	1,595	1,696	1,647	1,669	1,748			
Bexar Met/DSP	341	324	375	351	303	143			
TOTAL	1,949	1,919	2,071	1,998	1,972	1,891	1,902	1,832	1,792

(a) Budgeted positions, net of turnover.

### Performance Pay

SAWS has budgeted the following for merit pay adjustments in 2014: 2% for Executive Management, 2.5% for Managers and Directors and 3% for all other employees. The average merit pay increase will be approximately 2.9% at a cost of approximately \$2.0 million. This amount represents funding for three-fourths of a year and the full cost will be realized in fiscal year 2015. For comparison purposes, the change in the CPI from September 2012 to September 2013 was 1.2%, as reported by the Bureau of Labor Statistics.

### Health/Pension Benefits

SAWS offers its employees a comprehensive benefits program which includes health, dental, vision, long-term disability, life insurance and pension benefits. In 2011, SAWS announced changes to its medical insurance and retirement plans that cover active employees in order to address escalating employee benefit costs. These changes were to be phased in over eight years. During the SAWS 2012 rate discussion, Staff expressed concern that SAWS was lagging in managing the level of benefits being provided even with the proposed eight year phase-in. During their 2013 budgeting process, SAWS reduced the phase-in for the benefit changes from eight years to four years and implemented additional changes to their health benefit plan designs for employees and retirees. During 2014, SAWS will make additional changes to its healthcare plans including increasing the premiums and Out of Pocket maximums for In-Network and Out-of-Network benefits, requiring co-pays in addition to co-insurance for high cost imaging, increasing co-pays for urgent care visits, and increasing retail prescription drug costs in addition to introducing a tier for specialty prescriptions.

SAWS contributed \$12 million to an external trust in March 2012 to address post-employment, or retirement medical benefits based on funds allocated in the 2012 and prior year budgets. SAWS contributed \$4 million to the trust in FY 2013 and plans to increase the contribution to \$6 million in 2014. The current Annual Required Contribution (ARC) is approximately \$21.9 million and SAWS currently has \$11.1 million in rate support to contribute towards the ARC. The remaining balance of \$10.8 million would be equivalent to a 2.3% increase in rates to generate revenue to fully fund this requirement.

While SAWS continues to make progress in the area of health and pension benefits, Staff recommends that SAWS continue to comprehensively evaluate its pension and health benefits. In addition, SAWS should continue to work with the City to collaboratively develop strategies to minimize or prevent increases in its pension and benefits plans and associated cost.

## Capital Improvement Plan

Capital requirements are a significant driver in the development of rates as funding is derived from the issuance of additional debt and equity contributions, both of which impact cash flows on an annual basis. Equity contributions include both cash funding from the Repair and Replacement Account and impact fees. Staff's review of the capital plan focused on the first 5 years (FY 2014 through FY 2018). Individual meetings with SAWS department heads and staff of each of the core business areas were conducted in order to obtain a greater understanding of the proposed capital plan, its development, as well as the prioritization of proposed projects.

All non-corporate SAWS capital projects are analyzed through an extensive prioritization process. These projects are reviewed by a CIP review team which consists of managers and directors from the submitting departments. The SAWS evaluation methodology is known as FMEA, which stands for Failure Modes and Effects Analysis. This evaluation methodology consists of reviewing the probability, impact, and cost of mitigation to ascertain the risk associated with each capital project. The team also examines whether a project can be executed efficiently and how the project can be funded, using impact fees, cash, bonds and low cost loans. The review team selects a final list of projects to be sent to the SAWS Executive Management Team (EMT) for consideration. The EMT then reviews and prioritizes all known requirements for the budget year to ensure the highest priority requirements are addressed in a timely and fiscally responsible manner. Corporate projects (i.e., Information Technology equipment replacement, Customer Information Systems) are not scored but are reviewed by the EMT for funding consideration.

SAWS' five year \$1.4 billion capital plan includes \$253 million for water resource development (includes recycled), \$800 million for wastewater projects and \$374 million for water delivery projects. Table III below summarizes the five year plan. The proposed rates will provide sufficient funding for the 2014 capital plan which consists of \$391.2 million of capital improvement projects comprised of the following:

- ⇒ \$140.1 million in Wastewater projects with 60.93% consisting of replacement related projects, 38.5% consisting of growth related projects, and .57% of other projects;
- ⇒ \$87.6 million in Water Delivery projects with 71.7% consisting of replacement related projects, 27.51% consisting of growth related projects and .79% of other projects;
- ⇒ \$160.7 million in Water Supply & Recycled Water projects which consists of \$143.6 million for Phase 1 of the Integration Pipeline project and includes funding for the purchase of additional Edwards Aquifer Groundwater Rights;
- ⇒ \$2.8 million in Chilled Water and Steam projects which includes chiller replacements and meter upgrades

**Table III – 5-Year Capital Improvement Program**

	2014	2015	2016	2017	2018	Total
<b>Wastewater</b>	\$ 140,117,472	\$ 164,353,446	\$ 182,976,050	\$ 138,053,144	\$ 174,530,113	\$ 800,030,225
<b>Water Delivery</b>	\$ 87,554,343	\$ 51,913,803	\$ 58,095,638	\$ 101,989,454	\$ 74,449,761	\$ 374,002,999
<b>Water Resources</b>	\$ 160,690,984	\$ 30,279,790	\$ 18,289,554	\$ 40,022,127	\$ 4,135,976	\$ 253,418,431
<b>Chilled Water &amp; Steam</b>	\$ 2,837,500	\$ 2,055,750	\$ 752,500	\$ 7,325,000	\$ 1,311,413	\$ 14,282,163
<b>Total</b>	<b>\$ 391,200,299</b>	<b>\$ 248,602,789</b>	<b>\$ 260,113,742</b>	<b>\$ 287,389,725</b>	<b>\$ 254,427,263</b>	<b>\$ 1,441,733,818</b>

Attachment A provides a 5-Year Summary and a 2014 CIP Detail relating to the SAWS capital improvements program.

With respect to the percentage of capital projects committed and/or spent, a review of the results of the prior five years and YTD 2013 indicate that system-wide actual expenditures on CIP projects are equal to 65% of the total revised CIP budget dollars. SAWS has committed 82% of the total revised CIP budget dollars and expects to commit the remaining 18% within the next six months. As has been the case in the past, CIP spending in the Water Supply Business is much lower than the other business units. The unique operating characteristics of this business unit make attaining a high actual expenditure to budget ratio difficult to achieve. Water supply projects take several years to complete and these projects may face legal and regulatory hurdles.

SSO Initiative

As reflected in Table IV, SAWS is projected to spend \$37.9 million (after capitalization) in FY 2014 for operation and maintenance expenses that relate to its SSO initiative. The bulk of these expenditures consist of line cleaning (\$10.2 million), line televising (\$8.7 million), and sewer point repairs (\$7.5 million).

**Table IV – SSO O&M Budget (after capitalization)**

<b>Sewer Management Program - O&amp;M</b>	<b>2013 Budget</b>	<b>2014 Budget</b>	<b>2015 Budget</b>
Program Management	\$4,638,526	\$5,630,797	\$5,743,413
Line Cleaning	\$10,175,335	\$10,166,939	\$10,370,278
GIS Inventory	\$664,117	\$0	\$0
Flow Metering	\$1,204,785	\$1,429,441	\$1,458,030
Wastewater Modeling	\$296,700	\$488,250	\$498,015
Smart Covers/SSORP/Liftstations/FOG	\$3,628,921	\$3,249,231	\$3,314,215
CCTV	\$2,694,410	\$8,734,074	\$8,908,755
Manhole/Force Main Inspections	\$308,784	\$512,920	\$523,178
Pole Camera Inspection	\$159,147	\$197,954	\$201,913
Sewer Point Repair	\$6,947,289	\$7,484,908	\$8,624,606
<b>Totals</b>	<b>\$30,718,013</b>	<b>\$37,894,514</b>	<b>\$39,642,404</b>

SAWS maintains a 5,200 mile collection system that consists of 350 miles of large diameter pipe (  $\geq 24$  inch) and 4,850 miles of small diameter pipe. According to SAWS personnel, the most common cause of SSOs for San Antonio is grease and debris accumulation within the collection system which now accounts for approximately 75% of all SSOs. The remaining 25% of SSOs are caused by collection system structural defects, capacity constraints or other issues

Approximately 80% of SAWS SSOs occur on small diameter ( $< 24$ " ) mains. SAWS' Sewer Management Program to address SSOs includes increasing the amount of small pipeline cleaning from an estimated 1,100 miles in FY 2012 to 1,500 miles in FY 2013. This volume is expected to remain at 1,500 miles in FY 2014 and FY 2015. SAWS also increased the amount of large pipeline cleaning from an estimated 27 miles in FY 2012 to 38 miles in FY 2013. SAWS expects to clean 34 miles of large diameter pipe in FY 2014 and FY 2015.

During 2013, SAWS provided Council with written quarterly report updates regarding the expenditures and results relating to its SSO Management Program. Additional details regarding the status of the SSO program can be found in the quarterly reports.

#### Economic/Rate Model

SAWS uses a comprehensive Cash Flow Model ("Model") to develop financial forecasts of revenues, operations and maintenance expense, capital expenditures, capital financing including cash and debt financing, and rate requirements. The Model incorporates 20-year financial forecasts and requirements by each core business unit – Water Delivery, Wastewater, Water Supply, and Chilled Water and Steam.

The structure of the Model, which includes the calculation of the flow of funds and rate adjustment requirements, is based on the enabling ordinance of SAWS. In addition to structure under the ordinance, SAWS leadership team has developed key financial targets and policies that are designed to assist SAWS in maintaining a strong financial position, attaining its long-term financial goals, meeting the capital and maintenance requirements of four core business units, and maintaining a strong credit rating. Credit ratings are an important factor due to the level of projected capital funding required and the impact on the overall cost of borrowing.

The financial targets include such items as: Debt Service, Debt Service Coverage, Days Cash on Hand, Debt per customer, etc. Attachment B includes graphs for selected key financial measures. Financial targets were evaluated in terms of SAWS' cash flow and system requirements. In reviewing the sufficiency of SAWS' key financial targets, Staff reviewed several documents/items including the most recent rating agency reports for SAWS senior lien and junior lien debt, respectively, and the "2013 Water and Sewer Medians", a report by Fitch Ratings in December 2012. This report compares the recent financial performance of Water and Sewer Utilities among various categories utilizing different financial ratios.

The analysis indicates that the current rate request will maintain or slightly improve key SAWS financial measures during the next several years. With the large capital program SAWS has planned over the next several years, strong financial measures will be essential to ensure the lowest possible financing costs along with adequate debt capacity. The proposed rate model also plans for all obligations in the flow of funds (outlined in SAWS bond ordinances) to be met as

required. As discussed in the Summary and Recommendations section, it is recommended that further policy discussion occur on topics such as the Drought Management Plan, the Water Management Plan and the SAWS Business Model to ensure that these policies/models comprehensively align. As policy decisions and direction is taken in these areas, it could have significant impact on this model.

#### Rate Structure Review

The 2014 rate request does not include any changes to the existing rate structure. SAWS conducts a formal review of its rate structure approximately every five years and the last review was completed in 2009. SAWS will hire an external consultant to assist with a rate structure review that will occur in 2014. SAWS requested names of individuals from Council members to serve on the Rate Advisory Committee (RAC). The SAWS Board is expected to approve the RAC members within the next two months. The consultant will work with SAWS staff and the RAC to develop recommendations that will be presented to Council.

#### Rate Plan and Customer Bill Impact

The proposed rate adjustments as requested by SAWS will have a combined effect of an overall increase of 5.1% in system wide revenues for Wastewater, Water Delivery and Water Supply Fee rates. If the proposed rate increase is approved, the average residential customer using 7,788 gallons would pay \$52.91 per month, an increase of \$2.58 per month from the existing rate structure. Specific percentage increases for each of the core businesses include the following: 2.5% for Water Delivery, 3.8% for Wastewater, and 13.1% for Water Supply. The increases are requested to become effective January 1, 2014. Please see the proposed residential bill impact and associated multi-year rate plan in Attachment C.

The EAA fee which is assessed to cover the operating expenses of the Edwards Aquifer Authority is projected to decrease by \$.10, from \$2.67 to \$2.57. Subject to the approval by the Edwards Aquifer Authority's Board, this decrease would be effective on January 1, 2014.

#### Affordability Program Update

The proposed rate adjustments would equate to an estimated \$2.58 increase per month resulting in an average residential customer bill of \$52.91. SAWS is proposing to increase the funding for the Affordability Discount Program (ADP) by 15.0% from \$2.2 million to \$2.5 million. The ADP is a discount taken off each monthly bill and it is available for those customers who have income at or below 125% of Federal Poverty guidelines and meet one of the following criteria: are elderly; are disabled; or have children under the age of 18 years.

Qualifying water and sewer customers would recognize a discount ranging from \$5.43 to \$13.63 based on a sliding scale. Also, qualifying customers who have only water or only sewer service with SAWS could recognize a discount ranging from \$3.63 to \$7.11 based on a sliding scale. The program currently has approximately 19,600 customers who receive the ADP. SAWS and the City will continue to work together to increase awareness and participation in the program. Please see Attachment D for a summary of the ADP.



This discount is in addition to the following programs which provide assistance to qualifying customers who need help paying their SAWS bill: Project Agua – Payment Assistance, Senior Citizen Billing Program and Disability Billing program. Project Agua offers an annual one-time assistance with bills. Through August 2013, this program has assisted 1,029 residents. Project Aqua offers a one-time credit of \$115 every 12 months. The Senior Citizen Billing Program grants residential customers 60 years of age and older additional time to pay their bill without incurring penalties. This program has assisted 25,031 through August. The Disability Billing program grants disabled, residential customers receiving Supplemental Security Income (SSI) for a disability an additional ten (10) days to pay their bill without incurring penalties and is on pace to assist approximately 2,400 customers in 2013.

**FISCAL IMPACT:**

The City receives 2.7% of gross revenues from SAWS. If the new rates become effective January 1, 2014, additional revenue of approximately \$478,000 will be generated for the remainder of the City's FY 2013-2014. On an annual basis, City payment would increase by approximately \$638,000 beginning in FY 2014-2015.

The City's utility expenses would also increase for the remainder of the current fiscal year in the amount of approximately \$154,000. On an annual basis, the City's utility expenses will increase by approximately \$205,000 beginning in FY15.

The net impact to the City will be \$324,000 in FY 2013-2014 and \$433,000 in FY 2014-2015.

**CONCLUSION:**

Based on the analysis outlined above, Staff's professional recommendation is for approval of the overall 5.1% system wide increase.

Please contact me if you should have any questions or require additional information.

## **Attachment A**

List of CIP Documents

Document 1: 5-Year Summary

Document 2: 2014 CIP Detail

# Attachment A

## Document 1

### SAN ANTONIO WATER SYSTEM CAPITAL IMPROVEMENTS PROGRAM (CIP) PROJECTIONS

Row Labels	Values					Sum of Total 2014-2018
	Sum of 2014	Sum of 2015	Sum of 2016	Sum of 2017	Sum of 2018	
Water Delivery	87,554,343	51,913,803	58,095,638	101,989,454	74,449,761	374,002,999
Corporate - WD	7,473,981	-	6,871,060	3,233,440	-	17,578,481
Governmental	27,892,911	28,870,000	17,322,000	17,322,000	17,322,000	108,728,911
Mains - New	9,001,106	5,441,071	4,102,542	34,738,463	9,845,825	63,129,007
Main Replacements - Water	12,900,271	8,704,882	10,947,459	6,704,769	10,232,891	49,490,272
Production	30,286,074	8,897,850	18,852,577	39,990,782	37,049,045	135,076,328
Wastewater	140,117,472	164,353,446	182,976,050	138,053,144	174,530,113	800,030,225
Corporate - WW	7,458,135	238,203	6,749,085	3,176,040	-	17,621,463
Governmental	15,138,812	28,357,500	15,880,200	15,880,200	15,880,200	91,136,912
Main Replacements - Sewer	87,085,883	112,305,523	90,624,746	79,375,805	80,099,259	449,491,216
Mains - New	13,883,832	113,430	7,985,472	7,486,380	113,430	29,582,544
Collection Facilities	1,724,136	8,309,315	9,388,602	113,430	13,044,450	32,579,933
Treatment	14,826,674	15,029,475	52,347,945	32,021,289	65,392,774	179,618,157
Water Resources	160,690,984	30,279,790	18,289,554	40,022,127	4,135,976	253,418,431
Edwards	10,981,750	11,046,671	11,046,671	11,046,671	-	44,121,763
Recycled Water	3,661,505	7,944,775	2,763,400	11,882,620	2,763,400	29,015,700
Regional Carrizo	-	-	-	-	-	-
Desalination	-	-	-	15,565,942	1,372,576	16,938,518
Integration	143,628,273	261,720	145,400	-	-	144,035,393
ASR	-	2,179,837	4,334,083	-	-	6,513,920
Local Carrizo	-	-	-	-	-	-
LCRA	-	-	-	-	-	-
Expanded Carrizo	1,500,528	8,846,787	-	1,526,894	-	11,874,209
Regional Water Project	-	-	-	-	-	-
Corporate - WR	918,928	-	-	-	-	918,928
Heating & Cooling	2,837,500	2,055,750	752,500	7,325,000	1,311,413	14,282,163
Heating & Cooling	2,837,500	2,055,750	752,500	7,325,000	1,311,413	14,282,163
Grand Total	391,200,299	248,602,789	260,113,742	287,389,725	254,427,263	1,441,733,818

**Attachment A**  
**Document 2**

Category	Project Title	Phase	Programmed Amount
<b>Heating &amp; Cooling</b>			
<i>Heating &amp; Cooling Infrastructure</i>			
	Commerce St. Chilled Water Radio Control System Improvements	Design	\$205,000
	Meter Upgrades	Construction	\$687,500
	Chiller 6 and 7 Replacements	Construction	\$1,632,500
	Parking Lot Reconfiguration at the Market St. Heating & Cooling Plant	Construction	\$312,500
		<b>Total</b>	<b>\$2,837,500</b>
<b>TOTAL HEATING &amp; COOLING</b>			<b>\$2,837,500</b>

Wastewater	Project Title	Phase	Programmed Amount
<i>Collection Facilities</i>			
	Lift Station Elimination of LS 199 & LS 200	Construction	\$1,701,450
	McAllister Park Odor Control Station Relocation	Design	\$22,686
		<b>Total</b>	<b>\$1,724,136</b>
<i>Corporate</i>			
	ERSS Report Development	Acquisition	\$446,460
	General Legal Expenses - WW	Acquisition	\$353,334
	Service Center Facility Project Plan - WW Share	Construction	\$6,658,341
		<b>Total</b>	<b>\$7,458,135</b>
<i>Governmental Sewer</i>			
	Governmental Sewer Projects	Construction	\$15,138,812
		<b>Total</b>	<b>\$15,138,812</b>
<i>Main Replacement - Sewer</i>			
	Annual Survey Sewer 2014	Design	\$113,430
	C-13 Broadway Corridor Phase 2: Josephine St. to S. Alamo St.	Construction	\$9,641,550
	C-33 Olmos Basin Project Phase 3	Construction	\$13,611,600
	Construction Mgt. Services	Construction	\$794,010
	Data Mgt. for Sewer System Improvements	Acquisition	\$567,150
	Main Replacements - Sewer - SAWS Crews	Construction	\$5,558,070
	San Antonio River Outfall Pipeline Rehabilitation Phase 2	Construction	\$11,796,720
	Sewer Lateral 2014	Construction	\$4,111,838
	Small and Large Diameter Sewer Main Replacements	Construction	\$29,888,805
	Unspecified Services Engineering Contract Sewer	Design	\$4,537,200
	W-6: Western Watershed Sewer Relief Line - Project 3	Construction	\$6,465,510
		<b>Total</b>	<b>\$87,085,883</b>
<i>Mains - New</i>			
	Cibolo Creek Sewershed Flow Diversion Project	Construction	\$8,098,902
	Sewer Main Oversizing 2014	Construction	\$567,150
	W-31 IH-10: Boerne Stage to Old Fredericksburg	Acqu./Design	\$5,217,780
		<b>Total</b>	<b>\$13,883,832</b>
<i>Treatment</i>			
	Dos Rios Non-Potable Water System Upgrades	Construction	\$850,725
	Dos Rios WRC Biosolids Minimization and Dewatering System Improvements	Design	\$2,835,750
	Dos Rios WRC Electrical System Improvements - Phase 1	Design	\$1,247,730
	Leon Creek WRC Rehabilitation and Process Improvements	Construction	\$6,352,080
	Salado Creek Headworks Improvements	Construction	\$3,540,389
		<b>Total</b>	<b>\$14,826,674</b>
<b>TOTAL WASTEWATER</b>			<b>\$140,117,472</b>

Water Delivery	Project Title	Phase	Programmed Amount
<i>Corporate WD</i>			
	ERSS Report Development	Acquisition	\$454,529
	General Legal Expenses - WD	Acquisition	\$240,776
	Service Center Facility Project Plan - WD Share	Construction	\$6,778,676
		<b>Total</b>	<b>\$7,473,981</b>
<i>Governmental Water</i>			
	Government Water Contracts	Construction	\$27,892,911
		<b>Total</b>	<b>\$27,892,911</b>
<i>Main Replacement - Water</i>			
	Annual Survey Water 2014	Design	\$115,480
	Construction Management Services - Water Delivery	Construction	\$346,440
	Meter Replacements	Construction	\$3,996,763

**Attachment A**  
**Document 2**

Category	Project Title	Phase	Programmed Amount
	Open Cut Water Contract	Construction	\$1,732,200
	Replace 12" Water Main on Pleasanton Road at Medina River	Construction	\$288,700
	Unspecified Services Engineering Contract Water	Design	\$1,154,800
	Valves, Services and Meters	Construction	\$5,265,888
	<b>Total</b>		<b>\$12,900,271</b>
<i>Mains - New</i>	Micron 48-inch Water Main Extension to Anderson Tank	Acquisition	\$173,220
	Port San Antonio and Lackland AFB Water Main Improvements	Construction	\$4,362,274
	PortSA 16-inch Water Main	Construction	\$2,156,012
	Water Main Oversizing 2014	Construction	\$2,309,600
<b>Total</b>		<b>\$9,001,106</b>	
<i>Production</i>	Artesia Wells Phase 1	Design Phase 1	\$92,384
	Borgfeld Storage Tank and Pump Station Improvements	Acquisition	\$238,178
	Broadband Access Points & Programmable Logic Controllers Replacement - Phase 1	Construction	\$6,276,338
	Evans Pump Station Improvements	Construction	\$2,771,520
	Southeast Tank and Pump Station Improvements - SAWS Portion	Construction	\$4,480,624
	University Pump Station Improvements	Construction	\$5,312,080
	Water Production Facilities Disinfection System Upgrades Phase 1	Construction	\$10,393,200
	WECO Disinfection System - SAWS Portion	Construction	\$721,750
	<b>Total</b>		<b>\$30,286,074</b>
<b>TOTAL WATER DELIVERY</b>			<b>\$87,554,342</b>
Water Supply	Project Title	Phase	Programmed Amount
<i>Corporate WR</i>	General Legal Expenses - WR	Acquisition	\$918,928
	<b>Total</b>		<b>\$918,928</b>
<i>Edwards Aquifer</i>	Edwards Aquifer Acquisitions Groundwater Rights Purchase	Acquisition	\$10,981,750
<b>Total</b>			<b>\$10,981,750</b>
<i>Recycled Water</i>	36-inch Recycled Water Main Adjustment at Military Dr. and Loop 410	Construction	\$1,519,870
	Brooks Recycled Water Pump Station Upgrade	Construction	\$759,935
	Recycled Water Customer Lines	Construction	\$1,381,700
	<b>Total</b>		<b>\$3,661,505</b>
<i>Water Resources</i>	Expanded Carrizo Design Phase 1	Design Phase 1	\$1,500,528
	Integration: Water Transmission Line and Pump Stations Phase 1	Construction	\$143,628,273
	<b>Total</b>		<b>\$145,128,801</b>
<b>TOTAL WATER SUPPLY</b>			<b>\$160,690,984</b>
DSP	Project Title	Phase	Programmed Amount
<i>Main Replacement - Water</i>	DSP Governmental Water Projects	Construction	\$6,080,224
	Engineering Design Services	Design	\$165,000
	Meter Replacements - DSP	Construction	\$1,320,000
	Open Cut Water Contract	Construction	\$550,000
	Valves, Services, and Meters	Construction	\$825,000
	<b>Total</b>		<b>\$8,940,224</b>
<i>Mains - New</i>	Potranco Road To Groesenbacher Road Water Main Extension	Construction	\$2,200,000
	Water Main Oversizing 2014	Construction	\$550,000
	<b>Total</b>		<b>\$2,750,000</b>
<i>Production</i>	DSP Clayton Tank Replacement	Design	\$412,500
	Replace New World Ground Storage Tank	Construction	\$2,763,200
	Southeast Tank and Pump Station Improvements - DSP portion	Construction	\$4,268,000
	Stone Oak Booster Pump Station and Main	Construction	\$1,980,000
	WECO Disinfection System - DSP Portion	Construction	\$687,500
	<b>Total</b>		<b>\$10,111,200</b>
<b>TOTAL DSP</b>			<b>\$21,801,424</b>
<b>Heating &amp; Cooling</b>			<b>\$2,837,500</b>
<b>Wastewater</b>			<b>\$140,117,472</b>
<b>Water Delivery</b>			<b>\$87,554,342</b>
<b>Water Supply</b>			<b>\$160,690,984</b>
<b>DSP</b>			<b>\$21,801,424</b>
<b>TOTAL</b>			<b>\$413,001,722</b>

## **Attachment B**

Document 1: Total Existing Senior Lien, Junior Lien, and Subordinate Lien Debt Service

Document 2: Total Existing and Proposed Senior Lien, Junior Lien, and Subordinate Lien Debt Service

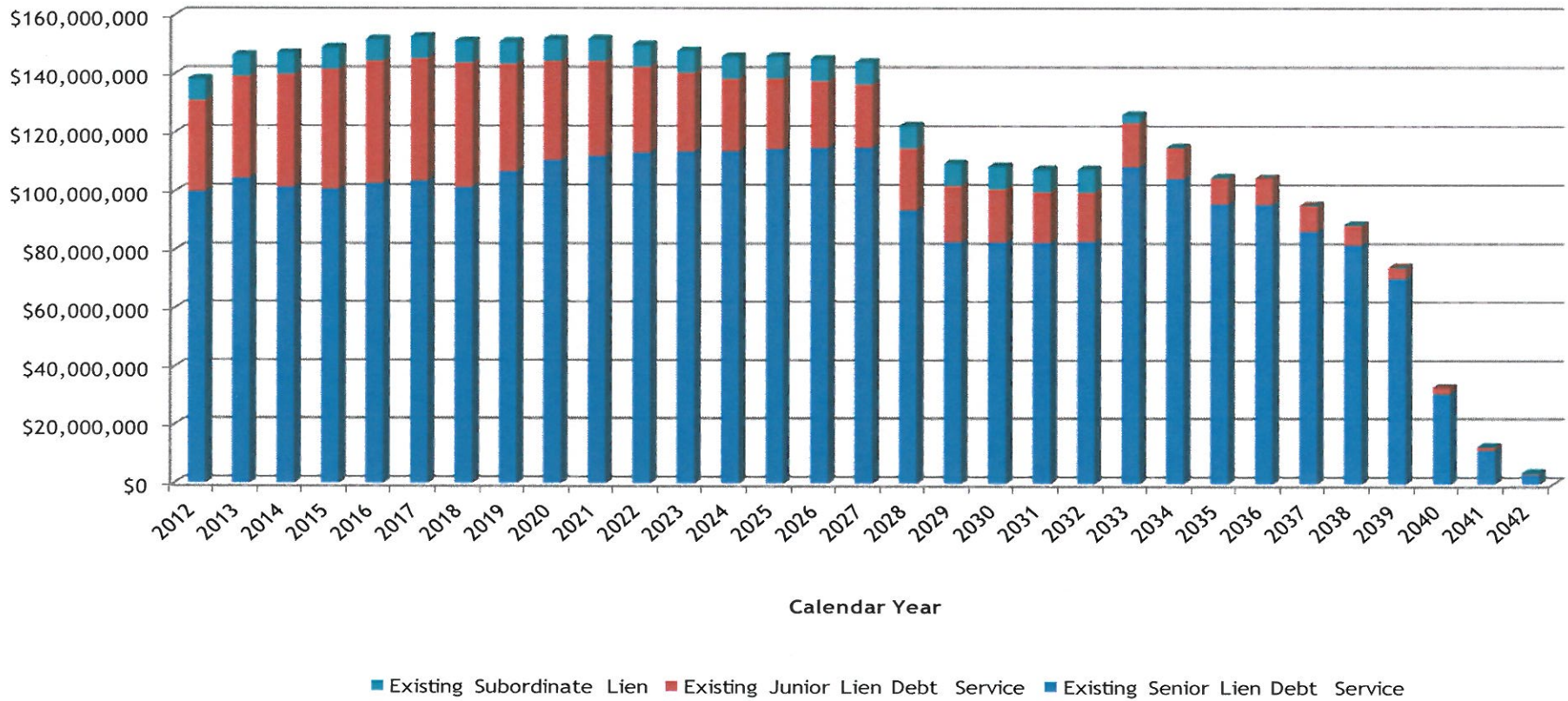
Document 3: Days Cash on Hand

Document 4: Debt Coverage Ratio - Senior

Document 5: Debt Coverage Ratio – All Bonded Debt

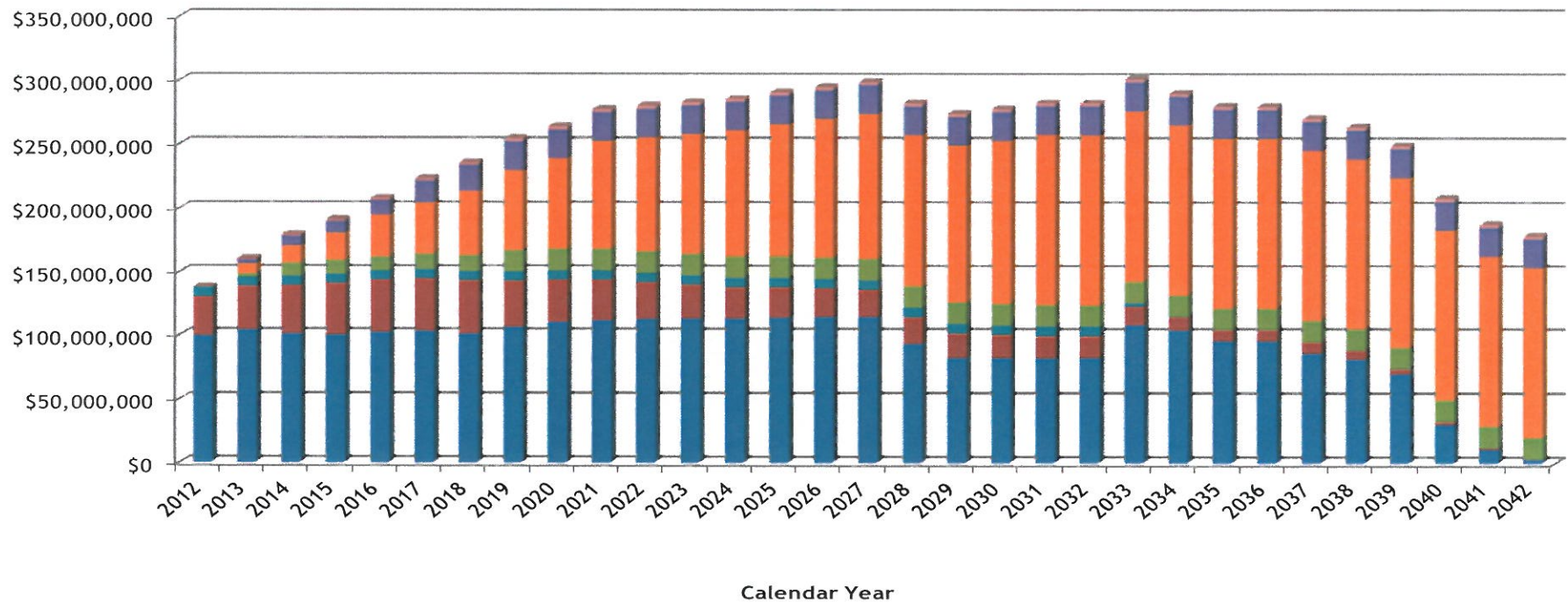
Document 6: Percentage Cash Financing of CIP

## Total Existing Senior Lien, Junior Lien, and Subordinate Lien Debt Service



# SAWS Existing & Proposed Senior Lien, Junior Lien, and Subordinate Lien Debt Service

*Assumes Debt Issues through 2031*

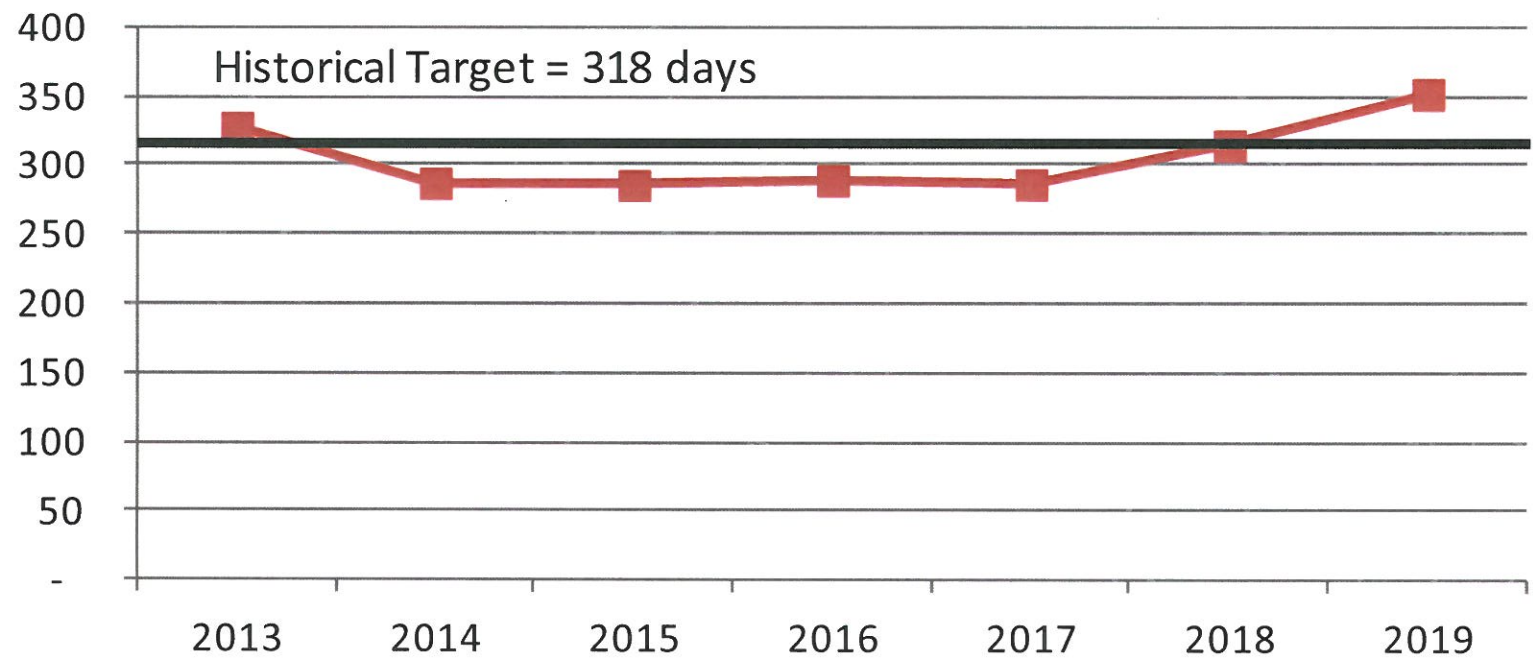


- Existing Senior Lien Debt Service
- Existing Junior Lien Debt Service
- Proposed CW&S Debt Service
- Proposed Water Supply Debt Service
- Proposed Water Delivery Debt Service
- Total Notes Payable CIP Debt Service
- Proposed Wastewater Debt Service
- Existing Subordinate Lien

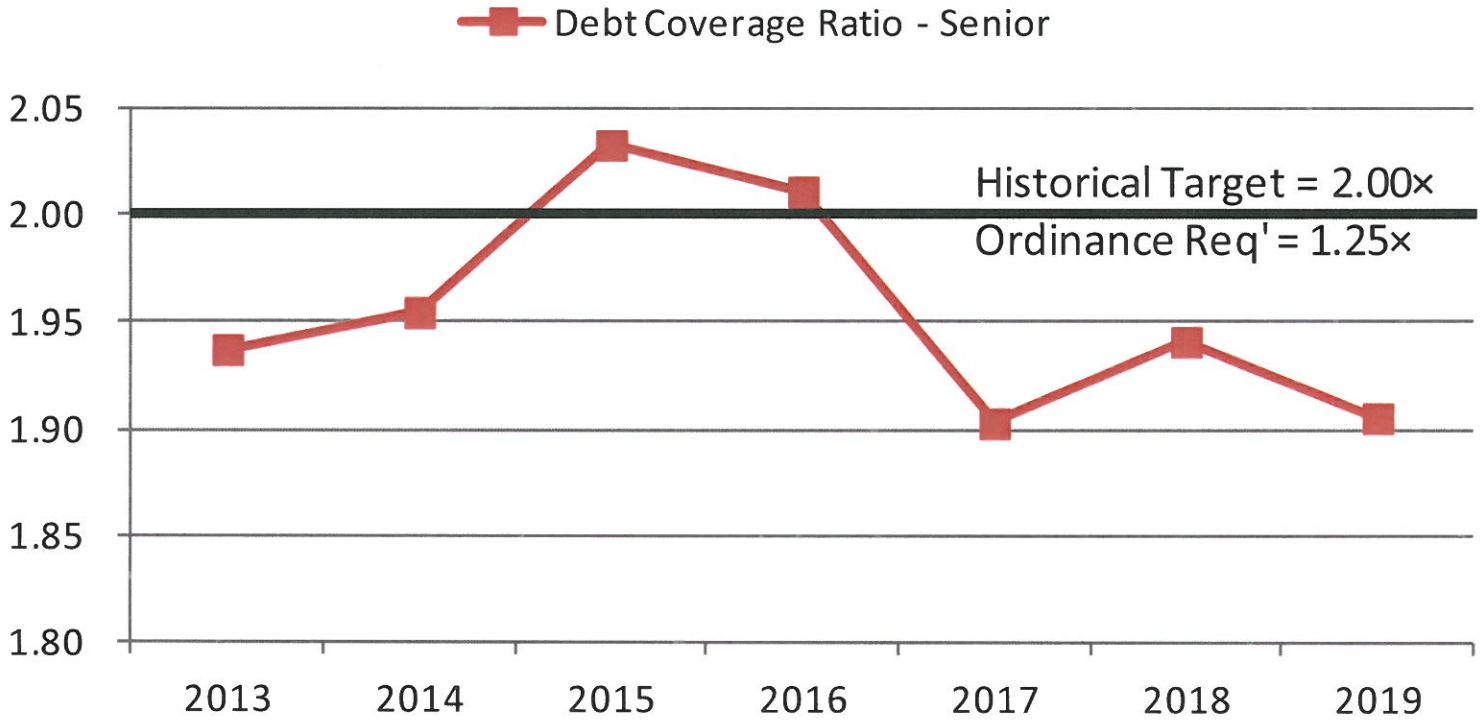


# Days Cash on Hand

—■— Days Cash on Hand

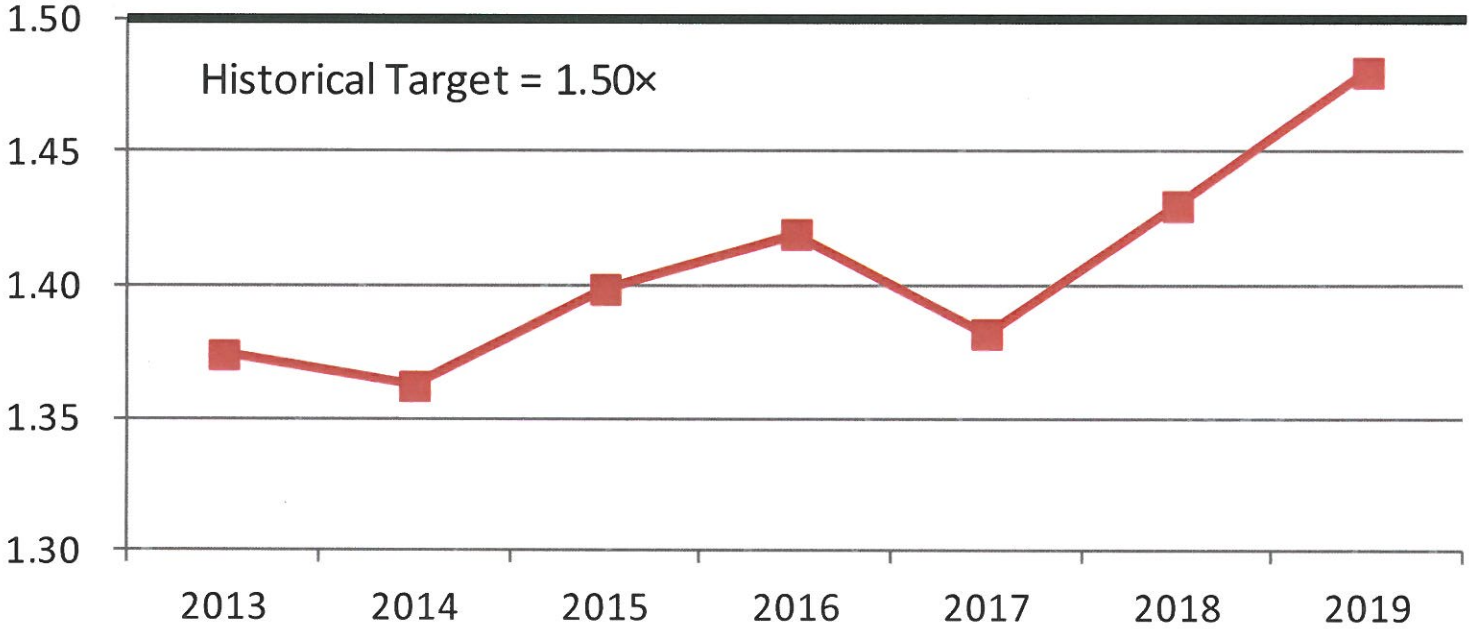


# Financial Ratios (Sources & Uses)



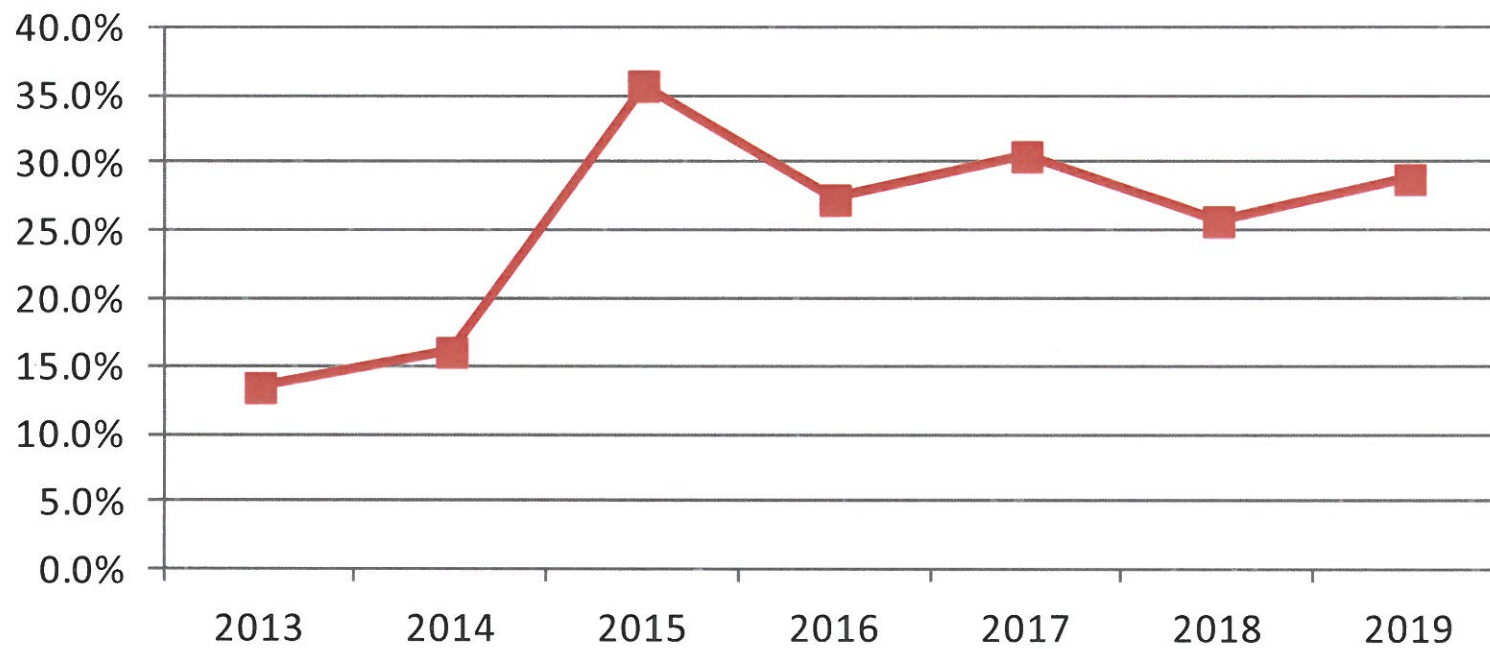
# Financial Ratios (Sources & Uses)

■ Debt Coverage Ratio - All Bonded Debt & TECP



# % Cash Financing of CIP

—■ % Cash Financing of CIP



Attachment C

# Projected Average Monthly Residential Bill

	2013	Proposed		Projected		
		2014	2015	2016	2017	2018
Water Supply	9.29	10.51	11.16	11.63	12.46	12.70
Water Delivery	15.29	15.66	16.09	16.92	17.55	18.53
Wastewater	25.75	26.74	28.46	31.14	31.14	33.53
Total SAWS	\$50.33	\$52.91	\$55.71	\$59.69	\$61.15	\$64.76
Increase \$		<b>\$2.58</b>	<b>\$2.80</b>	\$3.98	\$1.46	\$3.61
Increase %		<b>5.1%</b>	<b>5.3%</b>	7.1%	2.4%	5.9%
EAA Fee	2.67	2.57	2.97	2.97	2.97	2.97
TCEQ Fee	0.22	0.22	0.22	0.22	0.22	0.22
Total with Fees	\$53.22	\$55.70	\$58.90	\$62.88	\$64.34	\$67.98
Increase % with Fees		<b>4.7%</b>	<b>5.7%</b>	6.8%	2.3%	5.6%

Assumes water usage = 7,788 gallons & wastewater usage = 6,178 gallons, ICL, Standard rates

Rate impact of Regional Water Supply Project has been excluded from this analysis.

## Attachment D

### Water and Sewer

	<u>Income at or below 50% Poverty</u>	<u>Income at or below 75% Poverty</u>	<u>Income at or below 100% Poverty</u>	<u>Income at or below 125% Poverty</u>
2013 Discount	\$ 12.97	\$ 9.07	\$ 6.49	\$ 5.17
2014 Increase	\$ 0.66	\$ 0.46	\$ 0.33	\$ 0.26
2014 Discount	<u>\$ 13.63</u>	<u>\$ 9.53</u>	<u>\$ 6.82</u>	<u>\$ 5.43</u>

### Water Only

	<u>Income at or below 50% Poverty</u>	<u>Income at or below 75% Poverty</u>	<u>Income at or below 100% Poverty</u>	<u>Income at or below 125% Poverty</u>
2013 Discount	\$ 6.68	\$ 4.67	\$ 3.61	\$ 3.50
2014 Increase	\$ 0.43	\$ 0.30	\$ 0.23	\$ 0.23
2014 Discount	<u>\$ 7.11</u>	<u>\$ 4.97</u>	<u>\$ 3.84</u>	<u>\$ 3.73</u>

### Sewer Only

	<u>Income at or below 50% Poverty</u>	<u>Income at or below 75% Poverty</u>	<u>Income at or below 100% Poverty</u>	<u>Income at or below 125% Poverty</u>
2013 Discount	\$ 6.29	\$ 4.40	\$ 3.61	\$ 3.50
2014 Increase	\$ 0.24	\$ 0.17	\$ 0.14	\$ 0.13
2014 Discount	<u>\$ 6.53</u>	<u>\$ 4.57</u>	<u>\$ 3.75</u>	<u>\$ 3.63</u>