

2018 & 2019 Rate Adjustments

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President/Chief Executive Officer

San Antonio City Council

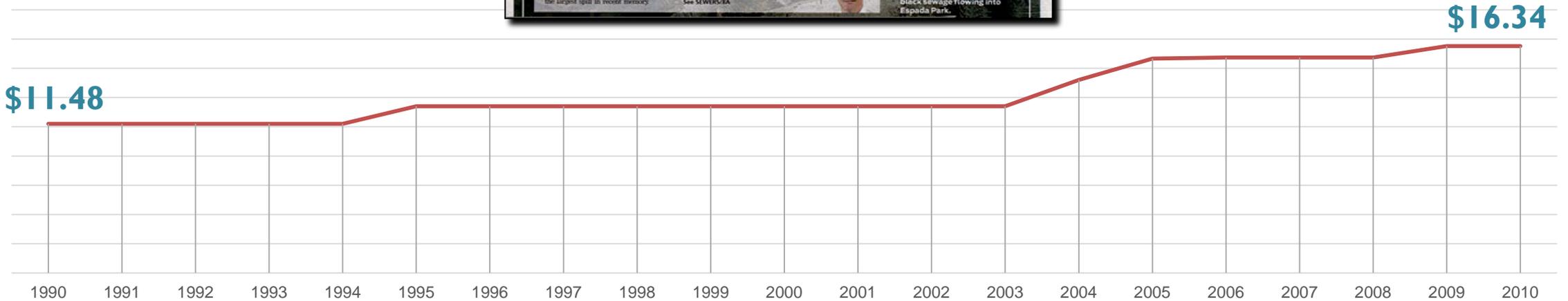
December 7, 2017



MAKING SAN ANTONIO
WATERFUL 

Wastewater Rate Changes

1990 – 2010



* average bill assumes 5,668 gallons

2018 & 2019 Rate Adjustments

EPA Consent Decree



- Federally enforceable court order issued in 2013 to take actions necessary to reduce sanitary sewer overflows (SSO's)
- Remedial measures plan to be submitted in January 2019
- Will require multi year investments totaling \$1.1 - \$1.5 billion

Wastewater Investments: 2011 to Present

Total Capital Investments of ~ \$1 Billion

- 2011 - Olmos Basin - \$18 M
- 2012 - Western Watershed 410 to SW Military- \$33 M
- 2013 - Central Watershed Broadway Corridor - \$34 M
- 2013 - San Antonio River Outfall - \$28 M
- 2015 - Castroville/Zarzamora/S Laredo - \$27 M
- 2015 - Cibolo Creek Sewershed Flow Diversion - \$9 M
- 2016 - IH10 Boerne Stage to Old Fredericksburg - \$16 M
- 2016 - Donaldson Terrace - \$9 M
- 2016 - Basin Planning - \$30 M
- 2017 - Seguin Rd to Nacogdoches Rd - \$50 M
- 2011 - 2017 Treatment Plant Improvements - \$106 M
- 2011 - 2017 Other Main Replacements & Governmental - \$421 M



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Wastewater – Assist Southside Development

Redirect growth from the Edward's Recharge Zone

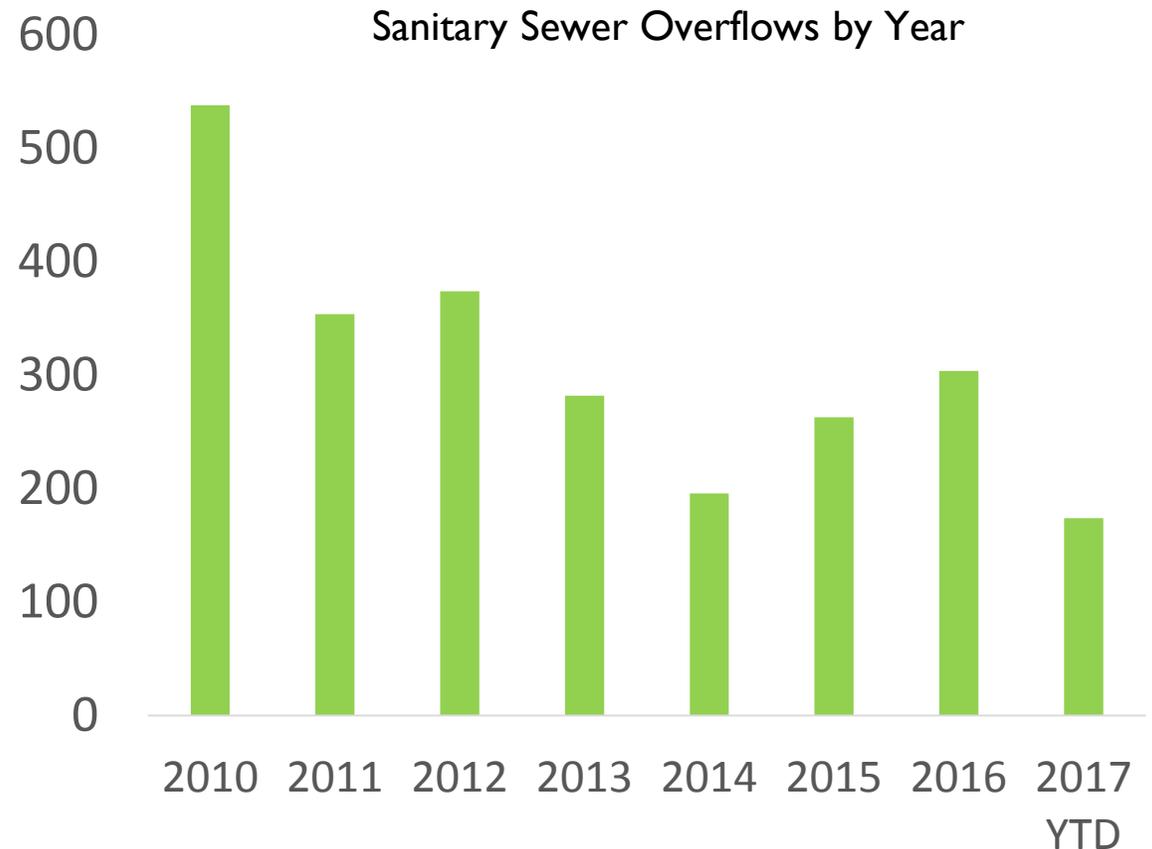
- Southwest Bexar Sewer Pipeline - \$61 M
 - Public/Private Partnership between SAWS and area Developers
 - 32 mile long, large pipeline up to 96-inch in diameter



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Wastewater – Operational Improvements

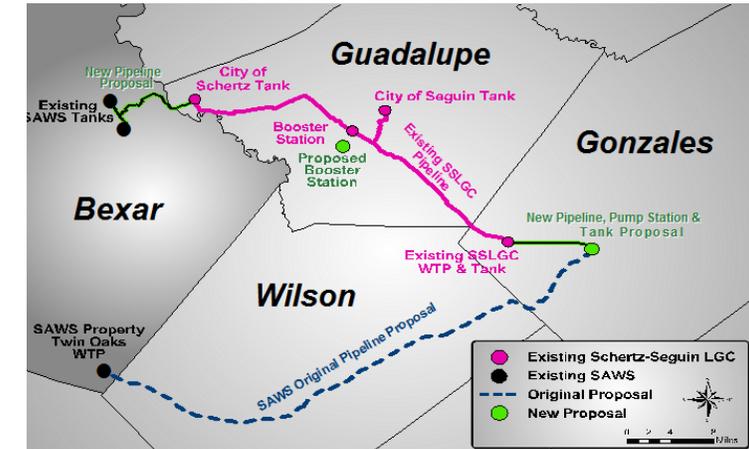
- Increased Sewer Cleaning
- Televising Collection System
- Man-hole and Force Main Physical Inspection
- Flow Meters
- Smart Covers



Water Supply – New Sources Online

Since 2011 Developed 2 New Major Sources of Supply

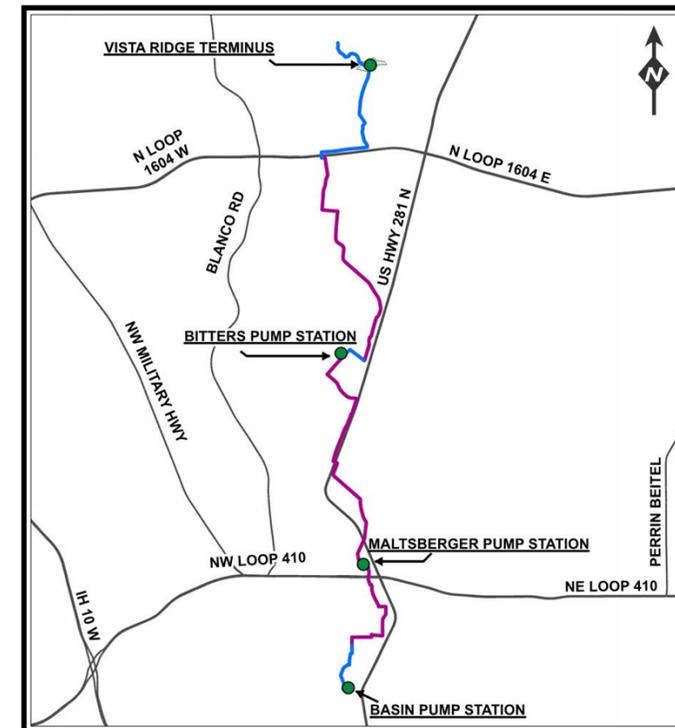
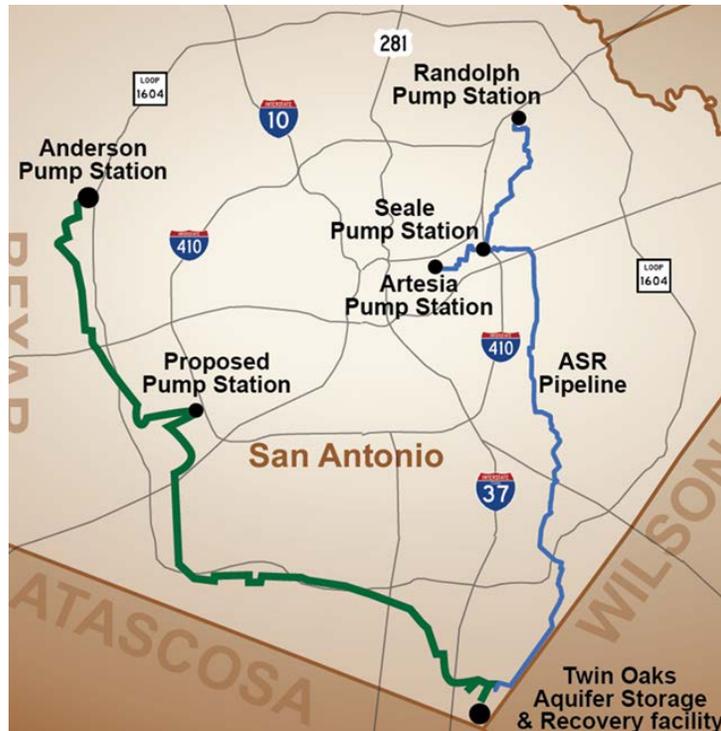
- Regional Carrizo Project - \$85 M
 - Partnered With SSLGC to Save \$90 M
- Brackish Desalination Facility - \$155 M
 - Utilized TWDB Low Interest Rate Funding



Water Supply – Integration Improvements

Enhance Utilization of Supplies and Provide Operational Flexibility

- Western Integration Pipeline
 - Phase I Completed - \$140 M
- Central Water Integration Pipeline
 - Funding to date \$141 M



Water Supply – Focus on Saving

Conservation and Storage Play a Pivotal Role in Securing San Antonio's Water Supply Future

- National Leader in Conservation
 - 1982 GPCD of 225 reduced to 117 in 2016
 - Plan to further reduce to 88 GPCD by 2070
- EARIP in 2012
 - Resolved Edwards Aquifer conflict
 - Aquifer Storage and Recover key component of region's solution



Water Investments: 2011 to Present

Total Capital Investments of ~ \$560 Million

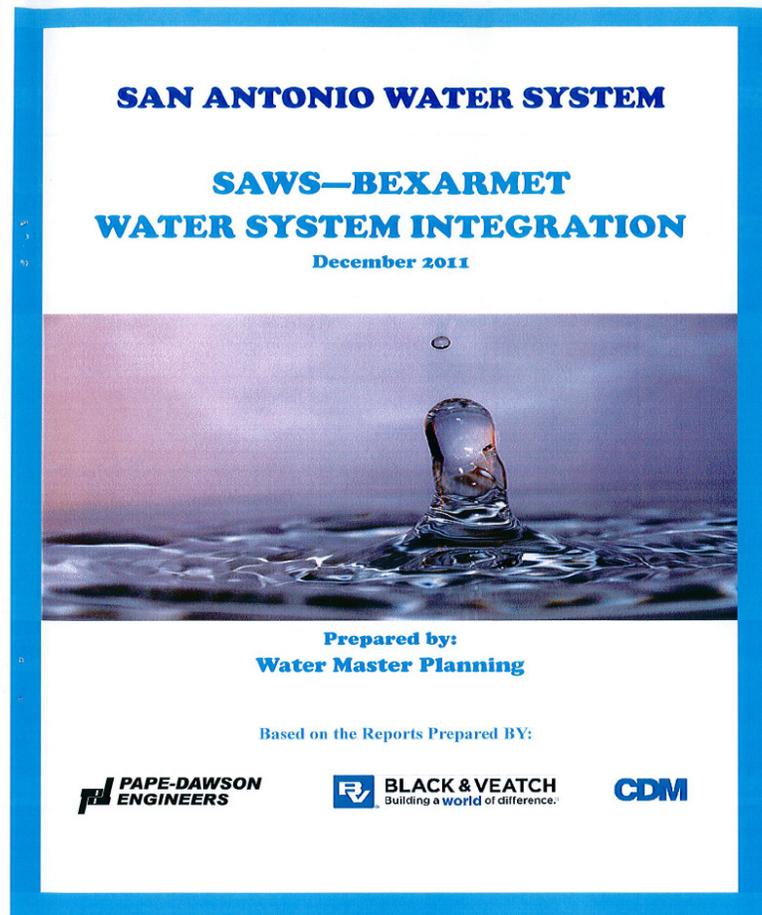
- 2011 - Anderson Tank and Pump Station - \$11 M
- 2012 - Cibolo Tank and Main - \$7 M
- 2013 - Nacogdoches Pump Station - \$26 M
- 2013 - Basin Pump Station Electrical - \$7 M
- 2014 - Disinfection System Upgrades - \$15 M
- 2014 - University Pump Station - \$8 M
- 2015 - JBSA Water Main - \$7 M
- 2016 - Southeast Tank and Pump Station - \$15 M
- 2016 - 34th Street Pump Station - \$17 M
- 2017 - Zarzamora Pump Station - \$14 M
- 2011- 2017 Other Main Replacements & Governmental - \$280 M



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Integration of BexarMet / District Special Project

Seamless Integration of more than 100,000 Customer Connections



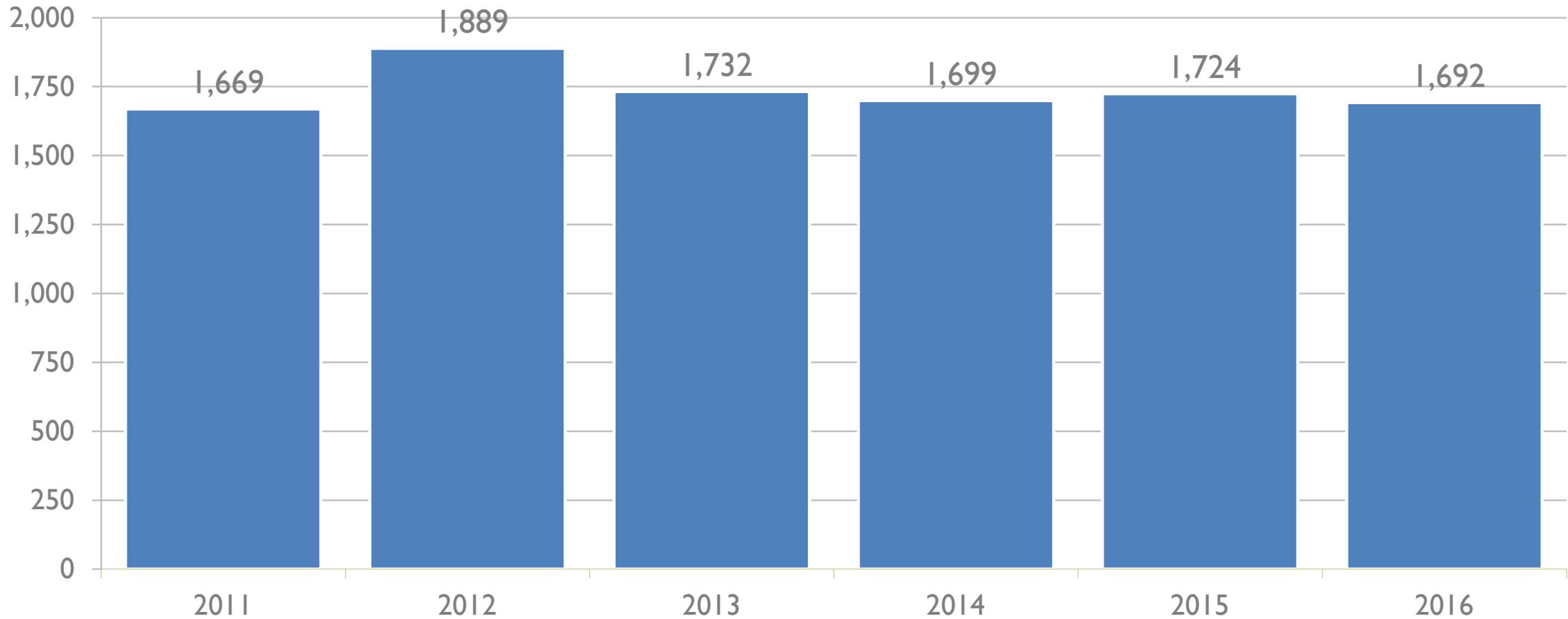
- Resolved water supply shortages & improved operations w/ millions saved
- Invested \$83 M infrastructure improvements
- Avoided \$92 M in BexarMet's planned capital costs
- Bond refinancing generated savings of \$17 M

Somerset Pump Station



Integration of DSP Employees

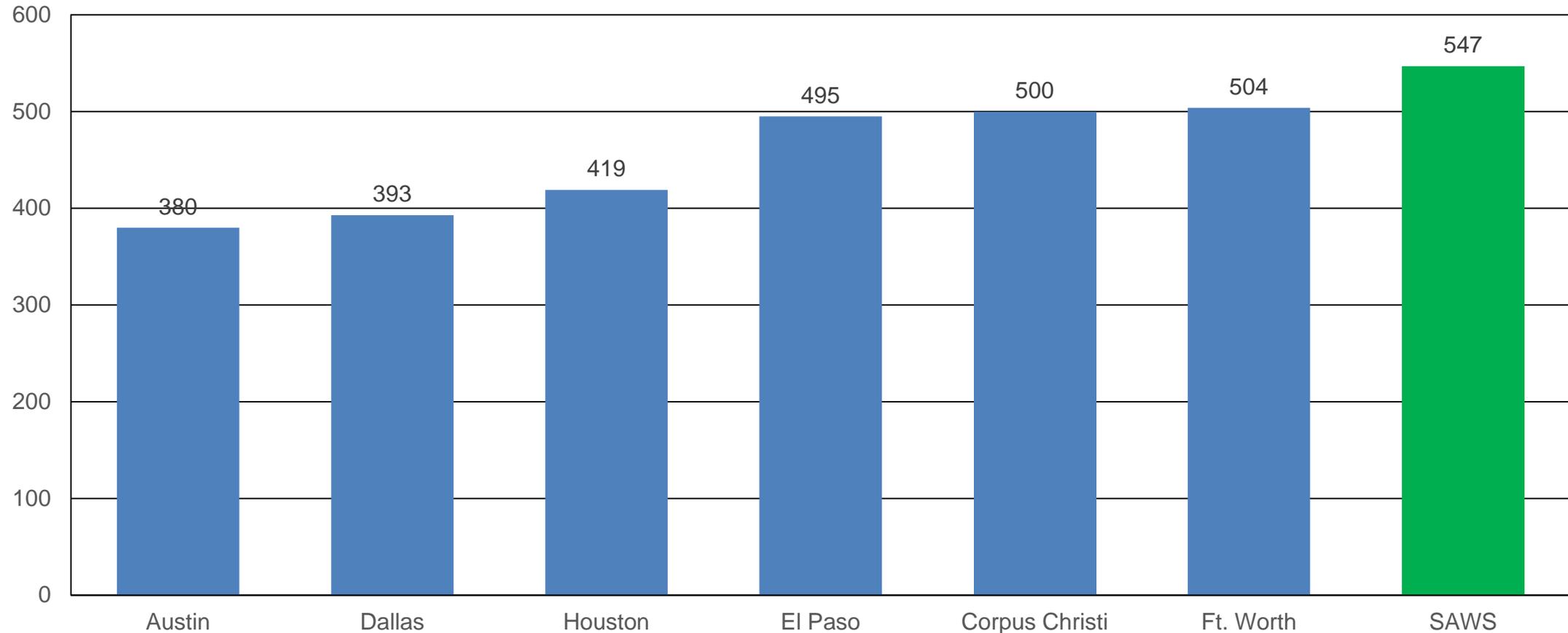
Number of Employees



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Highest Customer to Employee Ratio in Texas



SAWS Pension Plans

Improved Retirement Plan funding while reducing assumed returns

	2011	2017
Net Pension Liability	\$72,999,000	\$73,369,000
Funded Ratio	73.8%	82.7%
Assumed Investment Return	7.25%	6.63%

SAWS Post Retirement Medical Plan (OPEB)

Increased security of benefit through prefunding and liability reduced

	2011	2017*
Unfunded Actuarial Accrued Liability	\$242,388,000	\$100,932,000
Funded Ratio	0.0%	38.0%
Assumed Investment Return	N/A	6.50%

*9/30/17

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Strongest Credit Ratings in SAWS History

Since 2013 SAWS' Credit Ratings Have Been Among Some of the Highest in the Industry

	Senior Lien	Junior Lien	Outlook
Fitch Ratings	AA+	AA	Stable
Moody's Investors Service, Inc.	Aa1	Aa2	Stable
Standard & Poor's Ratings Service	AA+	AA	Stable

“The upgrade primarily reflects our assessment of strong management and planning, coupled with the trend of favorable debt service coverage and system liquidity.”*

Strong Credit Rating Contributed to Millions in Savings

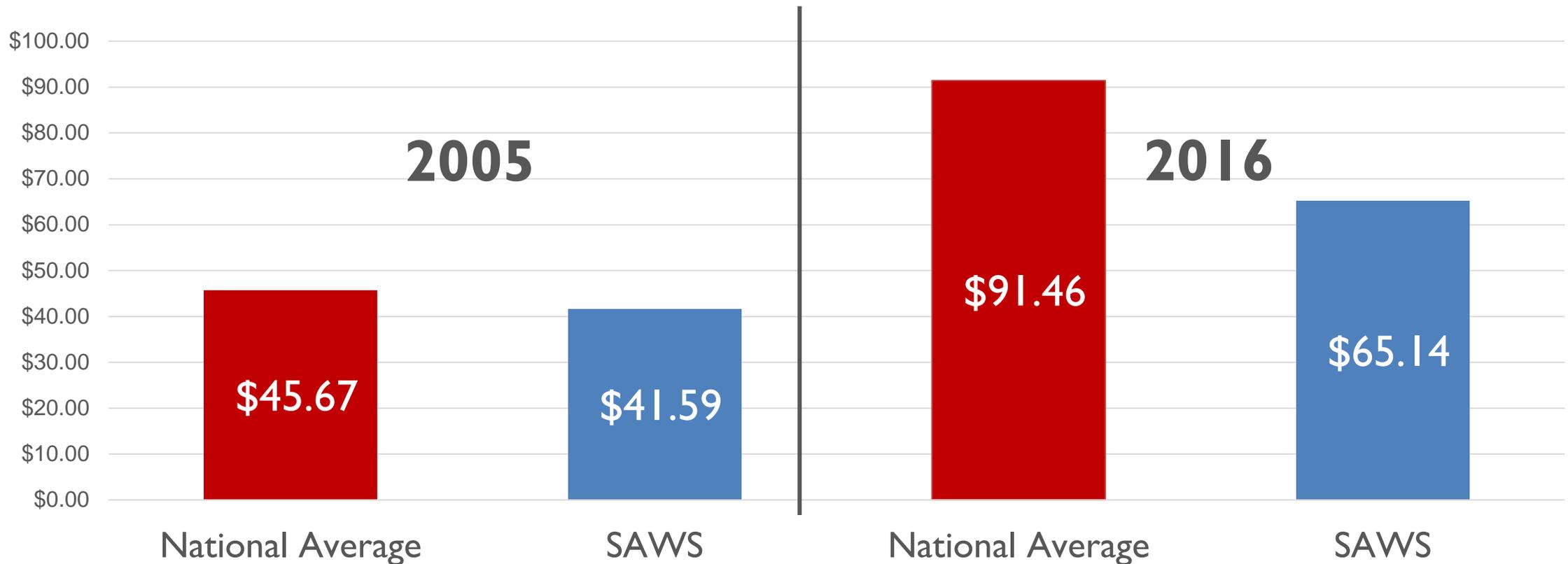
Since 2011 SAWS has Realized More than \$300 M of Future Savings

Bond Issue	Total Savings	Net Present Value
2011	\$5,800,000	\$4,300,000
2011 A	\$15,700,000	\$10,500,000
2012	\$71,000,000	\$56,400,000
2012 Jr. Lien	\$3,400,000	\$3,000,000
2013 B	\$15,700,000	\$12,400,000
2014 A	\$12,300,000	\$6,100,000
2015 B	\$81,800,000	\$46,900,000
2016 A & B	\$44,400,000	\$32,500,000
2016 C	\$45,300,000	\$33,200,000
2017 A	<u>\$9,900,000</u>	<u>\$7,500,000</u>
TOTAL	\$305,300,000	\$212,800,000

2018 & 2019 Rate Adjustments

Rate Survey – SAWS’ Bill Compared to National Average

SAWS Bill 9% Less than National Average in 2005 and 29% Less in 2016



Data from Black & Veatch 50 Largest Cities Water & Wastewater Rate Surveys for 2005 and 2016.

Data Reflects rates as of August 31, 2005 and July 1, 2016 for 7,500 gallons of water and sewer usage.

2018 & 2019 Rate Adjustments



2018 & 2019 Proposed Rate Adjustments

Rate Category	Proposed Change	
	2018	2019
Water Supply	0.9%	0.8%
Water Delivery	3.2%	0.2%
Wastewater	1.7%	3.7%
Total	5.8%	4.7%

RATE DRIVERS

2018

- **Capital Program**

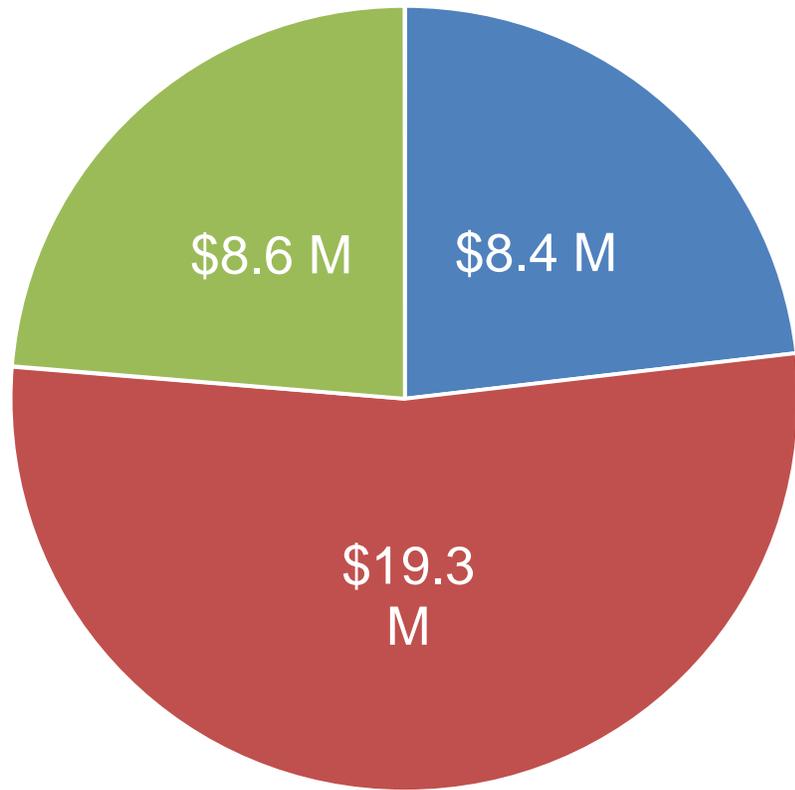
2019

- **Capital Program**
- Automated Meter Infrastructure
- Vista Ridge Operating Reserve

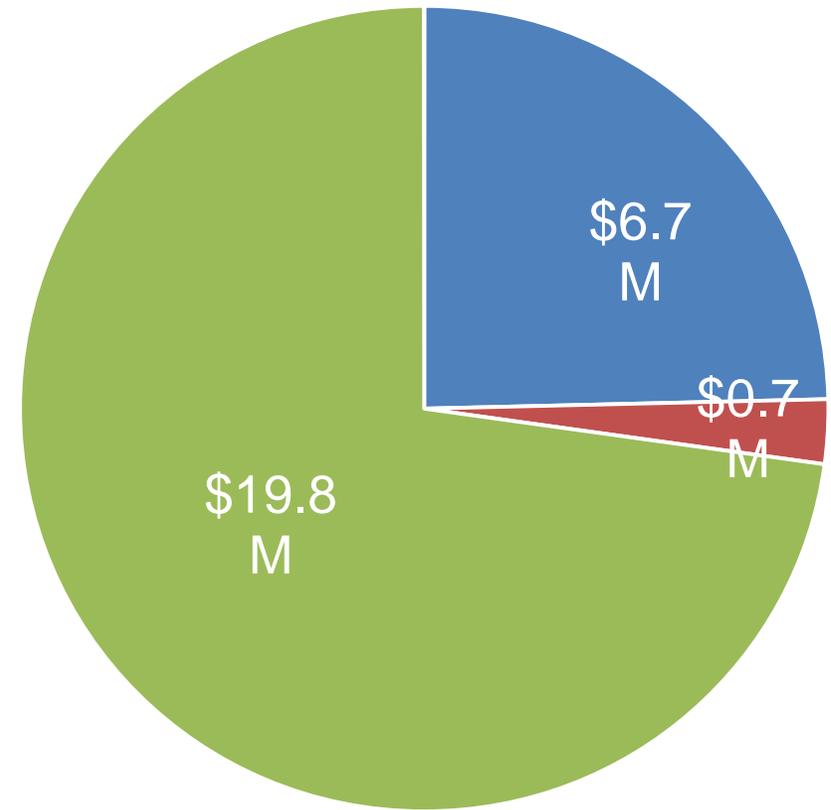
Average residential bill assuming 7,092 gals water/ 5,668 gals sewer usage before EAA and TCEQ pass-through. Excludes COSA Stormwater.

Revenue Provided from Adjustments

2018 - \$36.3 Million



2019 - \$27.2 Million



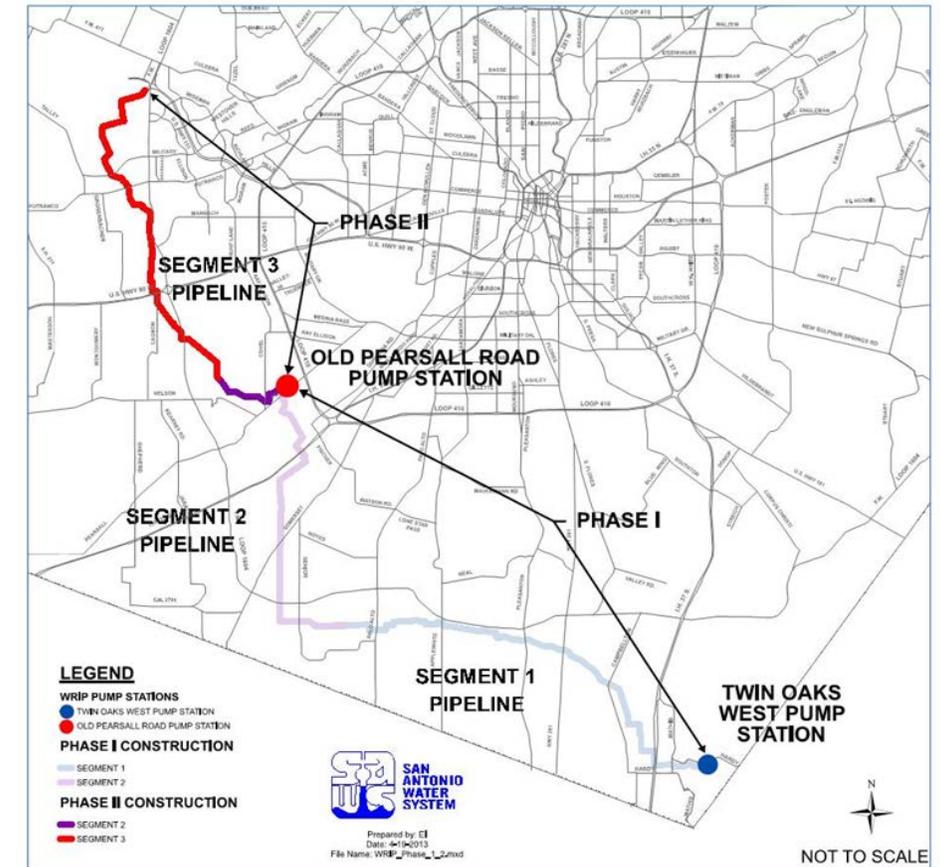
Water Supply

Water Delivery

Wastewater

2018 & 2019 Water Supply Investments

- Total investments of \$109 M
 - Western Integration Pipeline – Phase II
 - \$95.3 Million
 - Pump Station Improvements in 2018
 - Segment 3 Pipeline Construction in 2019
 - Key component of drought management planning



2018 & 2019 Water Delivery Investments

Total Capital Investment of \$301 M

- Production System Upgrades and Rehabilitation – \$132 M
 - Wurzbach Pump Station Rehab
 - Basin Pump Station Rehab
 - Turtle Creek No. 3 Well Field, Pumps and Ground Storage Tank
- Water Main Replacements – \$119 M
- Automated Meter Infrastructure - \$19 M



2018 & 2019 Wastewater Investments

Total Capital Investment of \$400 M

- Wastewater Main Replacements – \$320 M
 - Seguin Road to Nacogdoches
 - Wurzbach Parkway: Jones Maltsberger to Nacogdoches
 - Martinez Creek: Perez St. to W. Huisache Ave.
 - Western Watershed Emergency Sewer Relief
 - Huebner Creek: Eckhert to Bandera
- Treatment Upgrades and Improvements – \$44 M
 - Dos Rios Electrical System Improvements



Affordability Customer Support

Affordability Discount
Monthly assistance

Meter Trip Fee/Service Fee Reduction
Applies to discount participants

Leak Adjustments
Bill adjustments by type of leak

Courtesy Notice
24-hour notice prior of interruption of service due to nonpayment for medical necessity

Senior Citizen Billing
Waive late fees for 60 years and older



Home Conservation Makeover
Provide water efficient fixtures

Plumbers to People
Home leak repairs

Project Agua
Payment assistance

Sewer Laterals Reimbursement
Provides reimbursement of plumbing charges related to televising and clearing blockage beyond customer property line

Payment Arrangements
Reduces amount on past due accounts

Domestic Violence Waiver
Waiving deposits to new accounts for victims of domestic violence

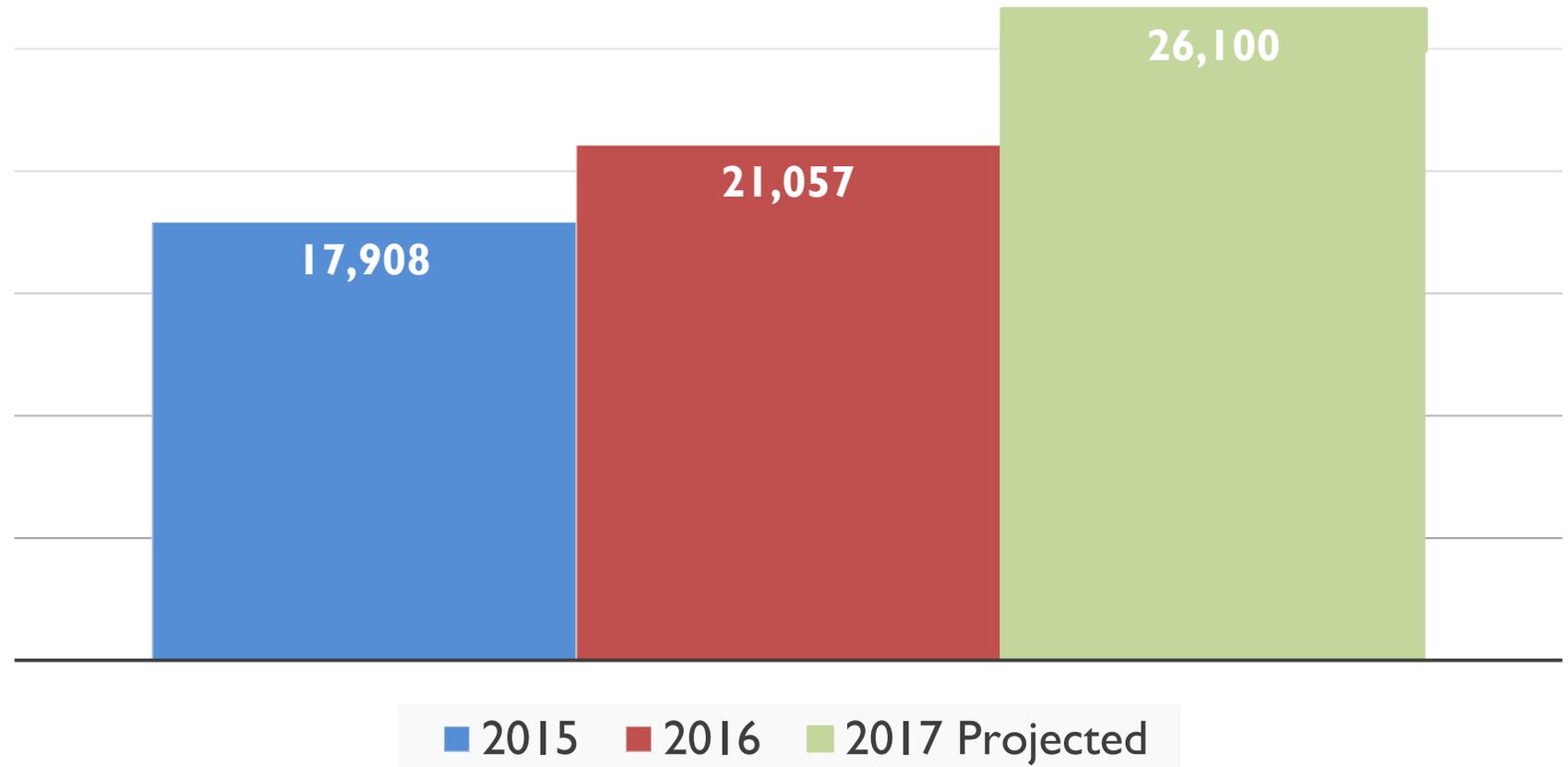
Disability Billing
Additional 10 days to pay

Laterals to People
Plumbing assistance inside the property line



Enrollment Comparison: 2015 – 2017

Affordability Discount Program – Monthly Discount



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Program Efforts

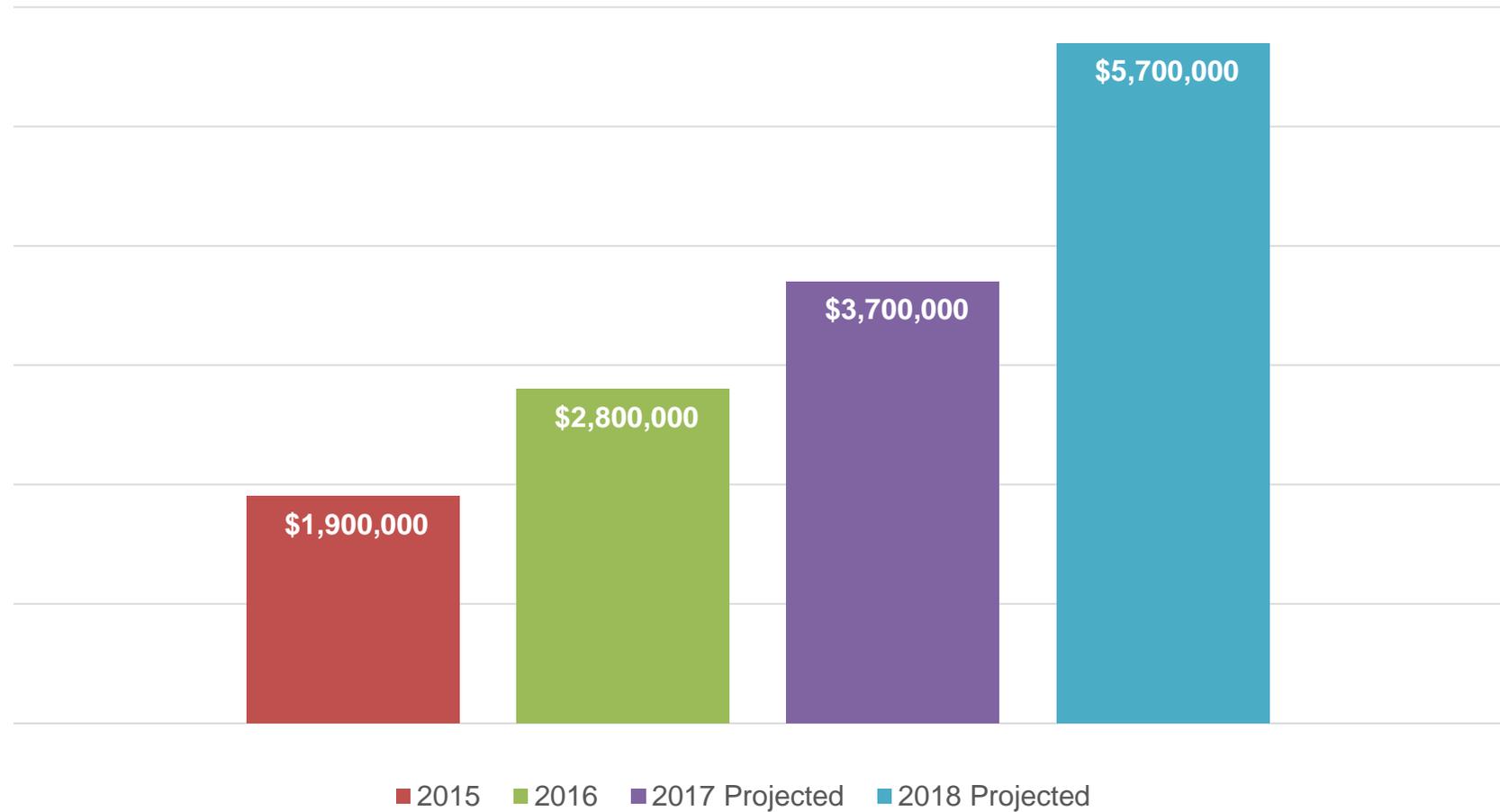
- Community Partnerships
 - Growing our financial support through 56 other like-minded business and community organizations
- Community Outreach
 - Participating in over 340 community events and presentations in 2017
- City Council Liaisons
 - SAWS Affordability Specialists are assigned to individual City Council districts





Affordability Investments: 2015 - 2018

Assistance provided in 2018 will be 300% more than 2015



2018 Discounts

\$5.7 million in assistance - \$2 million increase from 2017

Poverty Level	2017 Discount	2018 Revised Discount	% of Average Bill
50%	\$ 21.40	\$ 24.50	37%
75%	\$ 14.30	\$ 17.00	26%
100%	\$ 8.81	\$ 11.00	17%
125%	\$ 6.99	\$ 8.72	13%

Program Strategies

- Senior Billing Enrollment
 - Changed from a program to a benefit
 - All SAWS customers ages 60 years and older now receive benefit
- SAWS Customer Portal
 - Easy on-line Affordability enrollment
- Preventative Strategies
 - High water use reduction strategy
 - Water conservation assistance
- Relaunch of Project Agua
 - Rebranding and refocusing efforts on funding support

San Antonio Water System is celebrating its 25th birthday this year. We also wanted to wish you a...

Happy Birthday!

As a benefit to our valued senior customers, you have been auto enrolled in our *Senior Citizen Billing Benefit which waives all late fees for residential customers who are 60 or older.

* Senior billing benefit cannot be applied to accounts enrolled in Easy-Pay Plan.



San Antonio Water System está celebrando sus 25 años. También le queremos desear a usted un...

Feliz Cumpleaños!

Como un beneficio para nuestros clientes mayores de 60 años, usted ha sido automáticamente inscrito en nuestro *"Senior Citizen Billing Benefit" que elimina todos los cargos por retraso para los clientes mayores de 60 años.

* El beneficio para mayores de 60 años no puede ser aplicado a cuentas que están inscritas en el Easy-Pay Plan.

"SAWS made me so proud when I received a Birthday Card saying that I was being signed up for the Senior Citizen Program. I have never had a company remind me of my birthday and wanted to say how very grateful I am for that. - Monica F.

Program Strategies

- Affordability Cares Team (ACT)
 - Utilizing Specialist from Customer Service, Governmental Affairs, Outreach, Conservation and Affordability to provide seamless, rapid response to concerns
 - Outreach Specialist identify opportunities to provide assistance
 - Affordability team members identify and qualify families
 - Conservation & Customer Service team members ID water use patterns, and identify opportunities



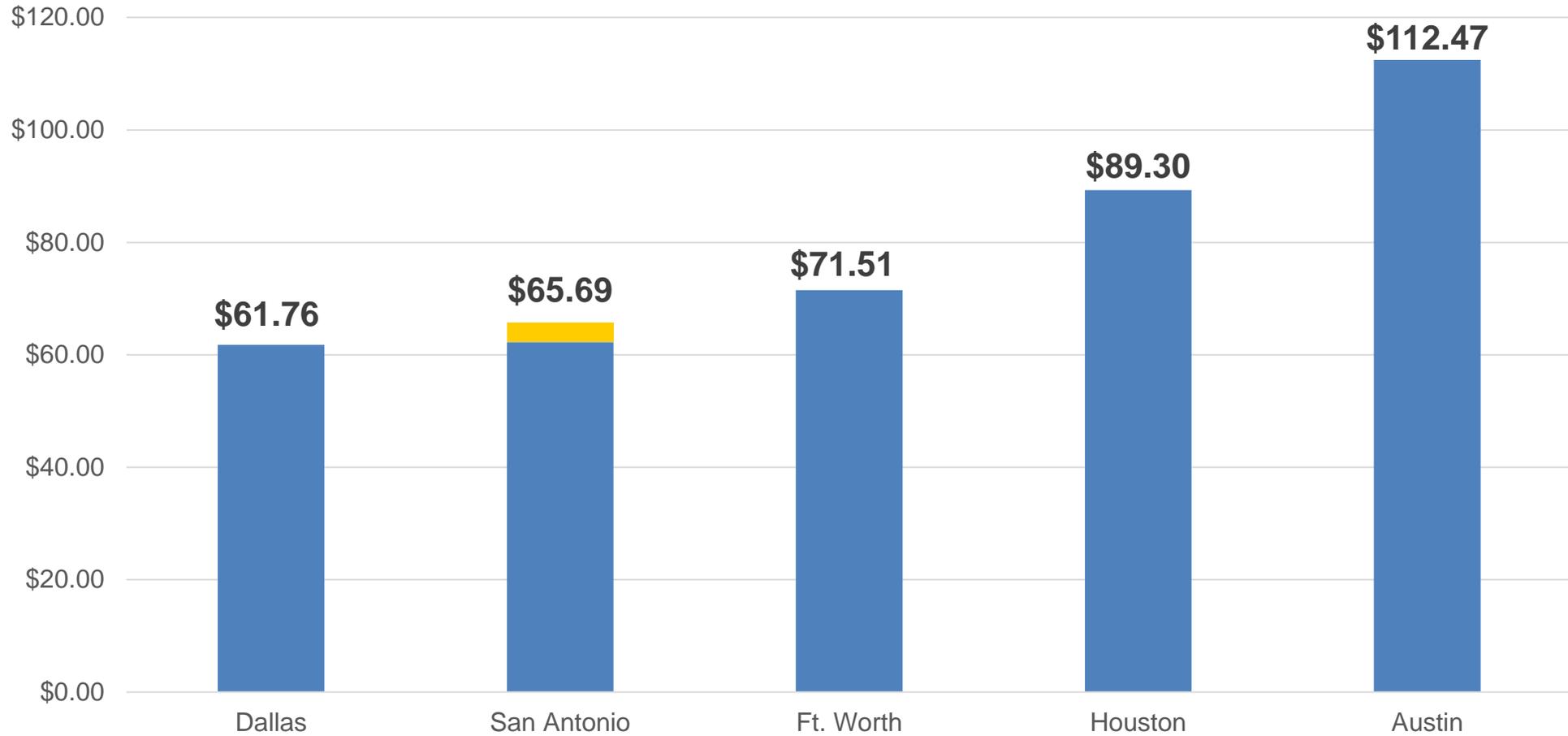
Program Outreach

- Targeted mail outs
- City Council Affordability Fairs
- Focus on Senior Events
- Non-traditional outreach
- Affordability service at SAWS Payment Centers



Average Residential Bills

Water & Sewer – Major Texas Cities



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December 7, 2017



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WATERFUL 