

Vista Ridge Update

Tim Skoglund, P.E.

Senior Director – Vista Ridge

January 18, 2017

CIAC Meeting



Public-Private Partnership

- P3 Contracts signed November 2014

ABENGOA

P3 Framework: Risk Transfer
Global Experience: Water and Power
Financing: Equity + Bonds/Loans



Holds Groundwater Leases



Project Construction Firm (2011)

- 50,000 AFY Water Supply
- 30 Year Term + Asset Transfer
- SAWS pays only for Water Delivered: Fixed Price + O&M

Project Company Change in Control

- Change in Control – June 10, 2016



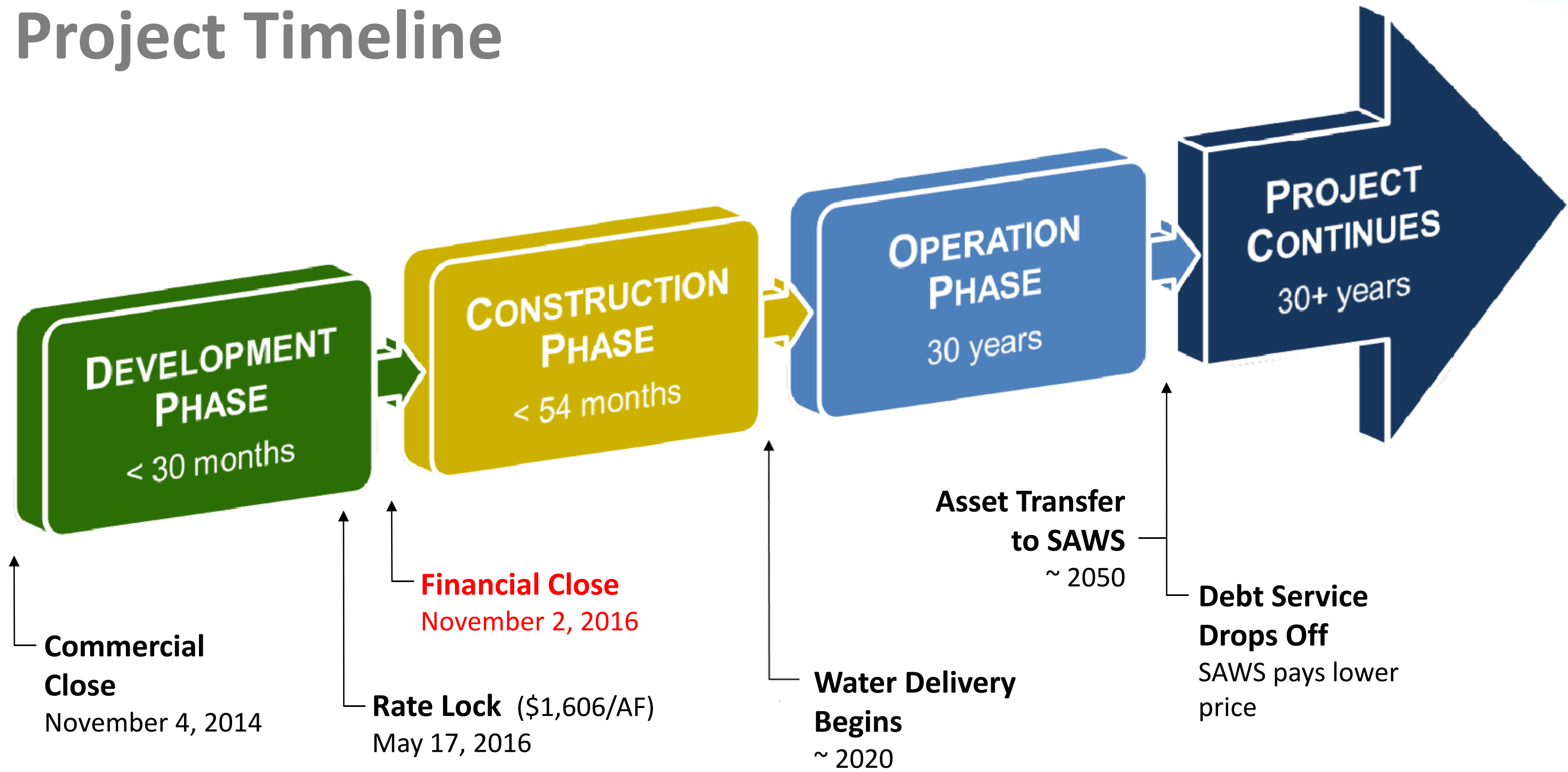
Project Construction Firm (2011)
Controlling Project Owner (2016)



Holds Groundwater Leases

- 80% Controlling Share of Project Company (Vista Ridge LLC)
- Project Continuity and successful SAWS track record
- Better standards for materials, equipment, construction

Project Timeline



Tax-Exempt Interest Rates July 1993 – May 2016

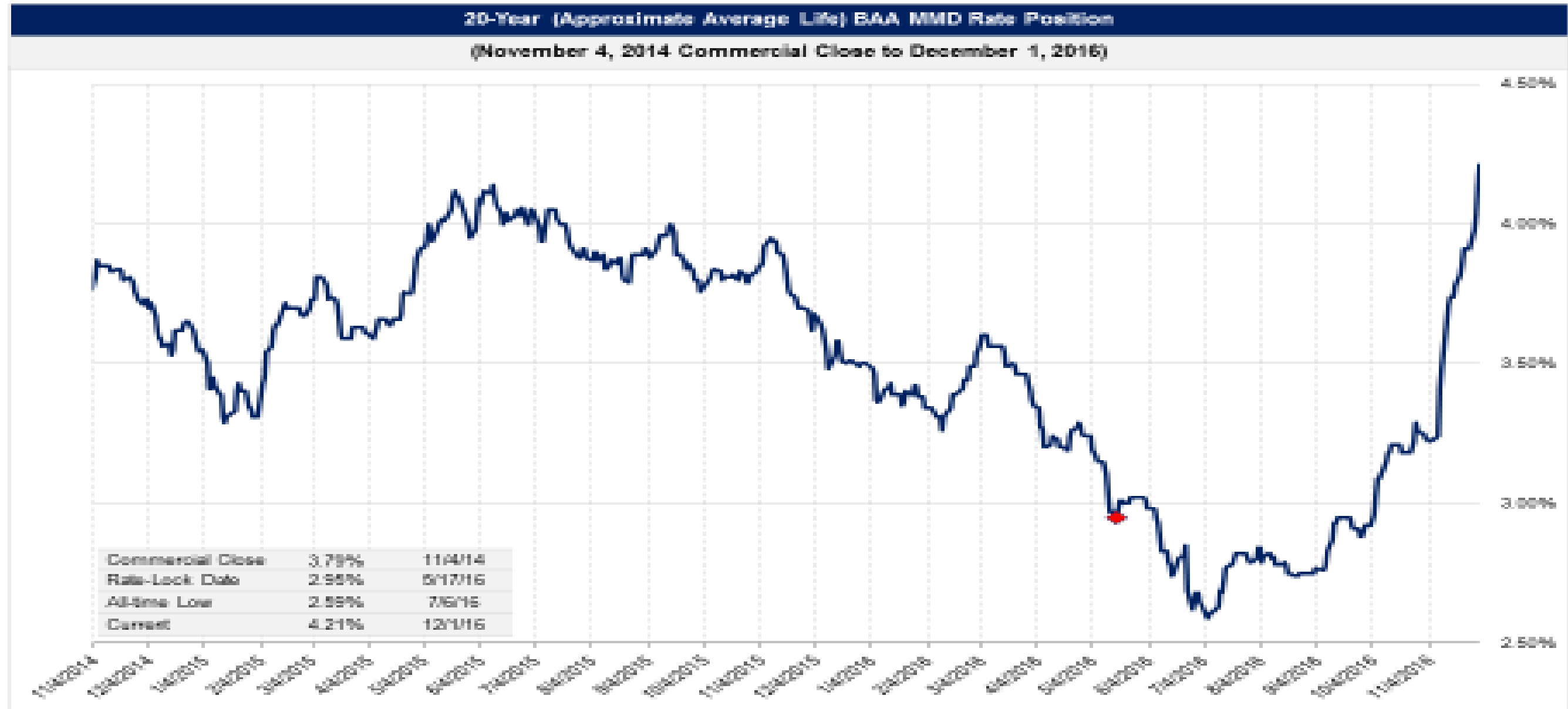
Locked in the Lowest Rates in Last 30 Plus Years



Source: Thomson Reuters

Tax-Exempt Interest Rates Commercial Close to Current

Locked in 36 Basis Points off All-Time Low and 126 Basis Points Less than 12/1/16



Source: Thomson Reuters

Millions of Dollars in Savings

Interest Rate Lock Saved SAWS ~ \$1.9 Million a Year Compared to Financial Close Rate

Date/Contractual	Determined Rate	Capital & Raw Groundwater Unit Price	Annual Cost for 50,000 AF*
Maximum	6.04%	\$1,959	\$97,950,000
11/4/2014	4.83%	\$1,739	\$86,950,000
7/22/2015	4.97%	\$1,760	\$88,000,000
2/19/2016	4.45%	\$1,680	\$84,000,000
3/7/2016	4.59%	\$1,702	\$85,100,000
4/12/2016	4.24%	\$1,649*	\$82,450,000
5/17/2016	3.92%	\$1,606	\$80,300,000
6/10/2016	3.77%	\$1,586*	\$79,300,000
11/2/2016	4.19%	\$1,643*	\$82,150,000
12/1/2016	5.18%	\$1,794	\$89,700,000

* Staff estimates.

November 2nd Project Company Locked in Rates

Financial Close Avoided Post-Election Increase in Interest Rates

Interest Rate Swap 30-Year

21-Oct-2016 to 21-Nov-2016



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Project Phases

Development and Financing

- Easements (25% at Financial Close)
- Hydrogeology
- Basic Engineering
- Permitting
- Survey
- Financing

Construction

- Detailed Design
- Construction
- Commissioning
- Performance Testing

Commercial Operation

- Maintenance, Repair, Replacement
- Annual Budget Review (Budget Panel)
- SAWS pays O&M and Electricity Cost
- End-of-Term Condition Assessment



Infrastructure

18 Wells

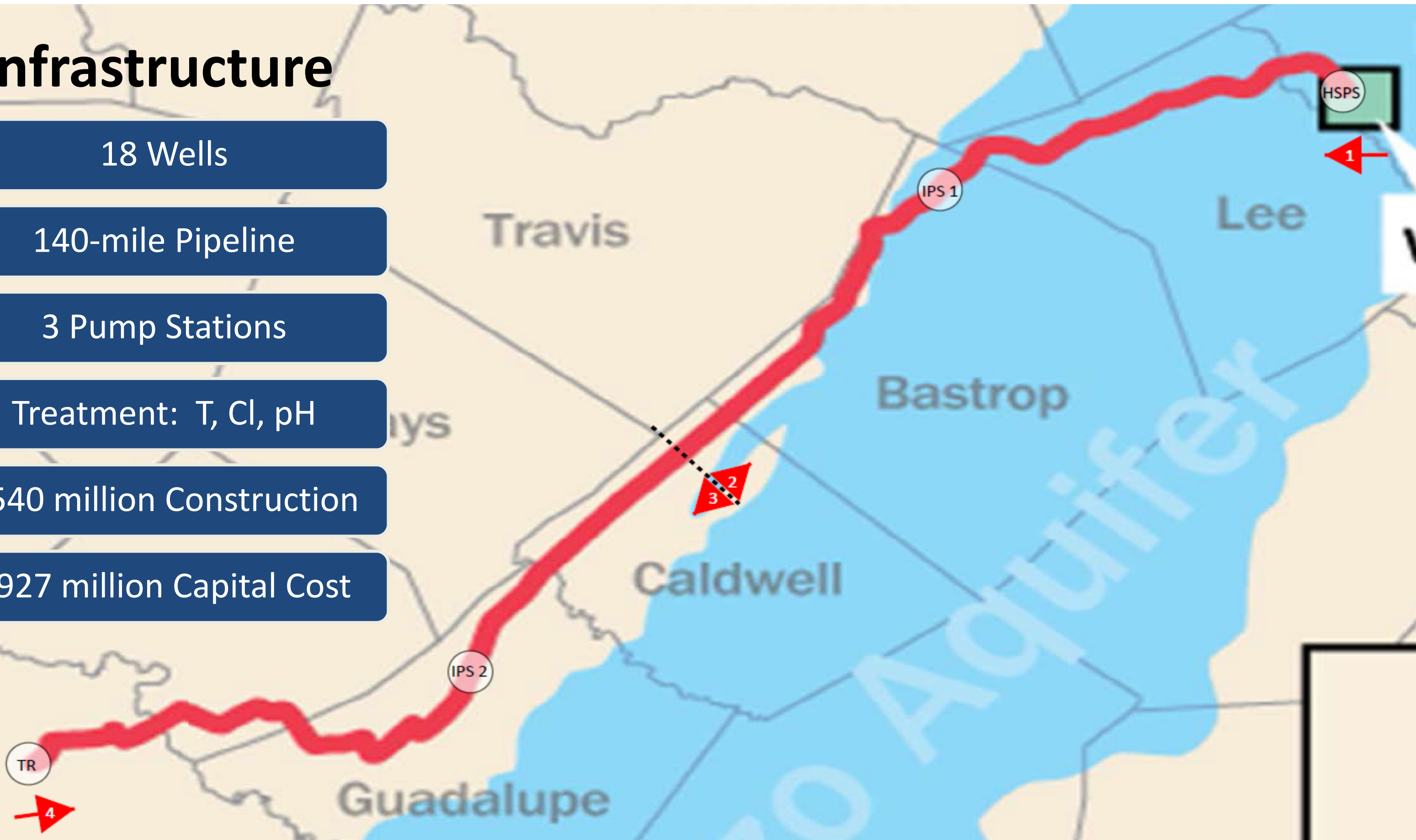
140-mile Pipeline

3 Pump Stations

Treatment: T, Cl, pH

\$540 million Construction

\$927 million Capital Cost



SAWS Responsibilities



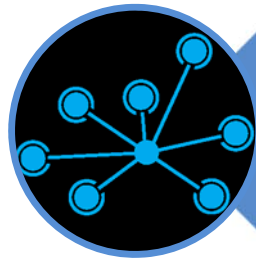
Establish Electric Power Service



Monitor Project Execution



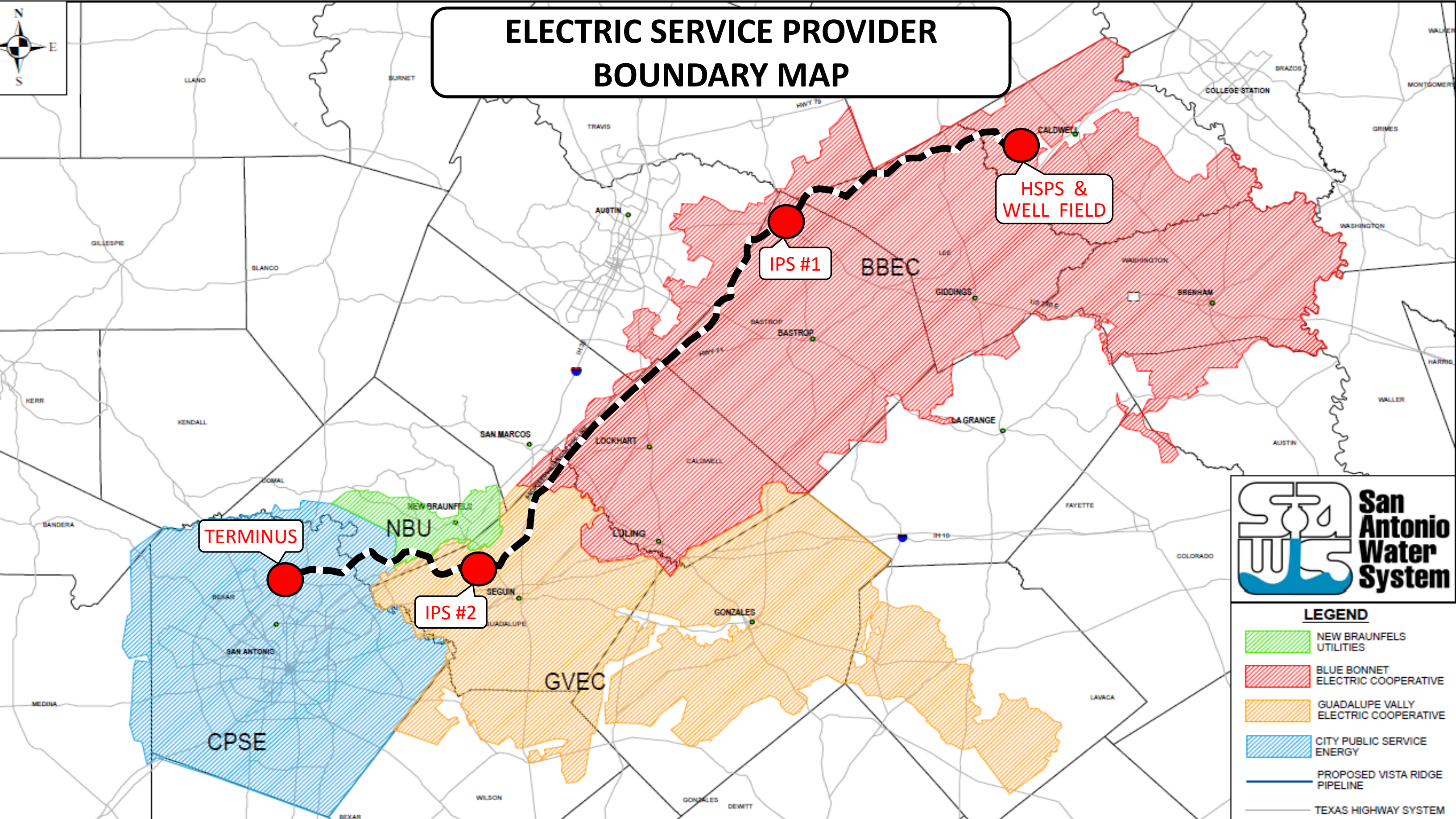
Wholesale Water



Integration Infrastructure in San Antonio



ELECTRIC SERVICE PROVIDER BOUNDARY MAP



LEGEND

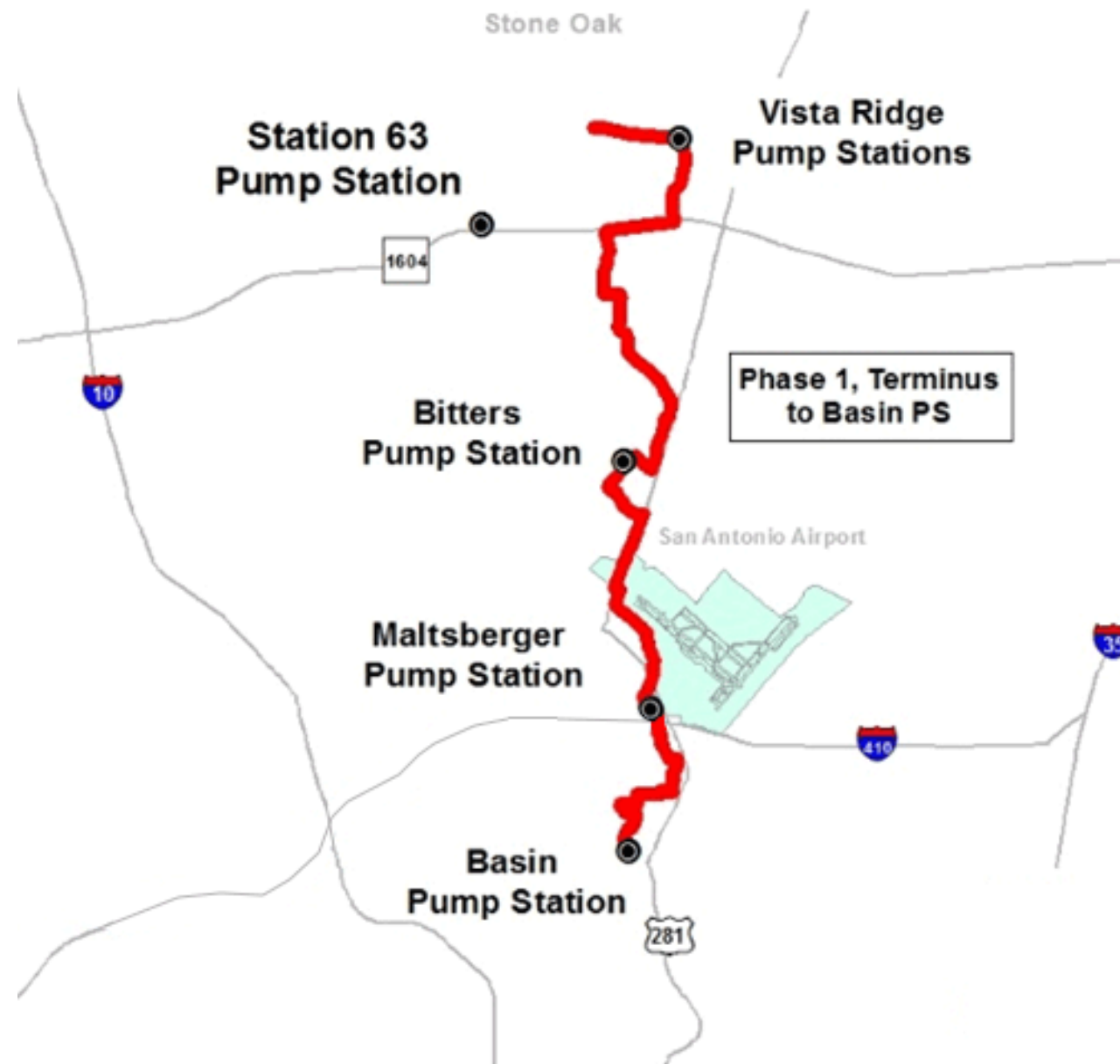
- NEW BRAUNFELS UTILITIES
- BLUE BONNET ELECTRIC COOPERATIVE
- GUADALUPE VALLEY ELECTRIC COOPERATIVE
- CITY PUBLIC SERVICE ENERGY
- PROPOSED VISTA RIDGE PIPELINE
- TEXAS HIGHWAY SYSTEM

Monitor Project Execution

- CH2M Hill Engineers hired as Technical Advisor
 - ESP Support
 - Monitor Execution
- \$4.5 million over 5 years
- Time and Material Contract

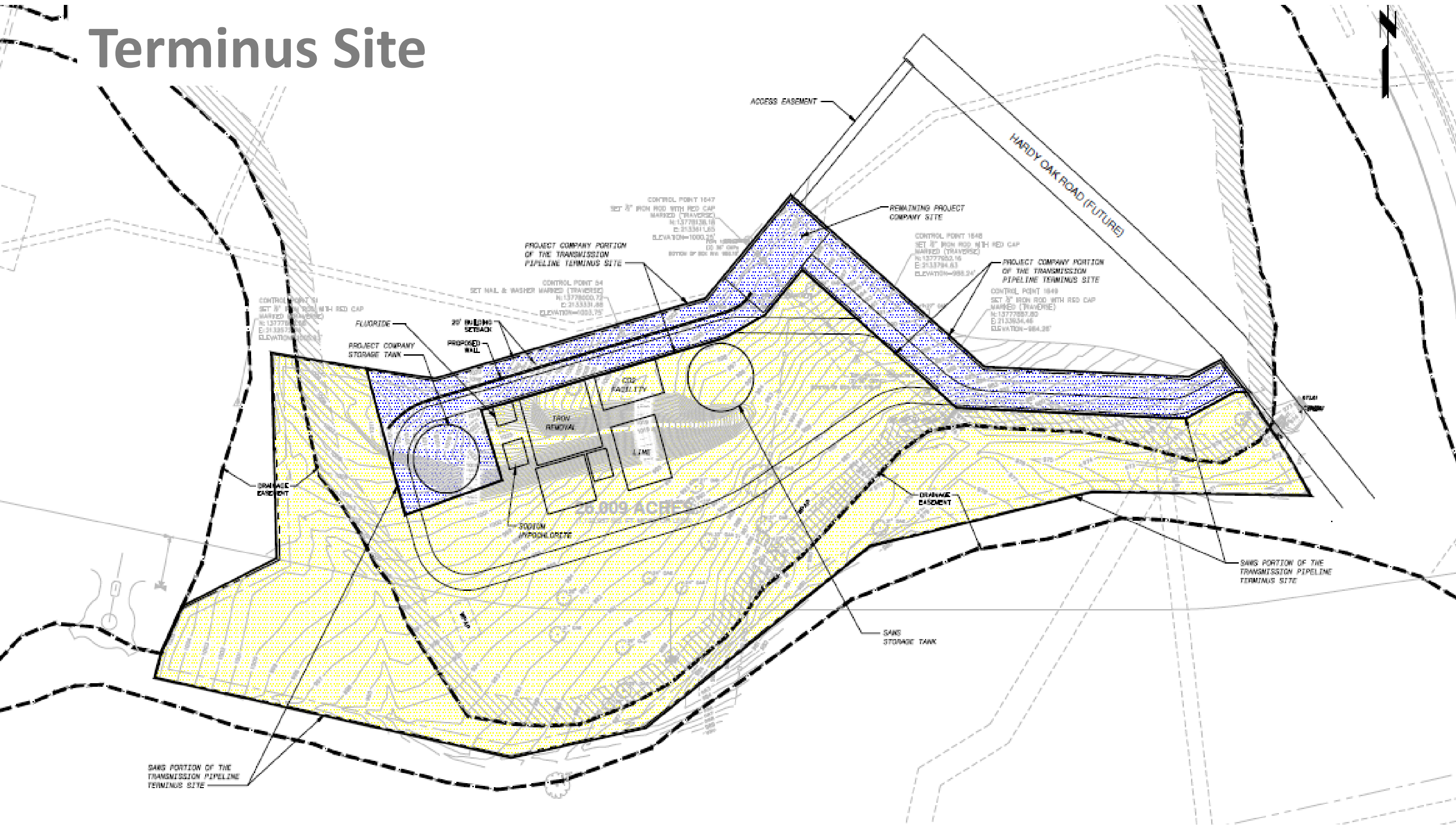


Vista Ridge Integration



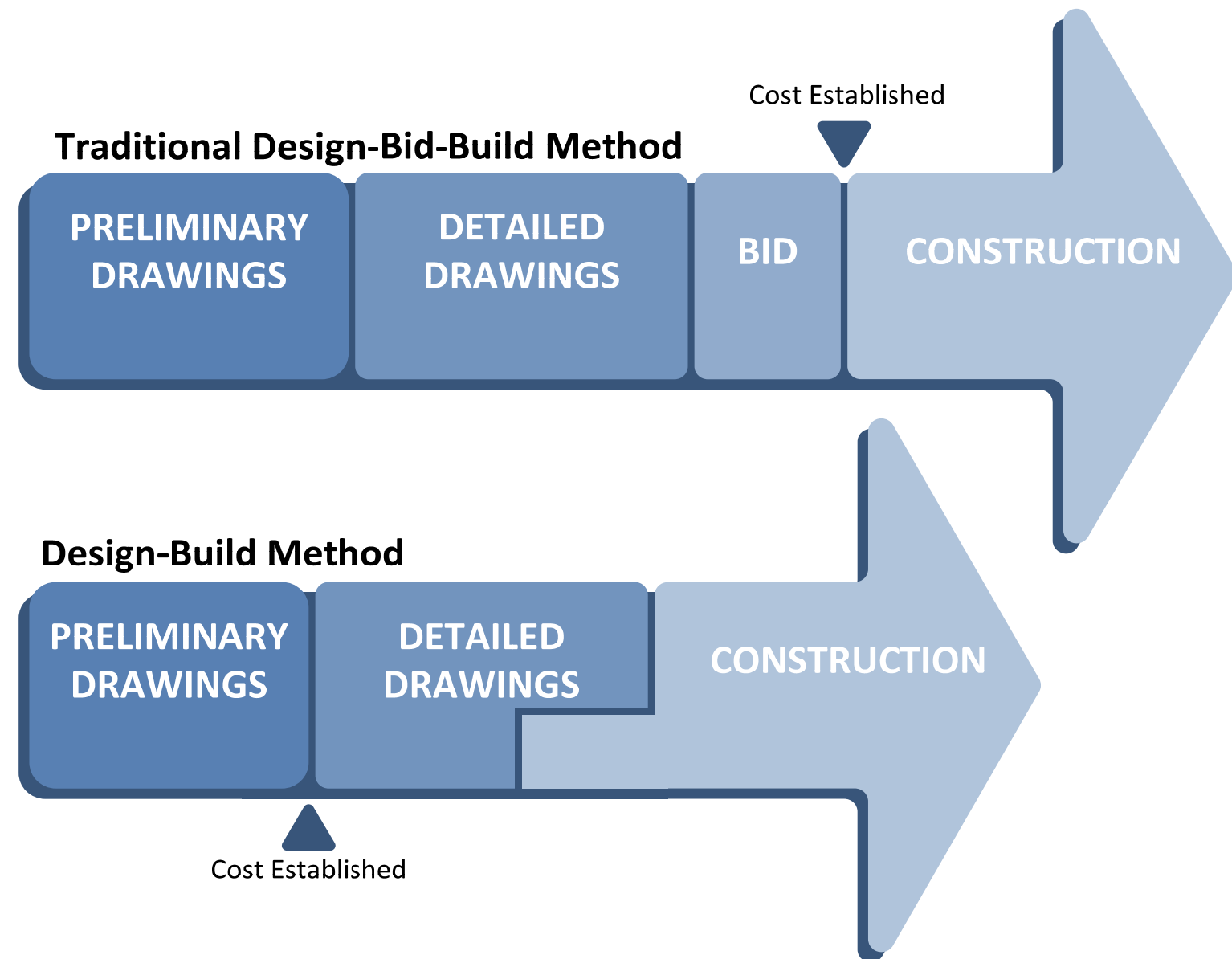
- Treatment Facilities
 - Calcium, (Iron?)
- New Pump Station
- Ground Storage Tanks
- Valves, Pumps, Controls
- Pipelines
 - Condition assessment
 - Rehab/replace
 - New construction: 5 miles

Terminus Site

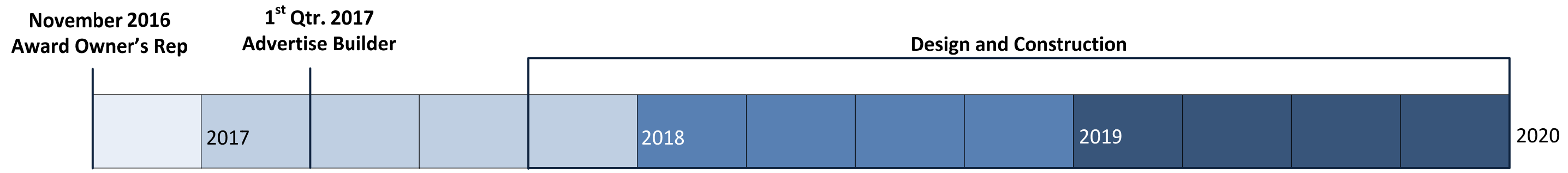


Integration Project – Alternate Procurement Method

- Design-Build Method
 - Schedule and Collaboration Benefits
 - Owner’s Rep + Design Builder
- Black & Veatch hired as OR
 - Preliminary Engineering/Studies (\$4.3 million)
 - Project Management
 - Construction Management
- Design Build Firm (TBD)
 - \$125 million



Integration Project Timeline



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