



Water Management Plan Semiannual Report

January-June 2014

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3	Introduction
6	Water Supply Summary
9	Featured Projects
18	Pumping to Customers
19	Subsequent Events
20	Financial Report
27	Glossary

About the cover:

City, state and SAWS officials broke ground July 2 on what will become the largest inland desalination plant in the country. Construction is beginning on the plant, which will desalinate groundwater from deep in the Wilcox Aquifer in southern Bexar County.

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Introduction

The Semiannual Report to San Antonio City Council is a requirement of Chapter 34 of the Municipal Code, Section 34-1349. The semiannual report is submitted to City Council twice each year covering the January through June and July through December time frames.

San Antonio Water System (SAWS) was created by an act of the City Council in May 1992, through Ordinance 75686. The District Special Project (DSP) was authorized in October 2011 by City Ordinance 2011-10-0845 to enable the transfer of assets, liabilities, rights, duties and obligations of the former Bexar Metropolitan Water District (BexarMet) to SAWS. SAWS and DSP combined serve approximately 1.6 million people which includes more than 472,000 water connections and 420,000 wastewater connections. The service area covers 927 square miles primarily in Bexar County and in limited areas of Atascosa and Medina and Comal counties.

This report documents the water resources activities pertaining to the implementation of San Antonio Water System's *2012 Water Management Plan* covering January 1 through June 30, 2014. The report will:

- Review the progress on the Water Management Plan,
- Provide a status report on the utility's water portfolio,
- Recap the water supplies developed and costs during the reporting period,
- Update the acquisition of additional water resources,
- Discuss uses of and revenues generated from the water supply fee,
- Summarize the maintenance and operational expenses for completed projects and,
- Outline the status on the awarding of contracts.

SAWS (including DSP) had a total potable demand of 113,077 acre-feet for the first six months of 2014. One acre-foot of water is 325,851 gallons. Included in this total are 79,685 acre-feet of Edwards Aquifer production, 16,040 acre-feet of stored Edwards Aquifer water from SAWS Twin Oaks Aquifer Storage & Recovery (ASR) facility withdrawn and pumped into SAWS distribution system. Our Edwards Aquifer supply in the first six months of 2014 was 70 percent of total potable supply. Water from non-Edwards Aquifer sources and ASR was 30 percent of the water pumped into distribution.

The current water supply portfolio consists of groundwater supplies from the Edwards Aquifer, the Trinity Aquifer in Bexar County, the Carrizo Aquifer in southern Bexar County and from Gonzales County for the Regional Carrizo Program. Additionally, groundwater is obtained from Carrizo Aquifer wells in Guadalupe and Gonzales counties via the Wells Ranch Project by Canyon Regional Water Authority (CRWA). SAWS surface water supplies include the Guadalupe-Blanco River Authority's Western Canyon Project,

Medina Lake and River system, and CRWA's Lake Dunlap Project. In addition, SAWS maintains as part of its diversified water supply portfolio the largest direct recycled water system in the country and the ASR facility is the third largest in the nation serving SAWS and the region as a supply management tool. In July 2014, SAWS projected a 35% cumulative year-end cutback to its Edwards pumping permits, the most severe in the current drought. However, as a result of the community's investment in diversified water resources, water conservation programs, and strict adherence to Stage 2 drought restrictions, ratepayers have been able to counter going into Stage 3 or 4 restrictions.

Implementation of SAWS four planned water supplies (Brackish Groundwater Desalination Program, Expanded Bexar County Carrizo Aquifer, acquisition of Edwards Aquifer Water Rights, and the Regional Water Supply Project) would add up to an additional 110,937 acre-feet of firm water supply by 2026 to SAWS. Together, the capital costs of these proposed projects including the construction of the Water Resources Integration Pipeline would total approximately \$740 million. However, including the Regional Water Supply Project – Request for Competitive Sealed Proposals may add an additional \$100 million due to integration costs of the project(s).

On June 17, 2014, SAWS deemed responsive a proposal for a long-term supply of water that could be delivered by 2019 and provide San Antonio an additional twenty percent of its annual demand from a non-Edwards Aquifer source. Under the proposal, the Vista Ridge Consortium has secured rights to 50,000 acre feet of water per year in Burleson County, northeast of Austin, and would develop the well field and construct the pipeline to San Antonio. On July 1, 2014 SAWS Board of Trustees formally selected the Vista Ridge proposal and scheduled negotiation sessions for the delivery contract.

The first six months of 2014 saw preparations underway for the construction of SAWS' Brackish Groundwater Desalination Program in south Bexar County. Groundbreaking for the new desalination plant took place on July 2, 2014.

The Regional Carrizo Program was in the final construction phases for the well field, supply pipeline, pump station and delivery pipeline into the SAWS distribution system. In addition, the Schertz-Seguin Local Government Corporation (SSLGC) treatment plant is being expanded to accommodate the additional SAWS water. The project began water delivery in November 2013 and delivered 3,109 acre-feet of Carrizo water to SAWS during the first six months of 2014. SAWS expects a total project yield of 8,000 acre-feet in 2014 and up to 17,200 acre-feet annually, thereafter.

The Water Supply Fee is a multi-year funding mechanism for the development, construction and management of additional water supply. Since its implementation in 2001, the Water Supply Fee has generated nearly \$954 million to support the expansion and diversification of SAWS' water portfolio. The money generated from the Water Supply Fee has been used to fund capital investments, operating and maintenance

expenses, and debt service associated with new water supply projects. SAWS' capital investment in water supply projects since 2001 totals nearly \$859 million.

Water Supply Summary

The matrix below summarizes status and activities for each water resources project from January through June, 2014. Section 3.0 presents summaries and activities for some of the more significant projects during the first half of 2014.

Current Supply	Supply Status
Edwards Aquifer Supplies (SAWS & DSP) <i>Groundwater supply</i>	<ul style="list-style-type: none"> Edwards production January – June, 2014 79,680 acre-feet June 30, 2014 inventory 288,449 acre feet 200 acre feet under contract to purchase Procurement process (both purchase & lease) have changed Future Edwards acquisitions will be through lease
Medina Lake and River System (DSP) <i>Surface water supply</i>	<ul style="list-style-type: none"> On April 25, 2013, SAWS requested Bexar Medina Atascosa (BMA) Water District to discontinue delivery due to decreased water quality as a result of declining Medina Lake levels. At the time the lake was at 6% capacity No water deliveries during January – June 2014. On June 11, 2014, Medina Lake water levels went as low as 2.8% full. June rainfall has helped levels to recover slightly to 4.7% full
Direct Recycled Water (SAWS) <i>Recycled water</i>	System capacity 35,000 acre-feet <ul style="list-style-type: none"> Assigned to CPS Energy 10,000 acre-feet Current commitments (consumptive) 12,975 acre-feet Available supply 12,025 acre-feet
Trinity Aquifer (SAWS & DSP) <i>Groundwater supply</i>	<ul style="list-style-type: none"> BSR Water Company has not delivered water in 2014 Water Exploration Company (WECO) production for the January – June 2014 was 905 acre-feet Oliver Ranch wellfield production for January – June totaled 1,348 acre-feet. Other SAWS and DSP Trinity production for January – June 2014 was 116 acre-feet
Canyon Regional Water Authority (DSP) <i>Surface water supply</i>	<ul style="list-style-type: none"> January – June, 2014 production 1,995 acre-feet
Canyon Lake (SAWS) <i>Surface water supply</i> Current Supply	<ul style="list-style-type: none"> January – June, 2014 production 4,651 acre-feet
Twin Oaks Aquifer Storage and Recovery <i>Ground Water Supply</i> Current Supply	<ul style="list-style-type: none"> ASR has been producing stored Edwards Aquifer water since January 2, 2014 ASR production January 1 – June 30, 2014 16,040 acre-feet ASR storage as of June 30, 2014 72,236 acre-feet

Current Supply	Supply Status
<p>Carrizo Aquifer – (Bexar County) (SAWS) <i>Groundwater supply</i></p>	<ul style="list-style-type: none"> Local Carrizo production January – June, 2014 5,230 acre-feet
<p>Regional Carrizo Program (SAWS) <i>Groundwater supply</i></p>	<ul style="list-style-type: none"> Regional supply purchased and supplied from Gonzales county wellfield - 3,109 acre-feet Wellfield, supply and delivery pipelines, pumpstations, treatment plant expansion are in final construction phases See Featured Projects section for more details
Planned Projects for 2012-2020	Project Status
<p>Additional Edwards Aquifer Supplies <i>Groundwater supply</i> (Acquisition)</p>	<ul style="list-style-type: none"> See comments on Current Edwards leasing/purchases above
<p>Expanded Carrizo (Bexar County) <i>Surface water</i> (Design)</p>	<ul style="list-style-type: none"> CH2M Hill Engineering was selected for design contract. Preliminary well locations have been selected for Phase 1 and Phase 2 Construction is expected to begin in 2015 with water produced by late 2017
<p>Brackish Groundwater Desalination Program <i>Brackish Groundwater</i> (Design/Construction)</p>	<ul style="list-style-type: none"> Groundbreaking for construction of plant took place the first week of July See Featured Projects section for more details
<p>Vista Ridge (formerly Regional Water Supply) <i>Ground Water Supply</i> (Negotiation)</p>	<ul style="list-style-type: none"> On June 17, 2014, San Antonio Water System (SAWS) deemed responsive a proposal for a long-term supply of water that could be delivered by 2019 The project would provide San Antonio an additional twenty percent of its annual demand from a non-Edwards Aquifer source. Under the proposal, the Vista Ridge Consortium has already secured rights to 50,000 acre feet of water per year in Burleson County northeast of Austin Vista Ridge would develop the well field and construct the pipeline

Planned Mid-Term Projects (2021-2039)	Project Status
<p>Conservation Programming (SAWS service area) – <i>Water Conservation</i></p>	<ul style="list-style-type: none"> • Programming to maintain dry year consumption at 135 gallons per capita per day (GPCD) beyond 2020 • 2013 demand was 124 GPCD, and 2014 demand looks to be similar
<p>Brackish Groundwater Desalination Program Phases II and III. (SAWS) <i>Brackish Groundwater Supply</i></p>	<ul style="list-style-type: none"> • Hydrologic modeling was conducted to determine the amount of additional Carrizo Aquifer production that could be supported • This analysis also examined whether the project would remain within the limits set by the Desired Future Conditions (DFCs) for the groundwater management area (GMA9) as required by the state
<p>Expanded Carrizo (Bexar County) Project Phase 3 <i>Groundwater Supply</i></p>	<ul style="list-style-type: none"> • Future expansion of Local Carrizo production in south Bexar County

Featured Projects

Regional Carrizo Program

Project Status: Current Water Supply; construction, completion

Water Supply: Groundwater, Carrizo Aquifer, Gonzales County

Background:

The Regional Carrizo Program is located in western Gonzales County, approximately 50 miles east of San Antonio. The project delivers water from western Gonzales County. Up to 16 million gallons per day (MGD) of water produced from the project will be transported by pipeline to northeast San Antonio where it will enter the SAWS distribution system.

Instead of building a new pipeline, SAWS is renting available capacity in an existing pipeline owned and operated by Schertz-Seguin Local Government Corporation (SSLGC). The well field, supply pipeline, Schertz Parkway Pump Station and delivery pipeline to SAWS distribution are in final stages of construction, although SAWS has been receiving excess water from SSLGC since 2013. Additionally, the SSLGC treatment

plant is being expanded to accommodate the additional SAWS water.

This regional partnership has helped to secure our largest non-Edwards supply to date. SAWS can produce up to 11,688 acre-feet of water per year under permits issued in 2010 by

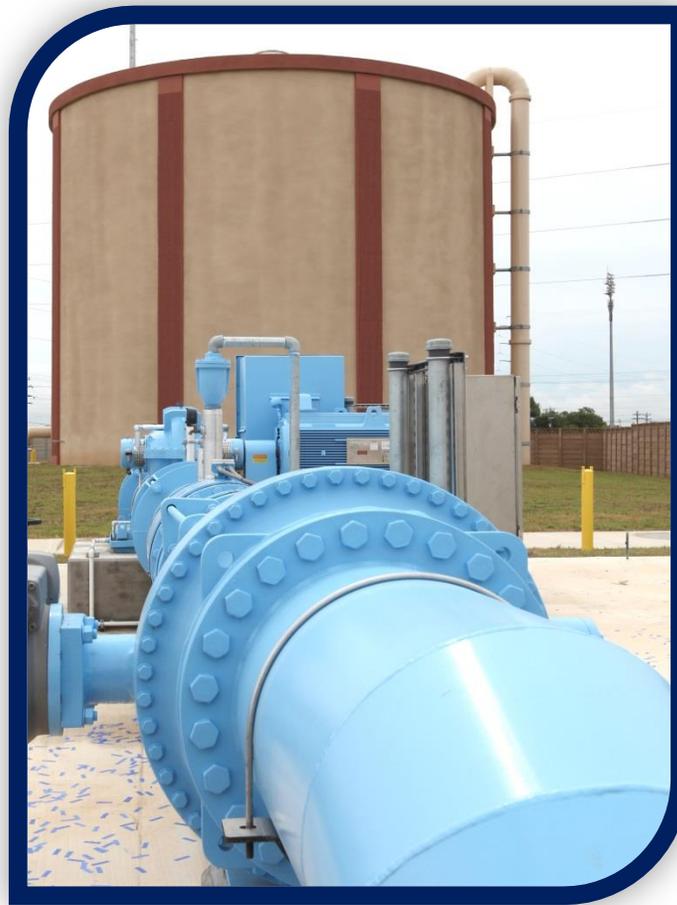
the Gonzales County Underground Water Conservation District. The water will then be treated and transported by SSLGC to Schertz Parkway Pump Station. Through surplus water arrangements SAWS has the option to purchase up to 5,000 acre-feet per year of



water from SSLGC if it is available. Additionally, approximately 1,000 acre-feet per year with the Gonzales County Water Supply Corporation could be purchased.

Activities this Period

SAWS continues to receive surplus water from SSLGC and although the Regional Carrizo Program has not reached final completion, SAWS began receipt of permitted water in January. SAWS will be able to take its full allotment once the well field and new treatment plant are complete.



Brackish Groundwater Desalination Project

Project Status: Construction stage

Water Supply: Brackish groundwater, Lower Wilcox Aquifer, southern Bexar County

Background:

SAWS is currently developing a brackish groundwater desalination (BGD) program in southern Bexar County. The brackish desalination program is part of the WMP designed to meet the city's water needs while reducing dependence on the Edwards Aquifer. The Texas Water Development Board (TWDB) has confirmed that a vast supply of brackish groundwater exists in our region and has yet to be developed. The South Central Regional Planning Group (Region L) has identified brackish groundwater as a supply source to meet future needs.



Feasibility studies confirm that there is sufficient quantity and quality of brackish groundwater available in the Lower Wilcox Aquifer to support the SAWS desalination program. Pilot testing confirms that reverse osmosis treatment is suitable for the SAWS program. Brackish water, which contains dissolved solids, will be treated to drinking standards using a reverse osmosis treatment facility. Reverse osmosis removes more than 95 percent of the minerals and impurities in brackish water. Every ten gallons of

brackish water will yield nine gallons of drinking water. The remaining salts and minerals that are removed will be injected deep into the ground into an area where the water within the injection zone has a much higher salt content. The injection wells are permitted by Texas Commission on Environmental Quality.

The desalination facility will generate about 13,440 acre-feet per year from the Lower Wilcox Aquifer in phase one. The plant will be located at the existing Twin Oaks Aquifer Storage & Recovery site owned by SAWS. The well sites will also be located on SAWS property. Phases II and III are scheduled to be completed in 2021 and 2026 respectively and will deliver an additional 20,160 acre-feet per year of water for a project total of 33,600 acre-feet per year.

The cost per acre-foot of all three phases of the program is estimated at \$1,138 without the cost to integrate the water into SAWS distribution system. SAWS has invested \$62.33M in capital improvement for the BGD Program through June 30, 2014.

In addition, SAWS has completed tests and studies to define:

- Well field productivity
- Long-term water quality
- Treatment plant operation
- Pretreatment and post treatment requirements
- Concentrate disposal (deep well injection)

The proposed desalination facility location at the ASR site is close to the brackish water source and also near the proposed areas for brine disposal.

Once treated, the water will taste the same as Edwards Aquifer water and will blend with the rest of the tap water in our system. Total cost for all three phases of this project is expected to be \$411 million. While this supply of water is more expensive than Edwards Aquifer water, it is plentiful and unaffected by drought conditions.

Activities this Period

In early 2014, SAWS Program Manager Black & Veatch completed the design of the first phase of the BGD Program. Following the completion of the design, a Guaranteed Maximum Price (GMP) was developed by the Construction Manager Zachry-Parsons. The GMP is a “not to exceed” construction price for Phase I of the BGD Program. On March 4, 2014 SAWS Board awarded \$109.4 million to Zachry-Parsons for construction of the remaining items of the BGD Program.

SAWS and city officials broke ground on San Antonio’s new desalination plant in southern Bexar County on July 2, 2014.



Vista Ridge – Regional Water Supply

Project Status: Planned Project for 2012-2020; Negotiation

Water Supply: Groundwater, Carrizo and Simsboro Aquifers in Burleson County

Background:

In January 2011, SAWS requested competitive sealed proposals for a water supply to supplement future water inventory. Nine proposals were received, resulting in four of the projects being deemed responsive to the utility's request. Each proposal was analyzed to determine overall responsiveness and qualifications utilizing pre-determined criteria, including ownership and control of water, proposed solution for delivery, price, financial strength, project management and quality control/assurance.

SAWS updated its needs for the RFCSP and issued Addendum I to the RFCSP to the four finalists in March 2013. This addendum included consideration of recent critical factors such as the integration of DSP, the Edwards Aquifer Habitat Conservation Plan, and 2010 Census data in making the final determination of the size and timing of the RFCSP. The addendum requested 50,000 acre-feet per year with delivery in 2018.

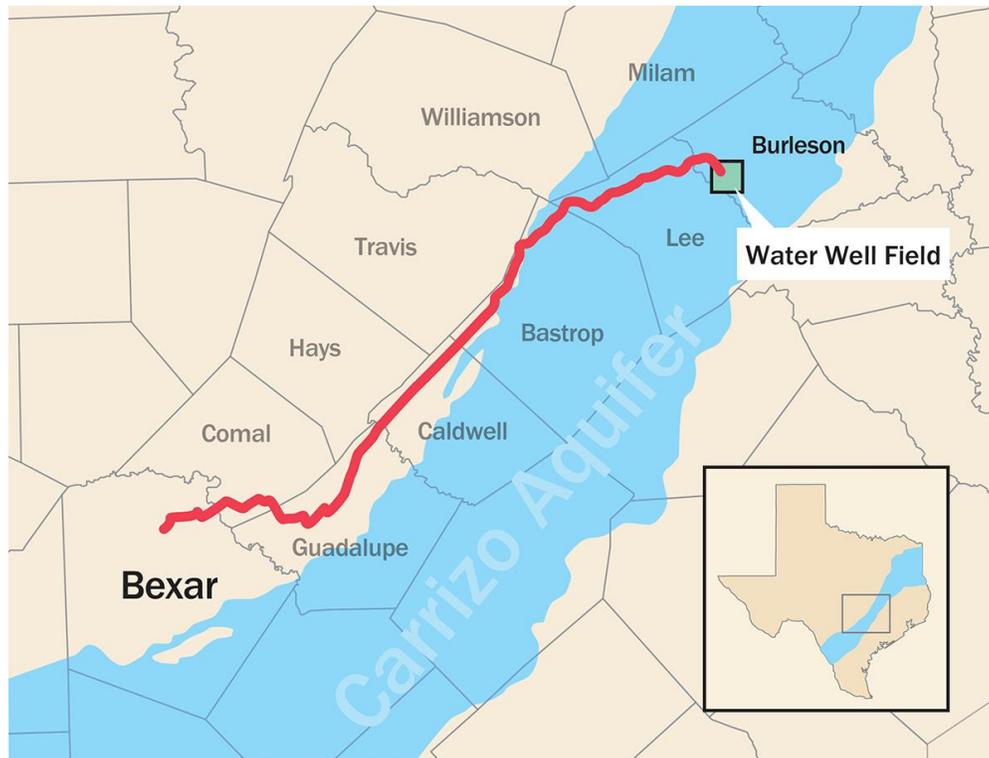
The responses were carefully reviewed by SAWS staff and turned over to a management selection committee for further evaluation and potential selection. One submittal was deemed non-responsive. The three remaining finalists, Vista Ridge Consortium, Dimmit Utilities, and V. V. Water Supply Company were invited to participate in interviews which took place on October 18, 2013.

Activities this Period

On June 17, 2014, the Vista Ridge proposal was deemed responsive to the Request for Competitive Sealed Proposals. Their proposal had been clarified to address specific SAWS concerns that included a requirement for payment even in cases when water was not delivered, automatic price escalation, and payment of a \$5 million annual reservation fee that would have started upon the signing of the contract. Many of these concerns have been eliminated or addressed in an equitable manner during negotiations.

As a result, the total project cost over 30 years was reduced by over \$700 million and Vista Ridge Consortium agreed to assume the delivery risk, including regulatory, technical and financial risk at a fixed price for the duration of the project.

The Vista Ridge Consortium is led by Abengoa, an international company with more than 70 years of experience in sustainable and innovative technology solutions and project financing in the water, energy and environmental sectors. Abengoa has successfully completed more than 100 infrastructure projects worldwide using private financing, with a total investment in excess of \$21 billion.



Water Resources Integration Program (WRIP)

Project Status: Design and construction

In the last decade, in order to diversify its water supply and to be less reliant on the Edwards Aquifer, SAWS has developed new water sources and an underground storage facility in southern Bexar County. With two additional new water supply projects currently in design and/or construction phase on the same property, an additional pipeline is needed to move new and existing supplies from southern Bexar County into San Antonio. The new pipeline will be capable of simultaneously moving water from the Brackish Groundwater (Lower Wilcox Aquifer) Desalination plant, the Aquifer Storage and Recovery (ASR) project, local Carrizo Aquifer Project and Expanded Carrizo Project. Construction packages for the 60-inch pipeline will be awarded in the fourth quarter of 2014.

Design of Phases 1 and 2 of the WRIP calls for construction of six elements, including 28 miles of 60-inch diameter pipeline, 17 miles of 48-inch pipeline, two new pump stations



(Twin Oaks West and Old Pearsall Road), and will utilize 183 permanent easements. The pipeline will have an ultimate ability to deliver up to 75 million gallons per day (84,000 acre-feet per year). It will deliver water from multiple sources, meet SAWS' commitment to the Edwards Aquifer Recovery Implementation Plan, and integrate diversified new sources for San Antonio.

The cost for Phases 1 and 2 of the WRIP Program will be \$235.7 million.

Twenty eight miles of pipeline construction will be offered in four bid packages. Construction of the Twin Oaks West and Old Pearsall Road pump stations will be presented as two separate construction packages. The first bid package is out this summer with the remaining packages due for release in September. Startup and commissioning of the project is scheduled for spring 2016.

Other Significant Developments

Recycled Water Program

In 1996, the SAWS Board committed to a Water Recycling plan to build the nation's largest recycled water delivery system. Eighteen years have proved out the wisdom in making full use of an asset that was once considered a liability. The recycled water produced by SAWS water recycling centers holds an important role now and in the city's future. Recycled water agreements for first half of 2014 include Mission Solar Energy who will be manufacturing solar panels at a facility inside Brooks City-Base. Frost Bank in Westover Hills will be expanding a current facility and include irrigation of landscape. Chevron Data Center also located in Westover Hills will be setting up data center operations and will use recycled water for cooling purposes. Lastly, Hamilton Wolfe and Pecos Flats are separate apartment complexes that have contracted to use recycled water for landscape irrigation. Total agreements for this period are 149 acre-feet.

Non-Revenue Water

SAWS Board approved a professional services contract in November 2013 between SAWS and Water Systems Optimization, Inc. (WSO) a proven national and international presence in water loss control, utility metering and conservation. WSO will independently audit SAWS/DSP 2012 system performance with regards to non revenue water (NRW) management and develop cost-effective water loss-control and revenue recovery practices for SAWS. Texas Water Development Board (TWDB) is implementing new state rules that will make efficiently managing water of a retail public utility through standardized audits and performance indicators essential for qualifying for water resources state funding.

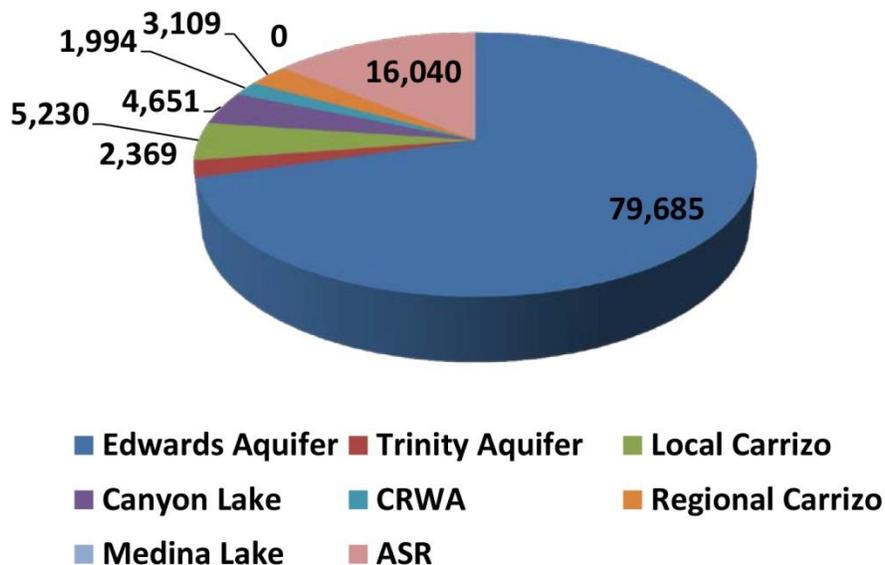
System input values for the 2012 data have been completed and the SAWS - WSO team has had face to face meetings during the first half of 2014. Over 600 miles of additional leak detection has been implemented during the current drought. Completion of the 2012 Audit work and recommendations will be available for review by the next semi-annual reporting, though NRW management should be viewed as a long-term sustained effort to improve results.

Pumping to Customers

From January 1 to June 30, 2014, SAWS had a total potable demand of 113,077 acre-feet. This includes the demand for SAWS DSP and also includes the 16,040 acre-feet of stored Edwards Aquifer water that was recovered from ASR. This total demand was supplied by the following water supplies:

- 79,685 acre-feet - Edwards Aquifer
- 2,369 acre-feet - Trinity Aquifer
- 5,230 acre-feet - Local Carrizo Aquifer
- 4,651 acre-feet - Canyon Lake
- 1,994 acre-feet - Canyon Regional (CRWA)
- 3,109 acre-feet - Regional Carrizo Aquifer
- 0 acre-feet - Medina Lake
- 16,040 acre-feet - recovered ASR (Stored Edwards)

SAWS Potable Water Demand for January-June 2014 (acre-feet)



Subsequent Events

This report is focused on status and activities relating to the 2012 Water Management Plan for the period January through June 2014. Subsequent to June 2014 and during preparation of this report, certain events have transpired that will have an impact on future activities.

A ribbon cutting ceremony marking the Regional Carrizo program's delivery of water from Gonzales County took place on July 18, 2014 at the Schertz Parkway Pump Station. The full receipt of SAWS daily water production should be reached in the fourth quarter of 2014.

On July 1, 2014, San Antonio Water System formally selected a water supply proposal submitted by the Vista Ridge Consortium that guarantees a long-term water supply for the residents and businesses of San Antonio. The proposal promises delivery of 50,000 acre-feet of water to San Antonio from the Carrizo and Simsboro Aquifers in Burleson county as early as 2019.

The SAWS Board of Trustees approved a contract with the Vista Ridge consortium on September 29, 2014. The contract was sent to City Council for consideration in late October.

SAWS has received bids on some WRIP projects since June 2014.

These items will be thoroughly described in the next semiannual report covering the July to December 2014 period.

Financial Report

Integration of Bexar Metropolitan Water District Assets, Operations and Personnel

In November 2011, 74% of voters in the Bexar Metropolitan Water District (BexarMet) voted to dissolve the utility and for transferring the responsibility for its assets and operations to SAWS. The election was authorized by the Texas Legislature through Senate Bill (SB) 341, adopted in May 2011. Effective January 28, 2012, the assets, liabilities, rights, duties and obligations of BexarMet were transferred to an entity known as the San Antonio Water System District Special Project (SAWS DSP). Management and control of SAWS DSP is vested in the SAWS Board of Trustees (Board), however, in accordance with the District Special Project Ordinance, SAWS DSP is not a part of SAWS. Instead, SAWS DSP will be reported as a discrete component unit of the City of San Antonio until full integration with SAWS has been completed. Full integration with SAWS will be considered to have occurred when the rates paid by SAWS DSP customers for water service are the same as those paid by SAWS customers and no SAWS DSP debt remains outstanding.

SAWS has been tasked with rebuilding a water utility that was facing severe financial and budgetary constraints, infrastructure needs, non-firm water sustainability, relatively high water rates, relatively low employee compensation, lack of appropriate employee resources due to layoffs, and a generally poor relationship with the public. Through concerted efforts during 2012 and 2013, SAWS resolved most of the challenges facing the prior utility.

While full integration of SAWS DSP rates with those of SAWS may not be complete for a few more years, the operational integration is mostly complete. Future efforts will focus primarily on ways to develop one integrated rate structure for all customers as well as redeem all outstanding debt of SAWS DSP. Once that has been accomplished, SAWS DSP will be dissolved. Complete integration with SAWS is required to occur by January 2017 unless SAWS requests an extension from the Texas Commission on Environmental Quality.

Water Supply Fee

On October 19, 2000, the San Antonio City Council via Ordinance #92753 approved a funding mechanism for the construction and development of additional water resources to meet projected water demands for the City of San Antonio and Bexar County for the next 50 years.

The Water Supply Fee assists in funding expenditures for the development of new water resources to include all operating, maintenance, research and development, and capital costs (including debt service when capital expenditures are debt funded). Additionally, the use of recycled water to displace current and future potable water needs is a key element of the long-range plan.

The Water Supply Fee is tiered for residential and irrigation customers. A residential customer using the average of 7,788 gallons in a month pays a total Water Supply Fee of \$10.51. The Water Supply Fee per 100 gallons for each customer class is summarized below.

RATE CLASS	Usage Blocks Gallons	Assessed Fee RATE PER 100 GALLONS
<i>Residential</i>	First 5,985	\$0.1223
	Next 6,732	\$0.1768
	Next 4,488	\$0.2495
	Over 17,205	\$0.4366
<i>General</i>	All blocks	\$0.1880
<i>Wholesale</i>	All blocks	\$0.1880
<i>Irrigation</i>	0 Gallons	\$0.0000
	Next 6,732	\$0.1880
	Next 10,473	\$0.2495
	Over 17,205	\$0.4735

Water Supply Fee Financial Reports

The following tables provide an accounting of the collection and uses of the Water Supply fee since its inception in 2001.

San Antonio Water System Sources and Uses of Funds Water Supply 2001-June 2014 (\$ in Millions)	
Water Supply Fee	\$ 953.87
Operating Transfer from Water Delivery	142.59
Non-operating income & Other	59.16
Recycle Water Revenues	50.29
Water Supply Impact Fees	92.31
Bond Proceeds	754.28
Water Supply O&M	(525.91)
Debt Service	(386.38)
Capital Funding	<u>(858.91)</u>
Funds Provided	<u>281.29</u>
Restrictions on Cash	170.52
Designations on Cash	<u>73.59</u>
Unrestricted/Undesignated Funds	<u>\$ 37.18</u>

San Antonio Water System
Operating & Maintenance Expenditures
2001-June 2014
(\$ in Millions)

Operating and Maintenance Costs	
Western Canyon Project - GBRA	\$ 68.52
Oliver Ranch - Lease Payments & Production Costs	19.13
BSR - Lease Payments & Production Costs	4.23
Regional Carrizo - Water Sales Agreements & Other ³	26.35
Brackish Desalination	1.32
Edwards - Lease Expense & Other	52.53
Aquifer Storage & Recovery Project	33.90
Aquifer Protection & Compliance	28.23
Recycled Water Operations	33.18
Conservation Program - net loss	7.27
Stormwater program - net loss	4.55
LCRA - Study Period and Other, Net of Cash Recovery ⁴	22.17
Lower Guadalupe Water Supply Project	6.26
Simsboro Aquifer	4.41
Recharge Initiative	0.80
Other Water Resources Cost	9.29
Facilities Maintenance	18.09
Communication & Outreach	10.30
Legal - Water Law	6.99
Billing & Collections	35.88
Finance & Information Systems	34.67
Corporate Facilities	9.68
Human Resources, Safety, Other Benefits ¹	27.58
Other Support Services ²	28.77
Transfer to COSA	<u>31.83</u>
Total Operating & Maintenance	<u>\$ 525.91</u>

¹ Includes workers compensation and dependent and retiree health insurance.

² Includes executive management, Board of Trustees, Internal Audit, Legal and other miscellaneous.

³ Includes a \$12.4 million write-off of pipeline design costs made obsolete with agreement with Schertz Local Government Corporation to transport water from Gonzales county to SAWS.

⁴ Total program cost net of cash recovered from LCRA settlement.

San Antonio Water System			
Water Supply Capital Spending			
2001 - June 2014			
(\$ in millions)			
	FUNDING		
	Pay-as-you-go	Debt	Total
Water Supplies:			
Non-Edwards Water Supplies			
Western Canyon Project - GBRA	\$ 3.31	\$ 10.87	\$ 14.18
Trinity Aquifer Projects (Oliver Ranch/BSR)	12.49	-	12.49
Local Carrizo	1.31	13.52	14.82
Brackish Desalination	9.67	52.66	62.33
Regional Carrizo	55.20	64.08	119.28
Aquifer Storage & Recovery Project (ASR)	1.93	245.51	247.44
Recycled Water System	1.15	84.65	85.80
Total Non-Edwards	85.05	471.29	556.34
Edwards Aquifer Water Rights	86.52	153.16	239.67
Total Water Supply Capital Spending	171.57	624.45	796.02
Other Capital Spending:			
Integration	12.91	12.03	24.94
Unallocated Project Overhead	5.55	-	5.55
Land, Buildings & Equipment	27.12	5.29	32.41
	45.58	17.32	62.89
Total Capital Spending	\$ 217.15	\$ 641.76	\$ 858.91

San Antonio Water System Cash Restrictions/Designations Water Supply 2001-June 2014 <i>(\$ in Millions)</i>	
Restrictions on Cash:	
Operating Reserve	\$ 13.74
Reserve Fund	19.92
Construction Funds:	
Bond Funds ¹	106.60
Impact Fees ²	<u>30.26</u>
	170.52
Designations on Cash:	
Future Reserve Fund deposits	0.75
PGA Monitoring/WQEE	1.19
Interest Mitigation Fund ³	9.77
2013 & Prior CIP program (cash funds)	<u>61.88</u>
	73.59
Unrestricted/Undesignated Funds	<u>37.18</u>
Total Water Supply Funds Available	<u><u>\$ 281.29</u></u>

¹ Represents bond proceeds currently on hand. These proceeds have all been committed to be used on existing projects.

² Represents unspent impact fees. These have all been committed to fund CIP projects in the 2014 & prior CIP program or they will be used to help fund future CIP program.

³ Represents funds accumulated as a result of favorable variances in debt service. Funds may be used for CIP or to otherwise reduce debt service costs.

Glossary

AF/yr	Acre-Foot per year (325,851 gallons)
ASR	Aquifer Storage & Recovery Facility / underground storage facility
BGDP	Brackish Groundwater Desalination Program
BMA	Bexar-Medina-Atascosa Improvement District #1
BMWD	Bexar Metropolitan Water District
BSR	Bulverde Sneekner Ranch
CCN	Certificate of Convenience and Necessity
CRWA	Canyon Regional Water Authority
DFC	Desired Future Condition
DOR	Drought of Record
DSP	District Special Project (former BexarMet)
EAA	Edwards Aquifer Authority
EAHCP	Edwards Aquifer Habitat Conservation Plan
GCD	Groundwater Conservation District
GBRA	Guadalupe-Blanco River Authority
GPCD	Gallon Per Capita Per Day
HCP	Habitat Conservation Plan
MGD	Million Gallons per Day
OR	Oliver Ranch
RCP	Regional Carrizo Project
RFCSP	Request For Competitive Sealed Proposals
SAWS	San Antonio Water System
SB	Senate Bill
SSLGC	Schertz-Seguin Local Government Corporation
TWDB	Texas Water Development Board
WMP	2012 Water Management Plan
WSC	Water Supply Corporation

Firm Yield – The volume of water which can be produced from a defined source during a repeat of the drought of record under existing regulatory, legal, contractual, hydrological or infrastructure constraints.

Desired Future Condition – Defined by Title 31, Part 10, §356.10 (6) of Texas Administrative Code as "the desired, quantified condition of groundwater resources (such as water levels, spring flows, or volumes) within a management area at one or more specified future times as defined by participating groundwater conservation districts within a groundwater management area as part of the joint planning process."

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