



Water Supply Fee Semiannual Report July-December 2023



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About the cover:

Top Left: Fall Aster, purple and yellow daisy-like blooms make a dramatic display in autumn.

Top Right: By the end of 2023, SAWS had rolled out over 90,000 Connect H₂O Meters. These meters will allow customers to better understand and manage their water usage.

Bottom: Steven M. Clouse Water Recycling Center solar farm. Clouse Solar is a 20MW solar array owned by a third party who sells the energy to CPSE. SAWS leases the land to the third party but does not utilize any of the generated electricity.

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Introduction

San Antonio Water System (SAWS) is pleased to present the July - December 2023 Water Supply Fee Semiannual Report to San Antonio City Council. This report is a requirement of Chapter 34 of the Municipal Code, Section 34-1349 and put in place by a 2005 initiative to ensure SAWS was achieving the development of the water supply plan. The requirement has never been altered and as such, is submitted to City Council twice each year, covering the periods of January through June, and July through December.

SAWS was created by an act of the City Council in May 1992, through Ordinance 75686. SAWS serves over 2 million people. The service area covers 928 square miles primarily in Bexar County and portions of Atascosa, Comal, and Medina counties.

This report documents the water resources activities pertaining to the implementation of San Antonio Water System's long-term planning efforts, with focus on activities during the period of July 1 through December 31, 2023. The report will:

- Review the progress on the updates to the 2017 Water Management Plan
- Provide a status report on the utility's water production
- Recap the Edwards Aquifer Authority (EAA) critical period cutbacks and drought restrictions during the reporting period
- Provide an update on conservation programs
- Provide an update on the development of the 2024 Water Management Plan
- Summarize the revenues generated from the water supply fee, and capital spending on water supply projects
- Summarize the maintenance and operational expenses for completed projects

SAWS had a total potable and non-potable demand of 164,885 AF during the second half of 2023. Of that total, 82,324 AF came from the Edwards Aquifer, which accounted for approximately 50 percent of the total water distributed to customers. For the year, SAWS distributed 280,239 AF of potable water in 2023. One AF of water is equal to 325,851 gallons.

The current diversified water supply portfolio consists of the following sources:

- Edwards Aquifer
- Canyon Lake
- Carrizo Aquifer
- Lake Dunlap
- Lower Wilcox Aquifer
- Recycled Water (non-potable)
- Simsboro Aquifer
- Trinity Aquifer

EAA: Critical Period Update

By the end of 2023, San Antonio recorded 20.01 inches of rain. This is 12.36 inches below the 30-year average of 32.37 inches.

During the reporting period, SAWS had a 19.05 percent critical period drought cutback to its Edwards Aquifer supply through the EAA. The EAA was in Stage 3 critical period from July 1 to July 20. EAA entered Stage 4 on July 21, and remained in this stage through October 31. EAA dropped back down to Stage 3 on November 1 and remained in critical period throughout the remainder of the year. SAWS finished the year with a 35.81 percent total critical period drought cutback to its Edwards Aquifer supply through the EAA.

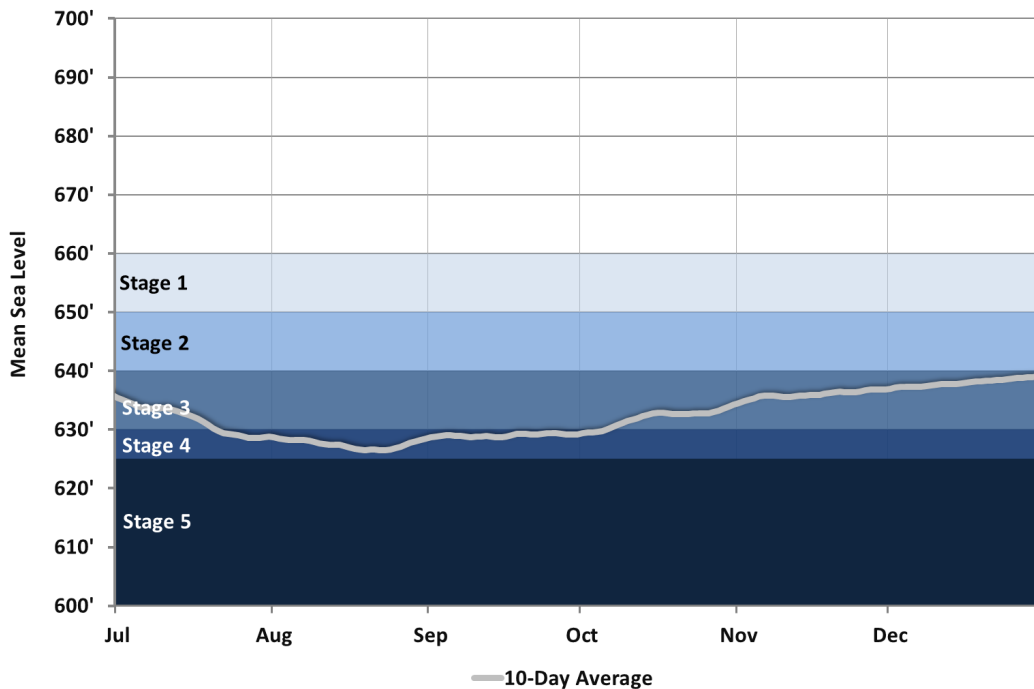
EAA Critical Period

Stage	Percent	Days in Stage	Start	End	Reduction
Stage 3	35.0%	20	07/01/23	07/20/23	1.92%
Stage 4	40.0%	103	07/21/23	10/31/23	11.29%
Stage 3	35.0%	61	11/01/23	12/31/23	5.85%
		184			19.05%

Since April 13 of 2022, SAWS customers have been in stage 2 watering rules. Under stage 2 watering rules, SAWS customers may water with an irrigation system once a week between 7-11am and 7-11pm on the designated watering day.

Total Edwards permit reduction of 35.81% by the end of the reporting period

Edwards Aquifer J-17 Level



San Antonio J-17 Index well level based on mean sea level (msl) for the reporting period

Water Supply Summary

This section summarizes the status for each water resource project for the second half of 2023.

Supply	Acre-Feet Distributed (July-December 2023)	Activity
Edwards Aquifer	82,324	<ul style="list-style-type: none"> 2023 Permitted inventory 266,851 AF Regulatory cutback was 35.81% through December 31, 2023
Direct Recycled Water	11,891 <ul style="list-style-type: none"> 6,707 (consumptive) 3,376 (river flow) 1,808 (Mitchell Lake) 	<ul style="list-style-type: none"> System Supply: 25,000 AF*
Trinity Aquifer	1,877	<ul style="list-style-type: none"> Current drought conditions led to decreased production volumes in the second half of 2023
Canyon Regional Water Authority (CRWA)	2,655	<ul style="list-style-type: none"> 42% of annual contracted volume received during the reporting period

*This does not include the volume supplied to CPS Energy

Supply	Acre-Feet Distributed (July-December 2023)	Activity
Canyon Lake	2,514	<ul style="list-style-type: none"> • Canyon Lake was at 60.4% of capacity at the end of the reporting period
H ₂ Oaks Aquifer Storage and Recovery	ASR water recovered and sent to distribution system: 25,268 AF Edwards Water Stored: 0 AF	<ul style="list-style-type: none"> • An average of 45 MGD sent to distribution system between (July 1st and December 31st) • 166,336 AF of total stored water as of December 31, 2023
H ₂ Oaks Carrizo Aquifer	4,028	<ul style="list-style-type: none"> • 9,900 AF annual production capacity • 41% of annual capacity produced during the reporting period
H ₂ Oaks Brackish Groundwater Desalination	2,901	<ul style="list-style-type: none"> • Produced an average of 5.1 MGD during the reporting period
Regional Carrizo Project	4,849	<ul style="list-style-type: none"> • Includes SAWS Buckhorn wellfield production in Gonzales County plus water purchased from Schertz-Seguin Local Government Corporation • Purchased 127 AF from SSLGC in the reporting period
Vista Ridge	26,578	<ul style="list-style-type: none"> • A total of 51,527 AF of Vista Ridge water was sent to distribution system in 2023 • Annual Vista Ridge maintenance was postponed from December 2023 to January 2024 to maximize Vista Ridge supply in 2023

Planned Projects 2017-2025	Status of Programs July – December 2023
Conservation Programming	<ul style="list-style-type: none"> • Increased Conservation messaging by sending personalized WaterSmart reports to over 296,000 customers on a monthly basis, helping single family residential customers identify and participate in conservation opportunities. All low-income customers receiving an affordability discount that we have an email for are auto-enrolled in WaterSmart reports. • Growth in GardenStyleSA visitors and views have grown by 4% between December of 2022 and December of 2023. Subscribers to the weekly GardenStyleSA newsletter continues to increase and has just under 36,000 subscribers. • 578 customers served through Plumbers to People and Conservation Makeover visits in the second half of 2023, with ongoing efforts to assist more customers through collaboration with the Uplift Team. In total there were nearly 1,200 visits made for these programs. • Nearly 2,300 Irrigation Consultations completed at homes in the second half of 2023, totaling 3,344 consultations for the year. • 147 households, 6 multifamily, and 4 businesses used Irrigation Efficiency rebates from June to December of 2023. • 228 WaterSaver Landscape Coupons redeemed to replace grass with drought-tolerant plants. • The number of customers signed up for the WaterSaver Rewards program grew by 11% in the second half of the year. At the end of 2023 more than 13,000 customers were able to benefit from virtual and in-person Rewards education opportunities provided by SAWS Conservation and non-profit partner organizations. • 2,886 required accounts are in compliance with the Irrigation Check-Up regulation as of the end of December, resulting in 74% overall compliance for the year. • Seventeen flow sensor rebate applications were submitted with one rebate approved so far. Other applicants continue to complete steps necessary for their rebate to be approved. • 71 smart irrigation controller coupons have been redeemed totaling 285 for the year, helping customers better understand and control their water consumption. • Enforcement patrols were increased this year as San Antonio experienced another exceptionally hot and dry summer. For all of 2023 there were 9,772 citations and 5,052 water waste alerts with most of these being generated in the second half of 2023. From July through December 6,425 water waste citations and over 4,568 water waste alerts were issued in the second half of 2023 • Continue promoting conservation to address drought demand management and reduce year-round water consumption from 124 GPCD in 2017 to 104 GPCD by 2025

Water Management Plan Process

SAWS Water Management Plan (WMP) serves as the organization's guiding document to project long term water demands and identify future firm water supplies and progressive water conservation programs to meet the communities water needs for the next 50 years.

The WMP is generally updated on a five-year basis or as conditions warrant to incorporate changes in focus topics such as:

- Population growth and development
- Water demand patterns
- Climate change
- Regulatory changes
- Water supply and future options
- Conservation programs



SAWS started the most recent WMP process in 2022 by engaging with the community through WaterCitySA.com. The community participated in a survey to rank various plan components by level of importance to them. SAWS has received over 1,000 community responses to the survey. SAWS has also participated in city council briefings, council district meetings, neighborhood association and homeowner associating meetings, tabling events, stakeholder meetings, SAWS citizen committees, and university presentations.

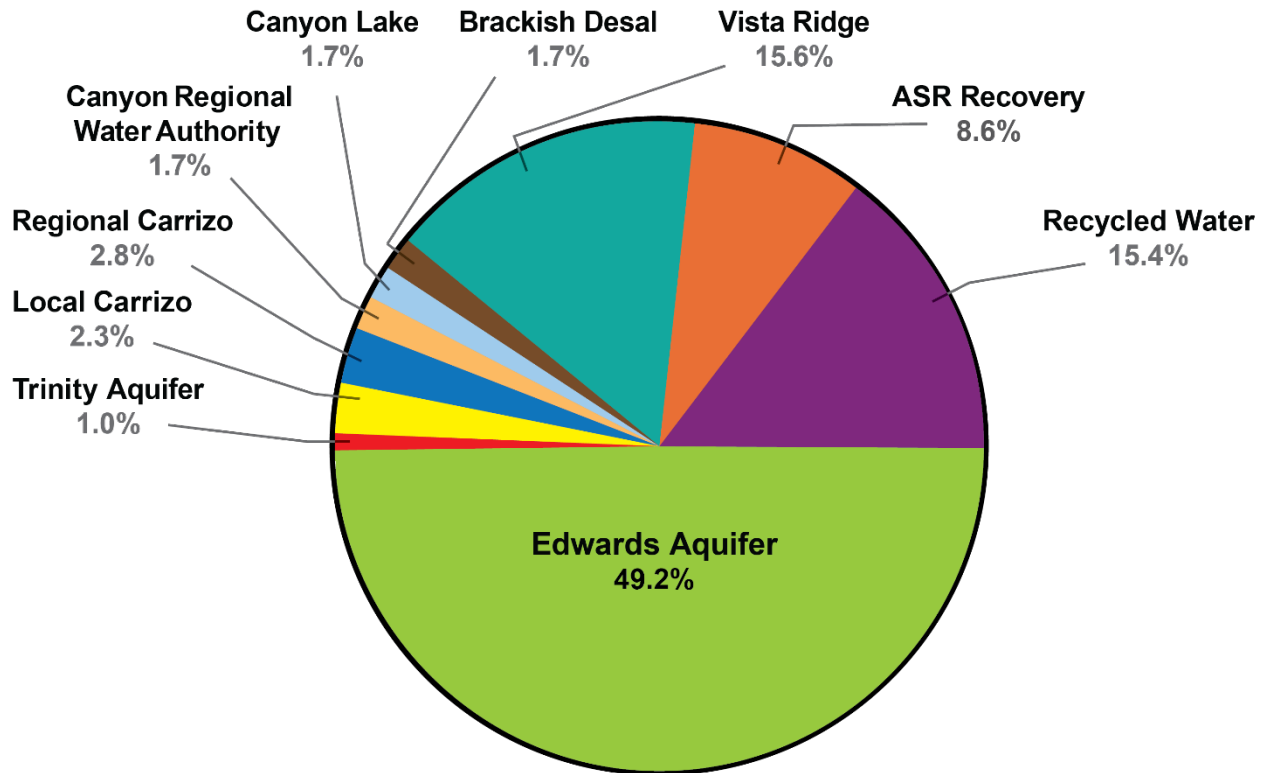


The Draft 2024 WMP is expected to be available June 2024 for community comment prior to SAWS Board approval later in the year.

Distribution to Customers

2023 Distribution of Potable and Non-Potable Water to Customers

In 2023, San Antonio Water System (SAWS) distributed a total potable water volume of 280,239 acre-feet (AF). This does not include the 5,622 AF of Edwards Aquifer water that was stored in the H₂Oaks Aquifer Storage & Recovery facility. In addition, 50,791 AF of recycled water was supplied to our customers; 32,673 AF to CPS Energy and 18,118 AF to the remaining customers. The total water demand for the year was supplied by the following sources:



Aquifer Storage and Recovery

SAWS maximizes its annual Edwards Aquifer permitted volume by storing Edwards Aquifer water during low demand periods. During drought, SAWS utilizes the ASR facility to recover stored water to distribute to SAWS customers. This reduces demand on the Edwards Aquifer to help maintain spring flow for endangered species. The SAWS ASR project is the key spring flow protection measure and a shared resource benefiting communities in the region.

During the reporting period, SAWS delivered 25,268 AF of water to its customers to help meet demand. As of December 31, 2023, ASR had a storage volume of 166,336 AF.



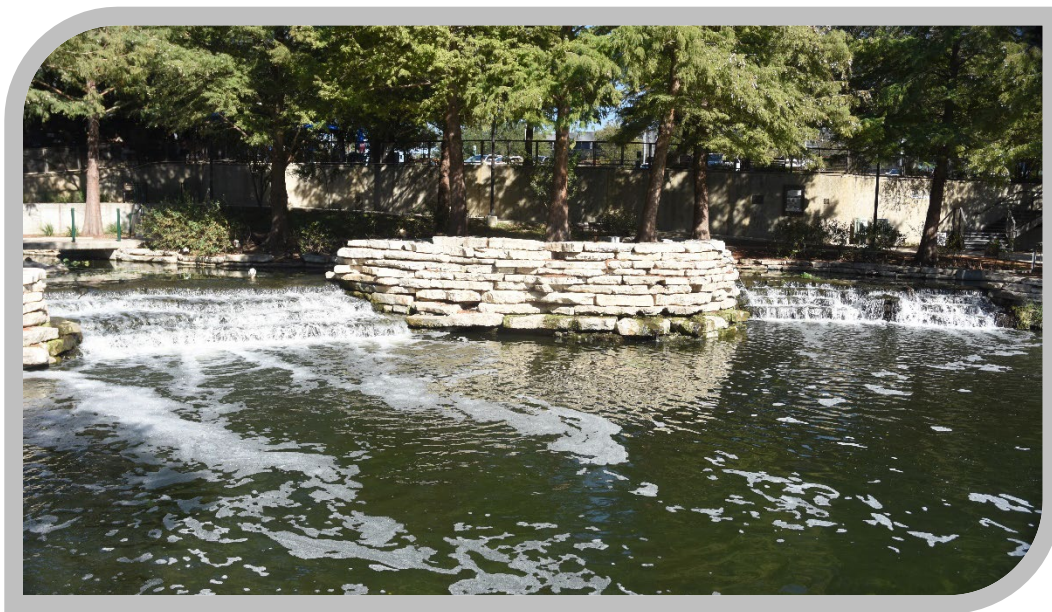
Source: San Antonio Water System

Financial Report

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 SAWS service area 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). SAWS has the largest direct recycled water system in the nation, and along with SAWS conservation programs, moderates the size of the Water Supply Fee by reducing the need for additional water supplies.



The San Antonio River Walk by the Historic Pearl Brewery. SAWS contributes highly treated recycled water to the San Antonio River. In 2023, SAWS delivered over 6,600 AF to the river.

The Water Supply Fee per 1000 gallons in 2023 for each customer class is summarized below.

RATE CLASS	Usage Block Thresholds Gallons	Assessed Fee RATE PER 1000 GALLONS
<i>Residential</i>	4,000	\$1.631
	7,000	\$3.018
	12,000	\$5.464
	20,000	\$7.177
	Over 20,000	\$10.194
<i>General</i>	Base*	\$3.079
	125% of Base	\$3.541
	175% of Base	\$4.619
	Over 175% of Base	\$5.389
<i>Wholesale</i>	Base**	\$3.567
	Over Base	\$7.134
<i>Irrigation</i>	8,000	\$3.813
	18,000	\$5.339
	160,000	\$6.864
	Over 160,000	\$8.770

* The Base Use for General Class is defined as 100 percent of the Annual Average Consumption.

** The Base Use for the Wholesale Class is defined as 100 percent of the Annual Average Consumption or as agreed to by the wholesale customer and approved by the SAWS Board of Trustees.

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 WaterSupply 2001 – 2023 (\$ in Millions)	
Water Supply Fee	\$2,701.50
Operating Transfer from Water Delivery	196.07
Non-operating income & Other	136.88
Recycle Water Revenues	109.39
Water Supply Impact Fees	437.77
Bond Proceeds	886.71
Water Supply O&M	(1,671.93)
Debt Service ¹	(934.00)
Capital Funding	<u>(1,518.00)</u>
Funds Provided	<u>344.39</u>
Restrictions on Cash	118.60
Designations on Cash	<u>166.00</u>
Unrestricted/Undesignated Funds	<u>\$ 59.79</u>

¹ Includes Principal, Interest and Bond Defeasance Payments.

San Antonio Water System
Operating & Maintenance Expenditures
2001 – 2023
(\$ in Millions)

Operating and Maintenance Costs	
Western Canyon Project - GBRA	\$ 134.59
Oliver Ranch - Lease Payments & Production Costs	38.43
BSR – Lease Payments & Production Costs	6.66
Regional Carrizo - Water Sales Agreements & Other	112.96
Brackish Desalination	25.51
Edwards - Lease Expense & Other	88.61
Aquifer Storage & Recovery Project	70.88
Aquifer Protection & Compliance	58.88
Vista Ridge	392.62
Recycled Water Operations	53.86
Canyon Regional	58.16
Medina Lake	23.85
Trinity Stein/Rogers Ranch	71.37
Conservation Program - net loss/(income)	(22.81)
Stormwater program - net loss	0.25
LCRA - Study Period and Other, Net of Cash Recovery	13.77
Lower Guadalupe Water Supply Project	6.26
Simsboro Aquifer	4.41
Recharge Initiative	0.80
Other Water Resources Cost	25.88
Facilities Maintenance	71.18
Communication & Outreach	22.38
Legal - Water Law	10.88
Billing & Collections	89.12
Finance & Information Systems	83.38
Corporate Facilities	18.87
Human Resources, Safety, Other Benefits	71.17
Other Support Services	41.72
Transfer to COSA	98.29
	<hr/>
Total Operating & Maintenance	<u>\$1,671.93</u>

San Antonio Water System
Water Supply Capital
Spending 2001 – 2023
(\$ in Millions)

	FUNDING		
	Cash Funding	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	13.51	14.82
Brackish Desalination	59.92	149.37	209.29
Regional Carrizo	55.99	63.81	119.80
Aquifer Storage & Recovery Project (ASR)	38.41	245.66	284.07
Recycled Water System	2.29	89.86	92.15
Total Non-Edwards	173.72	573.08	746.80
Edwards Aquifer Water Rights	87.83	153.15	240.98
Total Water Supply Capital Spending	261.55	726.23	987.78
Other Capital Spending:			
Integration	302.20	136.93	439.13
Advanced Meter Infrastructure	54.92	-	54.92
Land, Buildings & Equipment	30.89	5.28	36.17
	388.01	142.21	530.22
Total Capital Spending	\$ 649.56	\$ 868.44	\$ 1,518.00

San Antonio Water System
Cash Restrictions/Designations
Water Supply
2001 – 2023
(\$ in Millions)

Restrictions on Cash:	
Operating Reserve	\$ 41.30
Reserve Fund	15.20
Construction Funds:	
Debt Funds ¹	34.20
Impact Fees ²	<u>27.90</u>
	118.60
Designations on Cash:	
PGA Monitoring/WQEE/Conservation	26.60
Interest Mitigation Fund ³	1.70
2022 & Prior CIP program (cash funds)	<u>137.70</u>
	166.00
Unrestricted/Undesignated Funds	<u>59.79</u>
Total Water Supply Funds Available	<u>\$ 344.39</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 Capital Improvement Program (CIP) projects in the 2022 & prior CIP program or they will be used to help fund future CIP programs.

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.

Acronyms and Abbreviations

AF	Acre-Foot (325,851 gallons)
ASR	Aquifer Storage & Recovery Facility / underground storage facility
CIP	Capital Improvement Program
CRWA	Canyon Regional Water Authority
EAA	Edwards Aquifer Authority
GPCD	Gallons per Capita per Day
MSL	Mean Sea Level
SAWS	San Antonio Water System
WMP	Water Management Plan

