

May 19, 2026

# Public Hearing

## Proposed Amendment to the 2026 Annual Budget & FY 2026-2029 Rate Plan

Cecilia Velasquez

VP – Customer Experience & Strategic Initiatives

Board Meeting



# Proposed Rate Plan for FY 2026-2029 Timeline

Allows for six months with new rates/five months with additional revenue





# Water Forward

## Strengthening Water and Wastewater Infrastructure

It's time to invest in what keeps our city flowing.



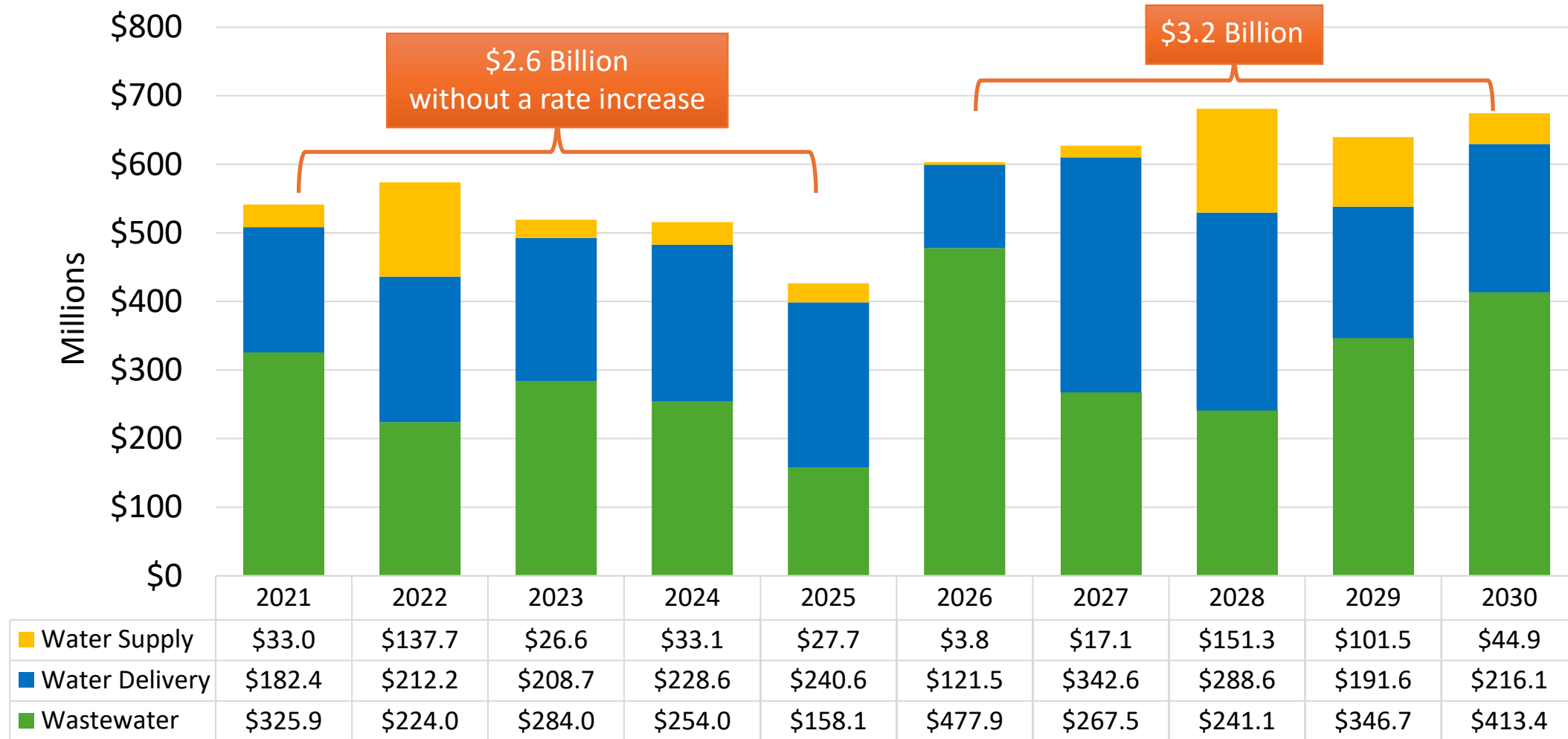
# Staff Recommendations

- Approval of Amended Budget for Fiscal Year Ending December 31, 2026
- Recommend City Council adopt:
  - 2026 and 2027 rate adjustments in accordance with the cost-of-service study as fixed rates, 2026 rate adjustments be effective for consumption on July 1, 2026
  - 2028 and 2029 rate adjustments would be equal to or less than the recommendations from the cost-of-service study
- Approval of current annual gross household income threshold for Uplift customers be increased from 125% to 150% federal poverty level
- Based on the Amended 2026 Budget, there are special service fee adjustments that also need to be approved



# 10-Year Capital Improvement Program

Necessary Capital Improvements are Primary Driver for Rate Adjustment





# SAWS Capital Program Efficiency Study

Conducted by [Williams Consulting Partners \(WCP\)](#)

- Preliminary Results
  - SAWS “maintains a sophisticated ability to identify and manage large-scale infrastructure projects, underpinned by an exceptionally strong balance sheet, highly stable and technically competent workforce and integrated applications”
  - However, SAWS operates in an increasingly complex and costly global economic environment. Aging infrastructure, regulatory and resilience requirements, workforce constraints, along with rising construction and operating costs, underscore the need for more flexible, scenario-based capital planning and stronger risk management.
- Preliminary Recommendations
  - Identified opportunities for improvement, namely within the categories of governance, communication, strategic planning and engagement



# 2026 CIP Projects Over \$30M

## Water Forward – Strengthening Water and Wastewater Infrastructure

Project Description	Cost	Risks of Delaying Project
Steven M. Clouse Water Recycling Center (WRC) Biosolids System Upgrades	\$170.0M	<ul style="list-style-type: none"> <li>Failure of obsolete equipment resulting in regulatory violation and higher costs for biosolids processing</li> <li>Continued rental cost for thickening and dewatering equipment</li> </ul>
Leon Creek WRC Hydraulic and Solids Improvements	\$84.7M	<ul style="list-style-type: none"> <li>Inability to process the permitted peak wastewater flow requirements and risk of plant permit violations</li> </ul>
Steven M. Clouse Rehabilitation WRC Phase I Improvements	\$84.1M	<ul style="list-style-type: none"> <li>Equipment failure resulting in a regulatory violation and impact to gas production and contract with Ameresco</li> </ul>
2023 Sewer Main Replacement Project 2	\$33.0M	<ul style="list-style-type: none"> <li>Inability to accommodate growth and could result in additional SSOs</li> </ul>

- Projects total \$371.8M out of \$607.8M CIP



# 2027 CIP Projects Over \$30M

## Water Forward – Strengthening Water and Wastewater Infrastructure

Project Description	Cost	Risks of Delaying Project
Steven M. Clouse Water Recycling Center (WRC) Primary Treatment Expansion – Package B	\$64.8M	<ul style="list-style-type: none"> <li>Equipment failure and inability to process increased wastewater flows resulting in regulatory violation</li> </ul>
Salado Creek Sewer Main Replacement	\$61.3M	<ul style="list-style-type: none"> <li>Potential failure of aged pipeline due to condition resulting in potential sanitary sewer overflows</li> </ul>
Pump Station Generators - Resiliency	\$56.6M	<ul style="list-style-type: none"> <li>Inability to comply with SB 3</li> <li>Potential for boil water notice in situation of extended power outages</li> </ul>
Leon Creek WRC Flow Management Upgrades	\$47.4M	<ul style="list-style-type: none"> <li>Inability to process increased wastewater flows at the plant resulting in risk of permit violations</li> </ul>

- Projects total \$230.1M out of \$634.0M CIP

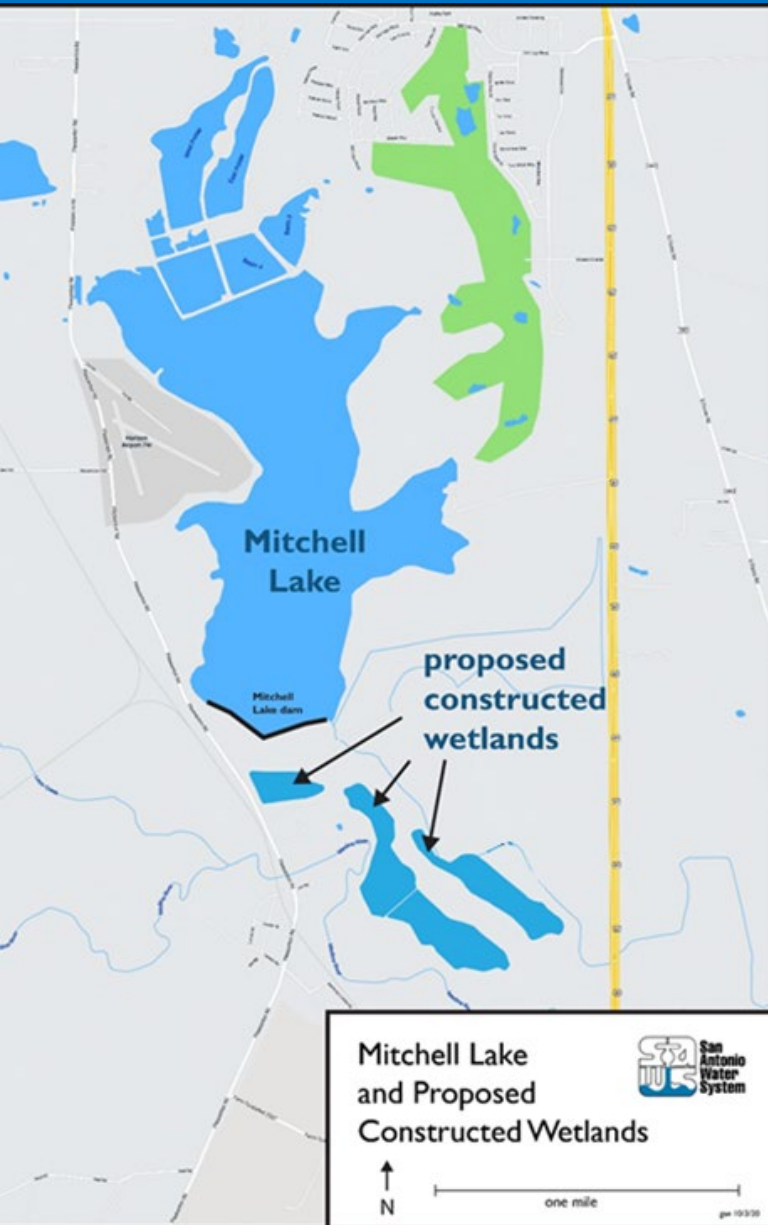


# 2028 CIP Projects Over \$30M

## Water Forward – Strengthening Water and Wastewater Infrastructure

Project Description	Cost	Risks of Delaying Project
ASR Plant Expansion	\$133.2M	<ul style="list-style-type: none"> <li>Inability to meet projected water supply gap during drought conditions in mid-2030s</li> </ul>
Pump Station Generators - Resiliency	\$57.4M	<ul style="list-style-type: none"> <li>Inability to comply with SB 3</li> <li>Potential for boil water notice in event of extended power outages</li> </ul>
PZ 1295/1400E Facility	\$45.4M	<ul style="list-style-type: none"> <li>Potential failure of aged equipment resulting in low pressure concerns and water service disruption</li> </ul>
Medio Creek Water Recycling Center Rehabilitation Improvements Phase 1	\$39.9M	<ul style="list-style-type: none"> <li>Potential failure of aged equipment resulting in regulatory violation</li> </ul>

- Projects total \$275.9M out of \$681.7M CIP



# 2029 CIP Projects Over \$30M

## Water Forward – Strengthening Water and Wastewater Infrastructure

Project Description	Cost	Risks of Delaying Project
Mitchell Lake Wetlands Construction	\$59.0M	<ul style="list-style-type: none"> <li>Inability to comply with MS4 permit requirements</li> </ul>
Steven M. Clouse Water Recycling Center (WRC) Sidestream Phosphate Harvesting	\$57.3M	<ul style="list-style-type: none"> <li>Potential failure of equipment and inability to comply with new nutrient limits if imposed by TCEQ</li> </ul>
Steven M. Clouse WRC Flow Management & Biological Nutrient Removal Upgrades	\$49.8M	<ul style="list-style-type: none"> <li>Inability to manage peak wastewater flows resulting in permit violations</li> <li>Inability to comply with new nutrient limits if imposed by TCEQ</li> </ul>
Cibolo Canyon Lift Station Elimination and Relief Line (E-54 Phase 2)	\$37.5M	<ul style="list-style-type: none"> <li>Inability to accommodate future growth</li> </ul>
Expanded Local Carrizo	\$36.0M	<ul style="list-style-type: none"> <li>Inability to meet future projected water supply demands</li> </ul>

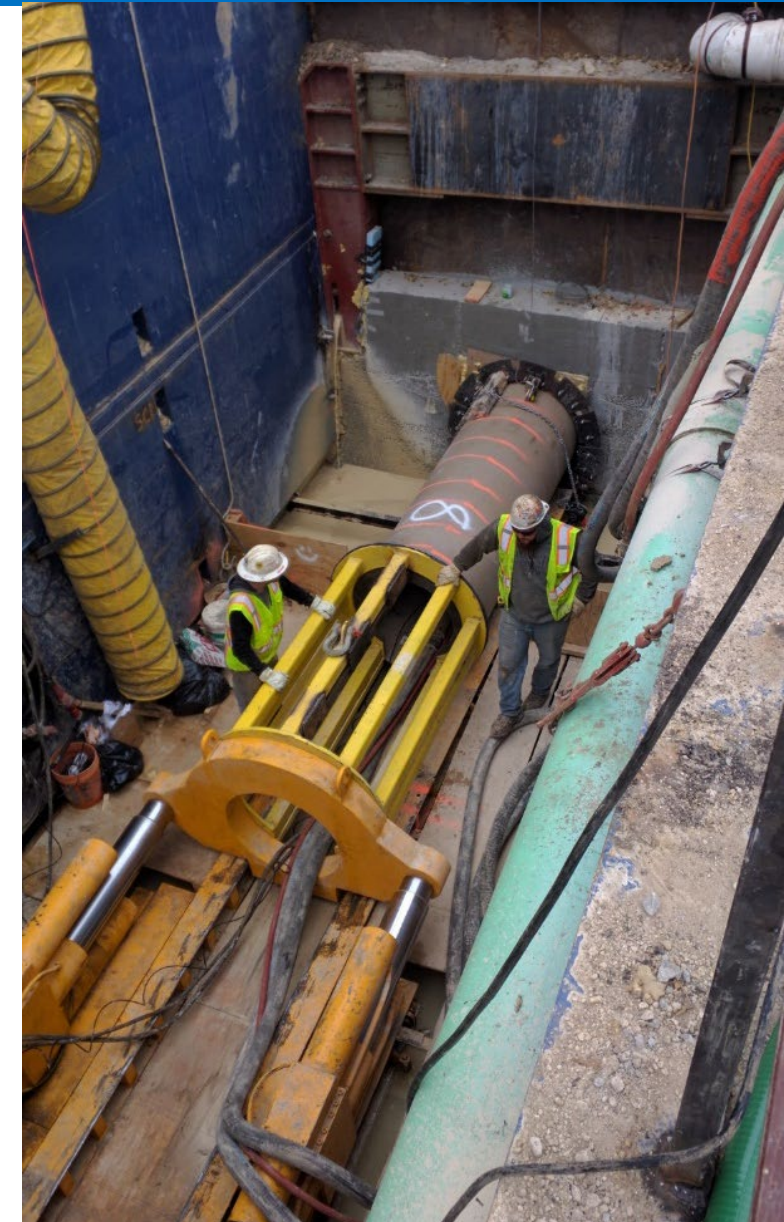
- Projects total \$239.6M out of \$640.6M CIP

# System-Wide Projects Located in District 1

## 2026-2030 CIP

### Water Forward – Strengthening Water and Wastewater Infrastructure

Project Name	Total (\$ in millions)
2022 Inflow Reduction Package 2A	\$12.4
2022 Inflow Reduction Package 2B	\$9.2
Alazan Creek Sewer Main Replacement	\$4.9
Santa Paula Sewer Main Replacement	\$5.4
<b>Total</b>	<b>\$31.9</b>



# System-Wide Projects Located in District 2

## 2026-2030 CIP

### Water Forward – Strengthening Water and Wastewater Infrastructure

Project Name	Total (\$ in millions)
Artesia Ground Storage Tank No. 2	\$2.1
Pump Station Rehab Phase 27 – East Houston Booster Station (Recycle)	\$10.4
Seale Pump Station Improvements (Phase 12)	\$2.6
<b>Total</b>	<b>\$15.1</b>



# System-Wide Projects Located in District 3

## 2026-2030 CIP

### Water Forward – Strengthening Water and Wastewater Infrastructure

Project Name	Total (\$ in millions)
Acequia Lift Station Rehabilitation	\$12.1
C-67 Central Stem Reroute and Replacement - South-North	\$200.9
El Camino Recycled Water Pump Station	\$2.1
Mitchell Lake Constructed Wetlands and Dam Spillway Modifications	\$66.6
Mission Del Lago Elevated Storage Tank	\$2.9
Pump Station Rehabilitation Phase 27 – East Houston Booster Station (Recycle)	\$10.4
Riverside Golf Course Pump Station Rehab	\$3.4
<b>Total</b>	<b>\$298.4</b>



# System-Wide Projects Located in District 3

## 2026-2030 CIP at Steven M. Clouse WRC

### Water Forward – Strengthening Water and Wastewater Infrastructure

Project Name	Total (\$ in millions)
Anaerobic Digestion Facility Expansion (Package A)	\$23.4
Biological Nutrient Removal Upgrades	\$26.0
Biosolids System Upgrades	\$182.9
Enhanced Energy Recovery – Biosolids Improvements Phase	\$4.7
Flow Management Upgrades	\$29.4
Primary Treatment Expansion (Package B)	\$85.0
Rehabilitation Improvements Phase 1&2	\$95.3
Sidestream Phosphate Harvesting	\$68.1
Tertiary Hydraulic and Process Capacity Improvements (Package C)	\$29.1
<b>Total</b>	<b>\$543.9</b>



# System-Wide Projects Located in District 3

## 2026-2030 CIP at Leon Creek and Salado Creek WRCs

### Water Forward – Strengthening Water and Wastewater Infrastructure

Project Name	Total (\$ in millions)
Leon Creek WRC Aeration Process Expansion and Improvements (Package B)	\$8.0
Leon Creek WRC Electrical System Improvements Phase 2	\$37.7
Leon Creek WRC Flow Management Upgrades	\$47.4
Leon Creek WRC Hydraulic and Solids Improvements	\$84.7
Leon Creek WRC Primary Process Capacity and Hydraulic Improvements (Package C)	\$4.7
Leon Creek WRC to SMC WRC Recycled Water Interconnect	\$13.5
Salado Creek Sewer Main Replacement	\$66.6
Salado Creek WRC Flow Management Upgrades	\$31.4
<b>Total</b>	<b>\$294.0</b>



# System-Wide Projects Located in District 4

## 2026-2030 CIP

### Water Forward – Strengthening Water and Wastewater Infrastructure

Project Name	Total (\$ in millions)
2023 Sewer Main Replacement Project 2	\$33.0
Pump Station Rehabilitation Phase 26 – Golden Booster Station	\$2.6
Pump Station Rehabilitation Phase 28 – Old Pearsall Booster Station (Recycled)	\$10.4
SW Loop 410 24-inch WL	\$0.8
<b>Total</b>	<b>\$46.8</b>



# System-Wide Projects Located in District 4

## 2026-2030 CIP at Medio Creek WRC

Water Forward – Strengthening Water and Wastewater Infrastructure

Project Name	Total (\$ in millions)
Medio Creek WRC Hydraulic Capacity and Space Management Improvements	\$3.3
Medio Creek WRC Rehabilitation Improvements Phase 1	\$46.0
<b>Total</b>	<b>\$49.3</b>

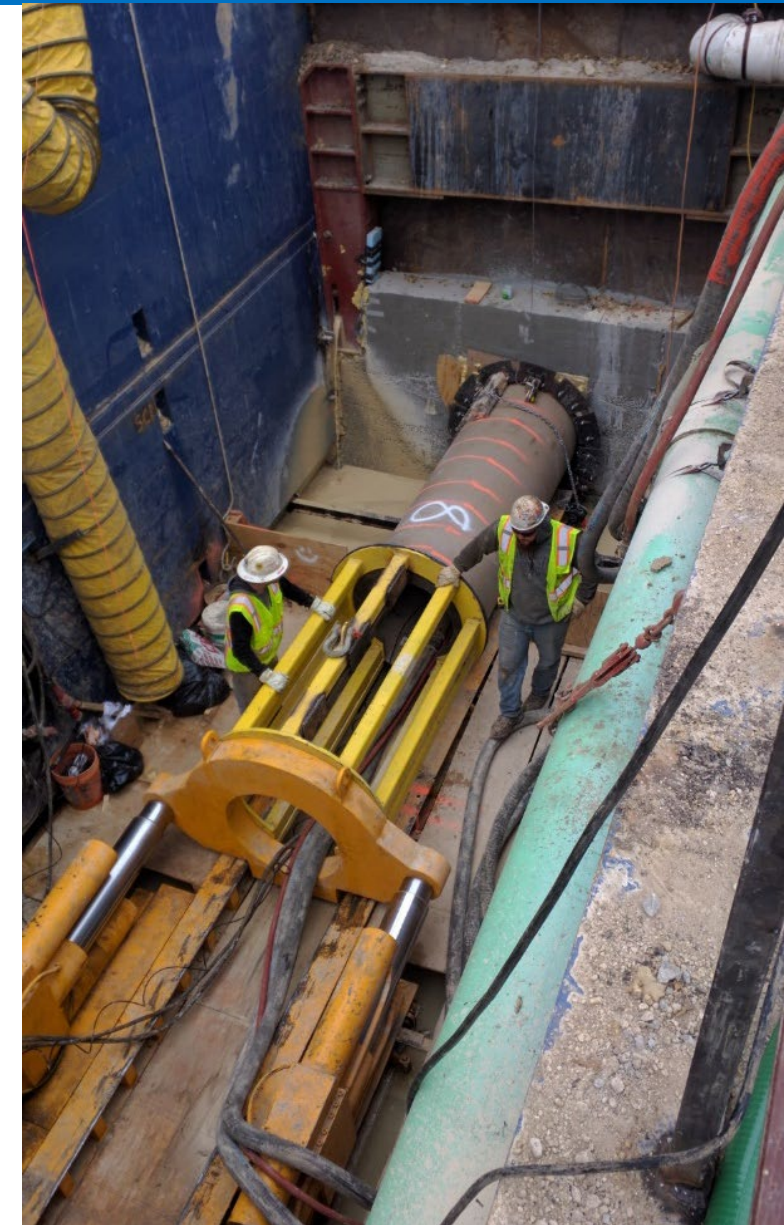


# System-Wide Projects Located in District 5

## 2026-2030 CIP

### Water Forward – Strengthening Water and Wastewater Infrastructure

Project Name	Total (\$ in millions)
2022 Inflow Reduction Package 2A	\$12.4
2022 Inflow Reduction Package 2B	\$9.2
21st Street Pump Station Improvements	\$4.4
Alazan Creek Sewer Main Replacement	\$4.9
C5/C28 Future Extension through Our Lady of the Lake	\$4.7
C-67 Central Stem Reroute and Replacement - South- North	\$200.9
Fleet Garage Expansion	\$2.6
Mission Road Expansion	\$3.9
Patton Elevated Storage Tank	\$22.4
Patton Elevated Storage Tank (EST) Transmission Main	\$2.1
<b>Total</b>	<b>\$267.5</b>



# System-Wide Projects Located in District 6 2026-2030 CIP

Water Forward – Strengthening Water and Wastewater Infrastructure

Project Name	Total (\$ in millions)
48-inch Water Main - Micron to Anderson Tank Phase II	\$1.5
Pinn Road Pump Station Electrical System (Recycled)	\$6.5
<b>Total</b>	<b>\$8.0</b>



# System-Wide Projects Located in District 7

## 2026-2030 CIP

Water Forward – Strengthening Water and Wastewater Infrastructure

Project Name	Total (\$ in millions)
2022 Inflow Reduction Package 2A	\$12.4
2022 Inflow Reduction Package 2B	\$9.2
Bandera Road 24-inch Water Main	\$1.2
Ligustrum Sewer Main Replacement	\$2.2
<b>Total</b>	<b>\$25.0</b>



# System-Wide Projects Located in District 8

## 2026-2030 CIP

Water Forward – Strengthening Water and Wastewater Infrastructure

Project Name	Total (\$ in millions)
Hills Pump Station Altitude	\$0.4
IH-10 42-inch Water Line	\$19.0
Pump Station Rehabilitation Phase 16 & 17 – Medical Booster Station & Lackland City #3	\$0.7
Walden Heights Booster Station Rehab Project	\$4.2
<b>Total</b>	<b>\$24.3</b>



# System-Wide Projects Located in District 9

## 2026-2030 CIP

### Water Forward – Strengthening Water and Wastewater Infrastructure

Project Name	Total (\$ in millions)
Agua Vista Dewatering	\$13.1
E-20 Wurzbach Parkway: Jones Maltsberger to Nacogdoches	\$74.2
Inwood Pump Station and Tank Improvements	\$17.2
Marshall Tank Replacement	\$0.7
Pressure Zone 1295/1400E Facility	\$49.8
Pressure Zone 1295/1400E Facility Water Main	\$12.5
<b>Total</b>	<b>\$167.5</b>

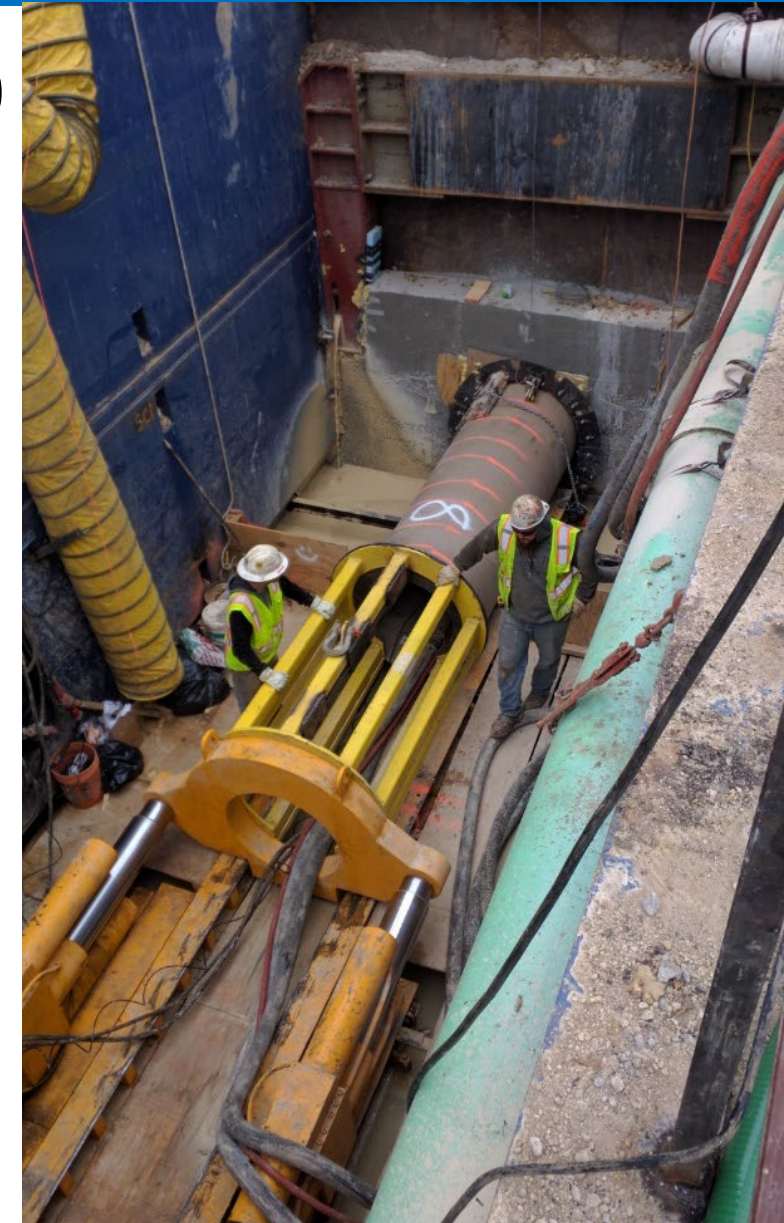


# System-Wide Projects Located in District 10

## 2026-2030 CIP

Water Forward – Strengthening Water and Wastewater Infrastructure

Project Name	Total (\$ in millions)
Cibolo Canyon Lift Station Elimination and Relief Line (E-54 Phase 2)	\$37.5
E-20 Wurzbach Parkway: Jones Maltsberger to Nacogdoches	\$74.2
Redland Road - New Water Transmission Main	\$11.1
<b>Total</b>	<b>\$122.8</b>



# System-Wide Projects including Outside City Limits

## Water Forward – Strengthening Water and Wastewater Infrastructure

2026-2030 CIP

Project Name	Total (\$ in millions)
Acquisition and Legal Services	\$3.1
Aquifer Storage and Recovery Plant Expansion	\$158.7
Brackish Groundwater Desalination Injection Well No. 3 Drilling	\$14.8
Brackish Groundwater Desalination Injection Well #3 - Fitout	\$9.5
Dead End Main Elimination	\$7.8
Engineering Work Order Contracts	\$81.3
Governmental Projects	\$333.0
Pressure Zone 10B 16-inch WL along FM 1283 from FM 471 to CR 371	\$1.2
Program Management	\$130.3
Pump Station Generators & Resiliency Measures	\$117.1
Pump Station Rehabilitation Phase 32 – Lemonwood	\$10.7
Sewer Main Replacement	\$175.9
SH-16 12-inch Water Line	\$0.6
Water and Sewer Main Oversizing	\$117.7
Water Main Replacement	\$421.9
West Grosenbacher Road Pressure Reducing Valve	\$1.4
<b>Total</b>	<b>\$1,585.0</b>



# Capital Projects Committee

## Inaugural Meeting – May 5, 2026

### Water Forward – Strengthening Water and Wastewater Infrastructure



Reviewed progress on prior Capital Improvement Plans and the implementation plan for the 2026-2029 CIP



Number of projects has decreased from 80 to an average of 55, highlighting the change in project complexity and increase in costs



Reviewed the project life cycle and the major items at each stage



Explained how delivery of capital projects is a cross-functional team effort

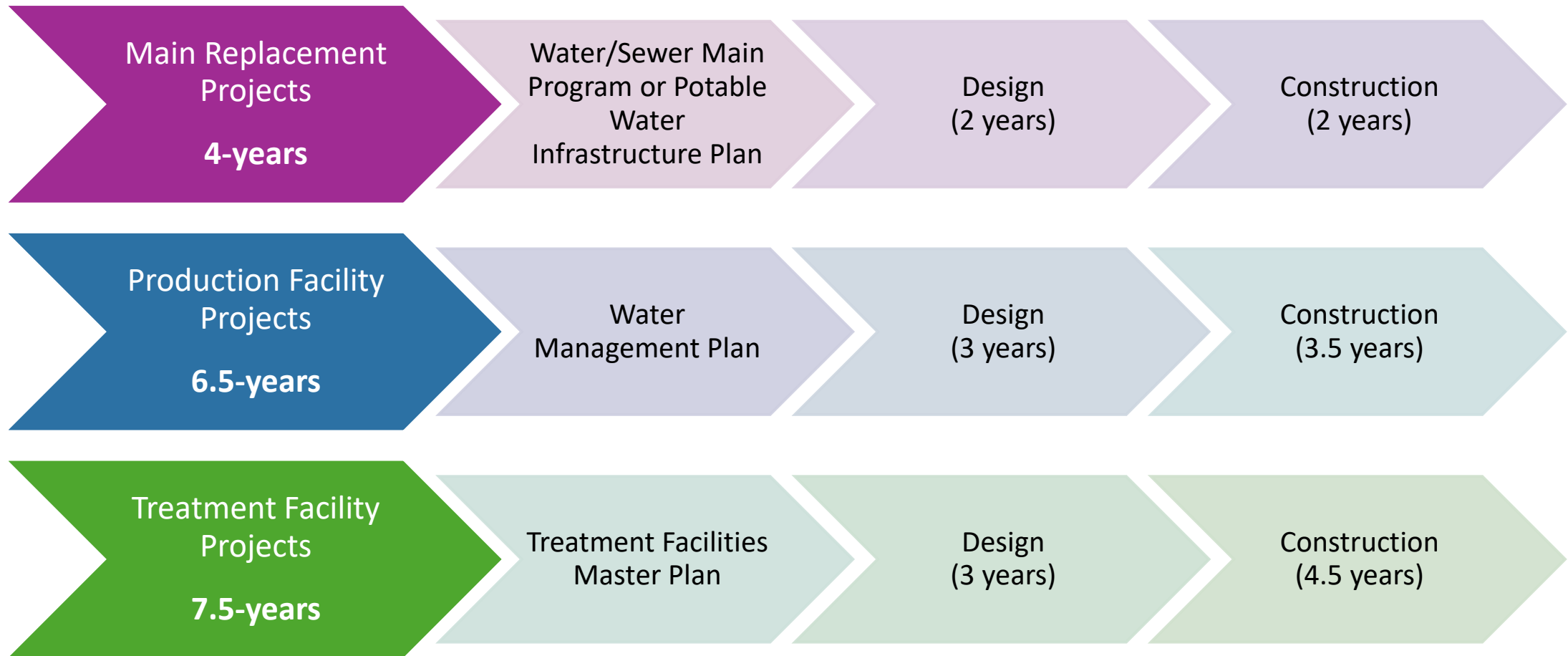


Outlined current challenges

# CIP Project Timelines

Average durations range from 4 years to 7.5 years depending on complexity

Water Forward – Strengthening Water and Wastewater Infrastructure



# Water Main Replacements to Meet Goal of 30 Breaks per 100 miles

## Planned 77 miles of pipe over next five years

Water Main Replacement Projects	Miles to be Replaced
Priority Group 1	20.1
Priority Group 2	8.4
Priority Group 3	10.7
Priority Group 4	16.5
Priority Group 5	21.2

# Anything less than a 4-year rate plan places our infrastructure planning and our ability to meet our goals at risk

## Water Forward – Strengthening Water and Wastewater Infrastructure

### Construction budgets totaling \$2.1 billion

2026 CIP - \$555.8 million

2027 CIP - \$552.0 million

2028 CIP – \$505.3 million

2029 CIP – \$483.9 million

### If rates are not secured for 2028 and 2029

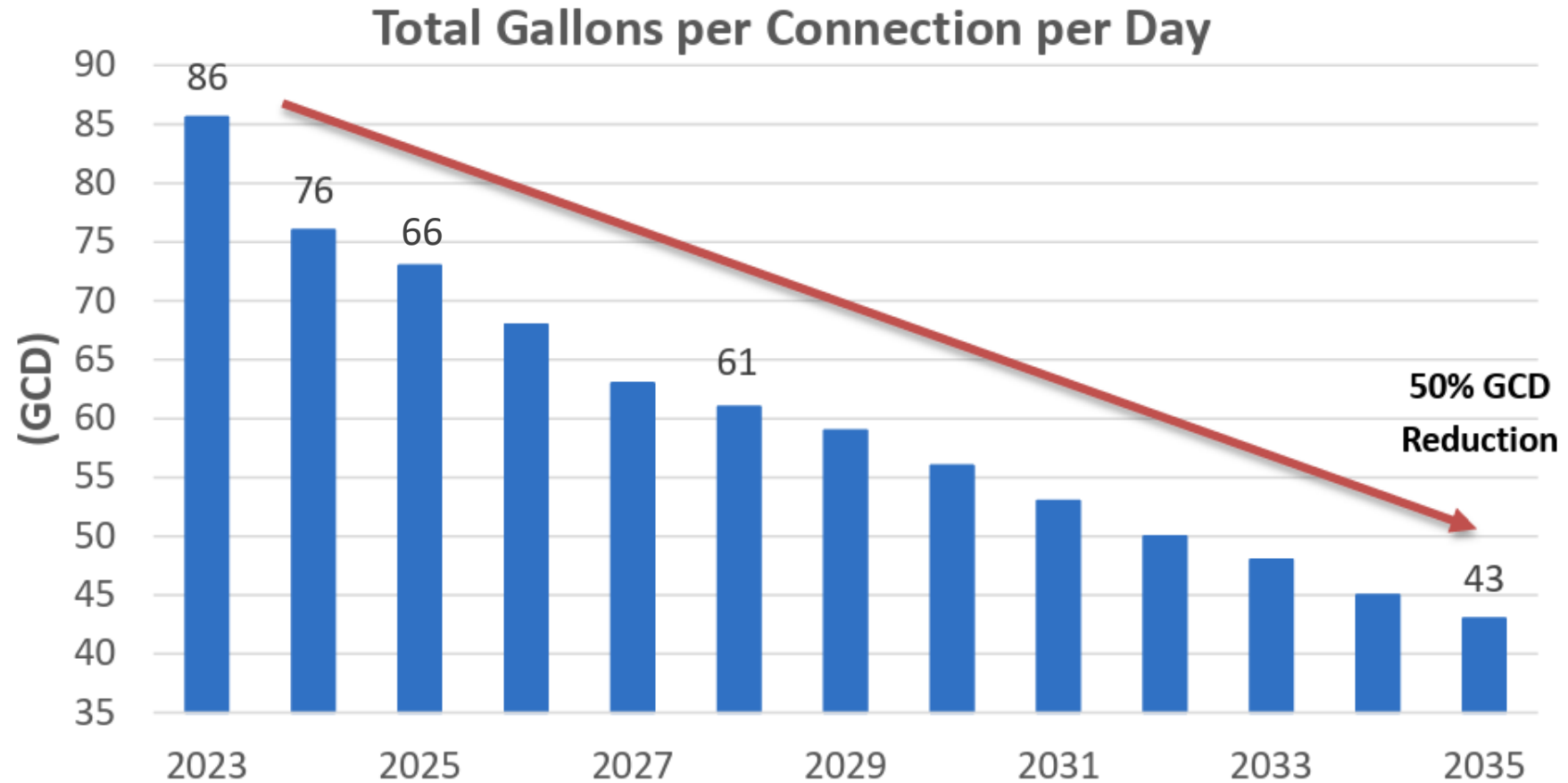
Projects with critical infrastructure could be delayed

Significant cost escalations could result from project delays

Progress on NRW and Water Management Plan goals would be impacted



# SAWS Non-Revenue Water Targets 2023-2035



# Average Monthly Residential Bill Impact

4-Year bill impact, excluding pass-through fees

	Current	2026	2027	2028	2029
Water Supply	\$ 13.39	\$ 13.53	\$ 13.53	\$ 14.06	\$ 14.43
Water Delivery	18.45	20.96	23.25	25.16	26.25
Wastewater	24.84	26.66	29.03	31.24	34.51
<b>Total</b>	<b>\$ 56.68</b>	<b>\$ 61.15</b>	<b>\$ 65.81</b>	<b>\$ 70.46</b>	<b>\$ 75.19</b>
Increase \$		\$ 4.47	\$ 4.66	\$ 4.65	\$ 4.73
Increase %		7.9%	7.6%	7.1%	6.7%

\*Based on average residential bill, 6,275 gallons of water and 5,052 gallons of wastewater excluding fees

# Annual Impact of Rate Request

## Prior to Rate Reduction in 2022 and Current Rates

	2022	Current	2026	2027	2028	2029	Annual Impact
Water Supply	\$ 15.48	\$ 13.39	\$ 13.53	\$ 13.53	\$ 14.06	\$ 14.43	
Water Delivery	20.05	18.45	20.96	23.25	25.16	26.25	
Wastewater	28.76	24.84	26.66	29.03	31.24	34.51	
<b>Total</b>	<b>\$ 64.29</b>	<b>\$ 56.68</b>	<b>\$ 61.15</b>	<b>\$ 65.81</b>	<b>\$ 70.46</b>	<b>\$ 75.19</b>	
<b>2022-2029 Increase \$</b>						<b>\$ 10.90</b>	<b>\$ 130.80</b>
<b>2022-2029 Increase %</b>						<b>17.0%</b>	
<b>2026-2029 Increase \$</b>						<b>\$ 18.51</b>	<b>\$ 222.12</b>
<b>2026-2029 Increase %</b>						<b>32.7%</b>	

\*Based on average residential bill, 6,275 gallons of water and 5,052 gallons of wastewater, excluding fees



## 2026 Budget Amendment Expands Uplift Program

### Eligibility & Increased Funding

- No increase to rates charged to Uplift customers
- Expands eligibility from 125% to 150% of the Federal Poverty Level
  - Potential to double the number of customers eligible for Uplift Program
- Increases funding for Uplift Programs
  - Project Agua from \$400,000 to \$600,000
  - Plumbers to People from \$750,000 to \$950,000
  - Laterals to People from \$215,000 to \$365,000

# General & Irrigation

## 4-Year Average Rate Impacts

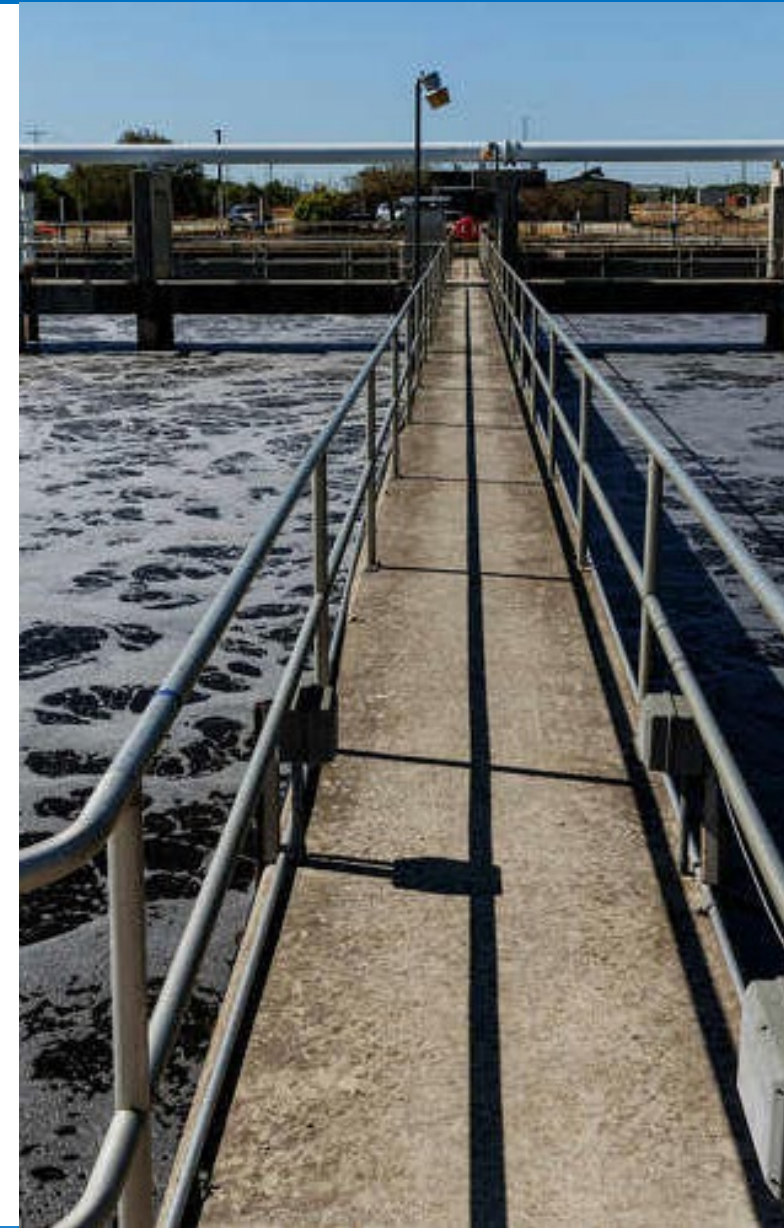
	2026	2027	2028	2029
General*	6.1%	8.8%	7.9%	7.0%
Irrigation	8.6%	8.7%	7.5%	4.0%

\* General includes commercial, apartments, and industrial customers

# Special Service Fees

Only rate-based fees required updates, generating an estimated \$100K in additional revenues

- Based on proposed average residential rate adjustment
  - Customer deposits
- Based on rate adjustments for water supply, water delivery, and irrigation
  - Pipeline damage cost recovery
  - Fire hydrant water meter fees





# Water Forward

Strengthening Water  
and Wastewater Infrastructure



## Community Outreach

- Identified key stakeholders
- Developed key support materials
- Participated in podcasts
- Billboards advertisements
- Radio/social media advertisements
- Postcards/letters to customers
- Conducted customer surveys
  - November 2025 – assisted with rates outreach messaging
  - March 2026 – focused on annual metrics and goals

# November 2025 Customer Survey

## Key Sentiments



- 86% think SAWS should allocate more funds to upgrade aging infrastructure like pipes and sewage treatment plants.
- By a two-to-one margin, customers think replacing aging infrastructure or upgrading sewage treatment plants (60%) is more important than lower water bills (29%).
- Nearly half (48%) are willing to pay \$5 to \$7 more per month to replace aging pipes.
- Four out of five (79%) agree with: SAWS is focusing on budget and manpower to strengthen our water and sewer systems. San Antonio's roots run deep, and it is time to renew what keeps our city flowing.

# Community Outreach: Awareness & Activation

- 60+ Community meetings
  - Neighborhood Associations
  - Homeowner's Associations
- Town Halls
  - D5 – February 3<sup>rd</sup>
  - D8 – February 5<sup>th</sup>
  - D9 – March 2<sup>nd</sup>
  - D7 – May 18<sup>th</sup>
  - Mayoral – May 28<sup>th</sup>
  - D4 – June 2<sup>nd</sup>
  - Upcoming D10
  - Upcoming D3/D5 combined



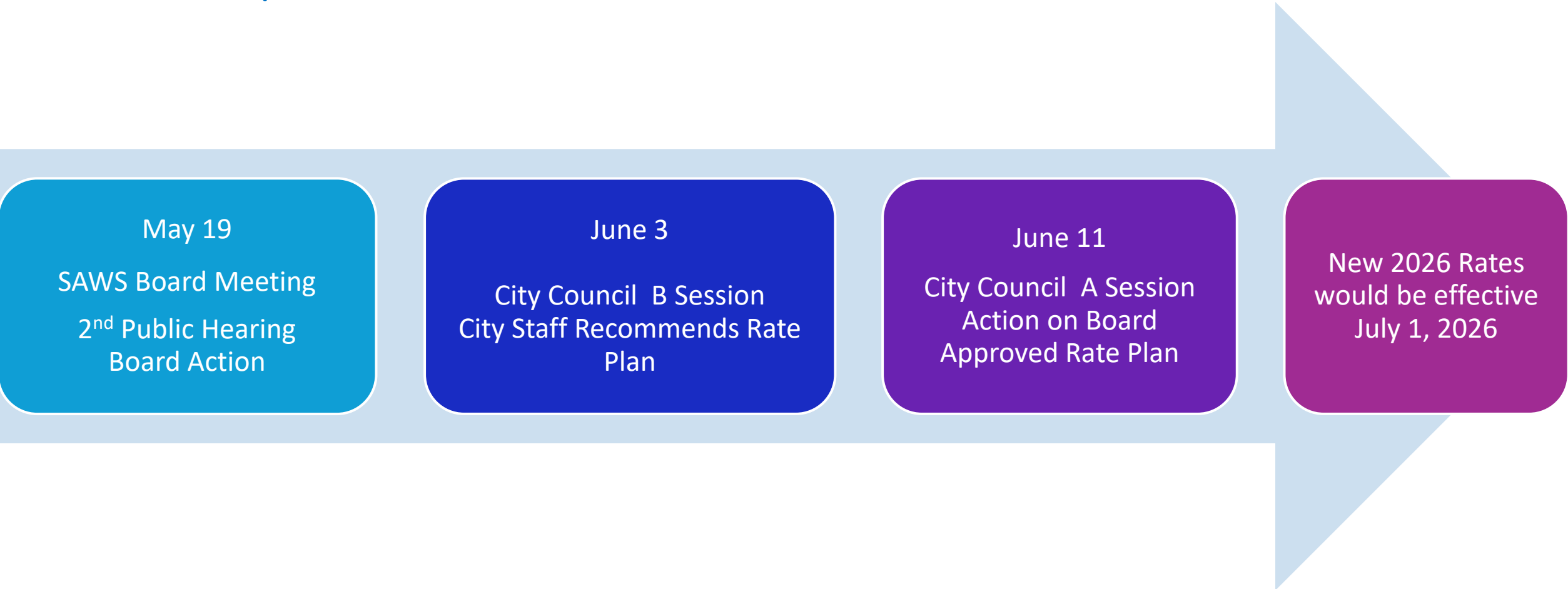
# Community Outreach: Reinforcement

- 'Rain to Drain' tours
- Chamber/Industry meetings
  - Oct 2025 – Greater SA Chamber
  - Jan 2026 – Metro SA Chamber
  - February 2026 – SA Hispanic Chamber Government Affairs
  - March 2026 – South Texas Government Affairs & Economic Development Committee
  - April 2026 – South Texas Board of Directors
  - April 2026 – Metro SA Board of Directors
  - April 2026 – SA Hispanic Chamber Board of Directors
  - April 2026 – RECSA Presidents Council
  - May 2026 – SA Hispanic Government Affairs/Small Business Committee
  - June 2026 – Greater SA Chamber – Infrastructure Council
  - June 2026 – Greater SA Chamber Public Policy Council
  - June 2026 – San Antonio Manufacturer's Association



# Proposed Rate Plan for FY 2026-2029 Timeline

## Next Steps



# Water Forward

Strengthening Water  
and Wastewater Infrastructure



## Staff Recommendations

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- Recommend City Council adopt:
  - 2026 and 2027 rate adjustments in accordance with the cost-of-service study, 2026 rate adjustments be effective for consumption on July 1, 2026
  - 2028 and 2029 rate adjustments to fill any budget gaps would be equal to or less than the recommendations from the cost-of-service study
- Approval of current annual gross household income threshold for Uplift customers be increased from 125% to 150% federal poverty level
- Approval of special services fee adjustments that are based on the rate adjustments effective July 1, 2026

May 19, 2026

# Public Hearing

## Proposed Amendment to the 2026 Annual Budget & FY 2026-2029 Rate Plan

Cecilia Velasquez

VP – Customer Experience & Strategic Initiatives

Board Meeting

