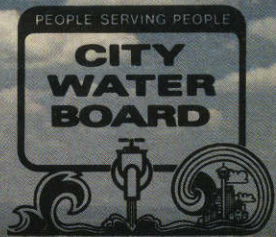


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CITY WATER BOARD OF SAN ANTONIO, TEXAS 1983 ANNUAL REPORT



STX-0084





The aerial view of San Antonio was taken from 62,000 feet by a NASA U-2 aircraft for the Department of Agriculture. It shows the I-35 and I-37 interchange which encompasses the Tower of the Americas and the City Water Board.



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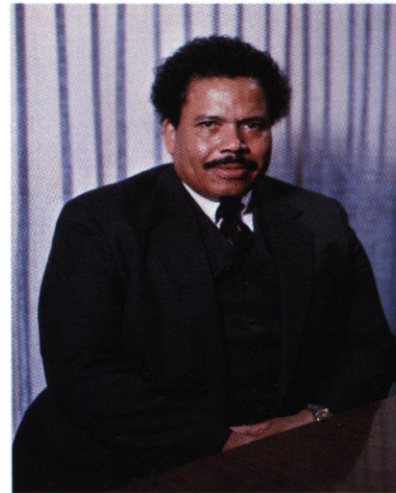
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Board of Trustees



Richard R. Solis
Chairman



Robert L.M. Hilliard, MD.
Vice Chairman



Henry G. Cisneros
Mayor



Robert L. Gragg
Trustee



Nelda Weatherly
Trustee

Outgoing Chairman Dr. José San Martín, Jr., accepts a plaque from incoming Chairman Richard Solis, given in appreciation of his eight years of service to the Water Works Board of Trustees.

Message from the Water Works Board of Trustees

San Antonio is a dynamic city that is growing in all directions with a concurrent requirement for an expanded water production and distribution system and an ever increasing supply of potable water to meet the needs of our citizens. At the close of 1983 the Board was serving 207,908 customers.

The City Council granted the Board a 7% rate increase and authorized a \$20,000,000 water revenue bond issue in the spring of 1983 to enable the Board to carry out its \$25,150,000 construction program in 1983 to replace old and inadequate mains and services, to replace and relocate City Water Board facilities in conjunction with governmental projects, to provide needed capital improvements and to provide routine extensions and improvements throughout the Board's service area. This program was the second year of a four-year construction program planned to meet the growth of San Antonio.

Since 1955 the City Water Board has developed and followed a Master Plan for Water Works Improvements. These studies are updated approximately every five years to reflect the changes that have occurred and to revise projections. The last Master Plan was completed in 1981 and projected the water system needs to the year 2005. In the development of the water master plan every effort is made to coordinate the planning with the City of San Antonio and other utilities. The Board's current construction program is proceeding in accordance with the Master Plan.

During 1982 the Board's Distribution Branch, which is responsible for maintenance and construction of the distribution system, was reorganized into

three service centers located at strategic locations about the city. A new Northeast Service Center located at the intersection of Nacogdoches Road and O'Connor Road was completed in December 1983 and placed in operation. These centers provide quick response to any emergency that may arise plus a tremendous saving in both manpower and equipment time in the maintenance of the entire water system. A shorter response time resulting in improved efficiency and better service to the Board's customers has been achieved by the strategic location of these three centers.

At the direction of the City Council the Board is proceeding with the Applewhite Water Supply Project that will ultimately provide San Antonio with its first surface water supply. The Board obtained the state permit for the project in September 1982 and is presently pursuing a Section 404 permit from the U.S. Corps of Engineers. The Engineering Design Report for the project has been completed and the geotechnical soil studies and the hydraulic model studies of the dam are nearing completion.

The Board is working very closely with the City Council and the citizens of San Antonio to enhance the economic development of our dynamic growing city and to insure that an adequate water supply will be available to meet the future needs of our citizens.

I would like to recognize and commend the Board's immediate Past Chairman, Dr. Jose San Martin, Jr., who completed his eight-year term on the Board at the end of 1983. Dr. San Martin was a dedicated conscientious leader who gave unselfishly of his time and energies throughout his tenure to wisely guide

the operations of the City Water Board and to make it one of the most outstanding water utilities in the nation. I salute Dr. San Martin for a job well done.

I also wish to commend my fellow Board members, the Board's General Manager, Robert P. Van Dyke, his management staff, and all of the employees of the City Water Board for their dedication to duty and for their efficient operations around the clock each day of the year that provide the best water service possible for the citizens of San Antonio.



Richard R. Solis
Chairman





ROBERT P. VAN DYKE
General Manager



A Report from the General Manager

San Antonio's economic success has led to an increased and ever spreading population. The City Water Board has always planned for this growth and is taking steps to insure that the city will enjoy a high quality water supply now and in the future.

To accomplish this task we must construct new facilities and replace old equipment. Construction and improvement have been a major thrust of our efforts in 1983, and this annual report will focus on some of these projects.

The Mains and Services department had a record year for new service connections and main extension contracts. New service line connections for the year totaled 8,366. This represents a 38% increase over the past five year average and a 57% increase over the past ten year average.

Main extension contracts to serve new development totaled 202 for the year compared to the past five year average of 118 and the past ten year average of 106, an increase of 71% and 91% respectively. The new main extension contracts included a total of 444,905 feet of water mains varying in size from six through 24 inches and 445 fire hydrants.

Revenues and Expenses

Metered water sales for 1983 totaled \$30,837,738 which represents an increase of 4% over 1982. Metered water sales were significantly affected by summer weather conditions as records indicate that 26.10 inches of rain were measured in 1983 as compared to 22.93 inches in 1982, an increase of 14%. The impact of the significant increase in rainfall was also reflected in a 2% decrease in water usage in 1983 as compared to 1982.

Revenues from all sources totaled \$38,565,205 in 1983, reflecting an increase of only \$94,939 over 1982.

As a result of water sales falling behind projected estimates, maintenance and operating expenses were

closely monitored. These costs totaled \$22,828,121 which is an increase of 8% over 1982, but within budgetary limits for 1983. Operating costs per customer in 1983 increased only 1% as compared to the prior year.

Total debt requirements, including Reserve Fund additions, rose to \$11,712,031 in 1983 which represents an increase of 32% over 1982. This significant increase is a result of the issuance of \$20,000,000 in water system revenue bonds in June 1983.

Utility Plant Additions

Expenditures for construction totaled \$29,358,360 in 1983. This amount was financed primarily with proceeds from revenue bond issues, \$16,951,187, and with contributions from customers, \$8,153,192. Another \$4,253,981 was available from revenues to apply toward the construction program. The gross value of utility plant including construction in progress increased by \$28,996,254 during 1983 to a total of \$277,939,595.

Main Replacement

Included in the 1983 Revenue Bond Program was \$4,100,000 for the Substandard Main Replacement Program. Substandard mains are those less than 6" in diameter. This program started in 1960 with 511 miles of undersized mains in the system. Over 26 miles of these mains were replaced in 1983 leaving 116 miles remaining. Twenty-one individual projects were involved spread over the ten Council districts.

Service Line Replacements

The 1983 Revenue Bond Program authorized \$7,000,000 for the priority replacement of plastic service lines. This additional funding resulted in the replacement of approximately 17,500 plastic service lines and minimized emergency conditions.

Governmental Replacements Projects

Some 25 City Water Board construction projects were in progress during the year in support of various activities of the City of San Antonio Public Works Department, Texas Department of Highways and Public Transportation, San Antonio River Authority and San Antonio Development Agency. Among others these involved construction in Vista Verde South, San Pedro Creek, the San Antonio International Airport, Culebra Road and Municipal Auditorium.

Capital Improvements

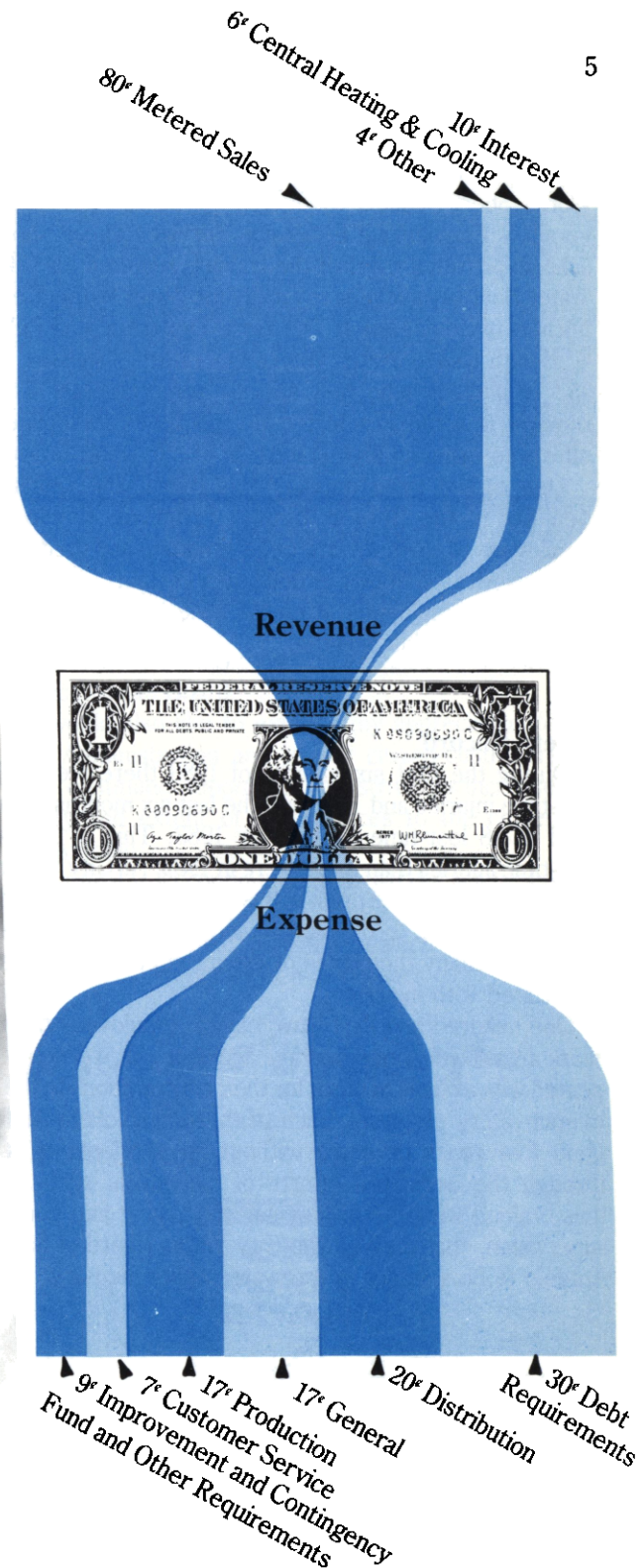
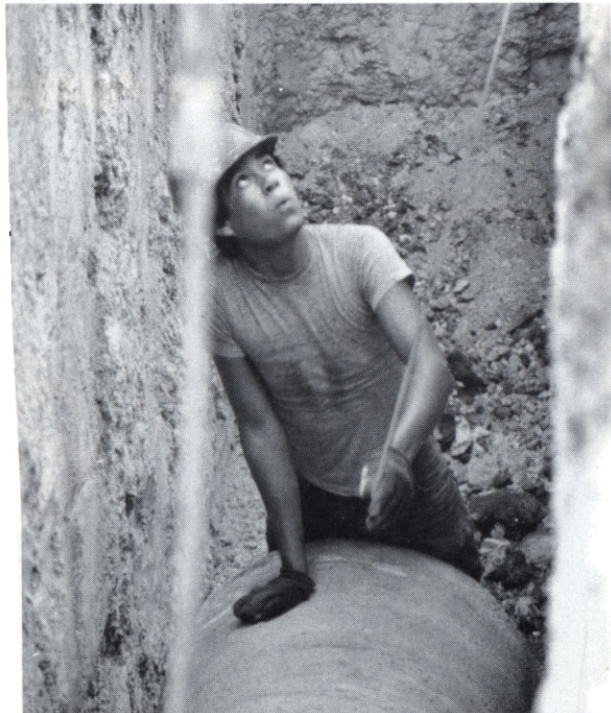
Various construction projects were initiated to upgrade water service and to accommodate increased growth trends. The Northeast Service Center on Naco and O'Connor Roads, begun in 1982, was completed this year. Additional wells were dug at the Market Street,

Wurzbach, Naco, Anderson and Barbet Pump Stations. High service pumps were added at the Bitters, University and Turtle Creek Pump Stations.

Construction was also completed on over 50,000 feet of 24-inch through 36-inch diameter transmission mains.

Employee Education and Training

Continuing education and training are essential requirements for staying abreast of changing technology. The changing composition of the work force over the past few years has also increased the need for training to sharpen interpersonal skills. The City Water Board offers a broad range of educational and training programs designed to hone such skills as leadership, management and communications to enhance the overall growth and potential of our employees.



Throughout 1983 148 employees attended Water Works Short Schools conducted by Texas A&M University's Engineering Extension Service. These short schools provided most of the training required for City Water Board employees to qualify for Water Works Certificates of Competency. The Texas Department of Public Health issued Water Works Operator's Licenses to 153 employees who met specific requirements. The required licensing in selected job specialties exemplifies efforts to maintain high standards of our water utility.

One of the most popular educational and training benefits is the Tuition Refund Program. It allows employees to work toward undergraduate and graduate degrees with full tuition refund under certain conditions. Thirty-one employees attended college or university courses under this program.

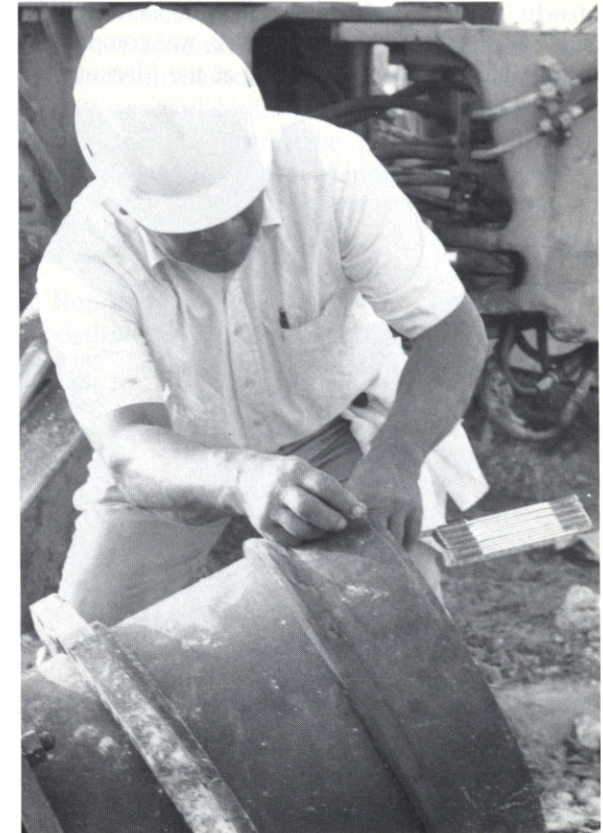
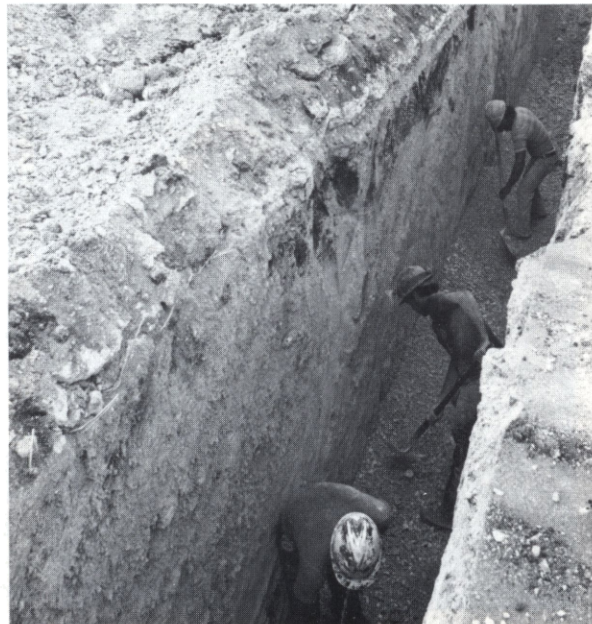
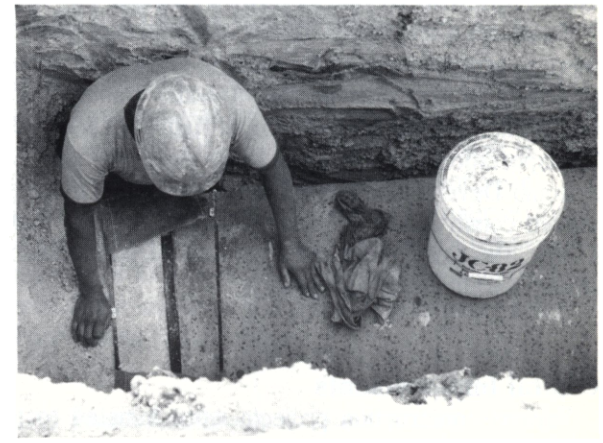
Safety Record

During the first six months of 1983 there were 17 lost-time injuries and 11 during the last six months for a total of 28 lost-time injuries for 1983. This is 9 less lost-time injuries than there were in 1982. All City Water Board personnel take pride in this significant reduction in lost-time injuries to our people and know that it saves the Board many thousands of dollars in potential costs associated with injuries.

One hundred and thirty-two eligible employees from work areas with above average accident risk were presented with awards of merit for their contributions to the overall safety program. Each of these employees had gone five years or more without an accident. It is through the dedicated efforts of individuals such as these, along with the proper safety training and good supervision, that enables the City Water Board of San Antonio to be a leader in the water utility industry.

Wage and Benefits Program

The Board approved an increase in retirement benefits by adopting the update service credit option from



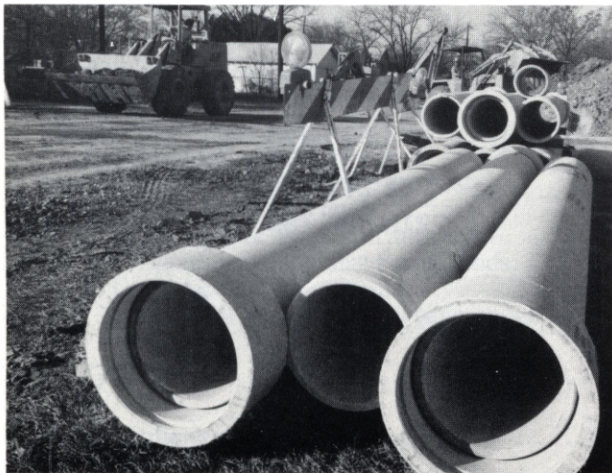
the Texas Municipal Retirement System. This option provides that the retirement benefits will be based on average earnings for the years 1980, 1981 and 1982 thus keeping up with inflation rates.

Also a 3% merit increase fund for 1984 was allotted to each Branch as a percentage of its payroll dollars. The amount of merit increase granted to each eligible employee was calculated as a percent of the employee's base salary based on his or her performance rating as follows:

Performance Rating	% Merit Increase
Exceptional	4.3 to 5.9
Fully Satisfactory	2.6 to 4.2
Generally Satisfactory	0 to 2.5
Limited Achievement	0

Information Services

The Information Service department designed and programmed a streamlined General Work Order System. The GWO now includes crew and equipment activity and main break information. This revision will eliminate the use of the Daily Activity mark sense card and combine all GWO data into one computer record and one form.



Revisions to the Customer Billing System were required to provide room in the Master Billing Records to record detailed information relating to the collection status of the customers' accounts. Also included was additional space to record the City Council district codes.

The City Water Board continues to uphold its standing as one of the best water utilities in the country because of the hard work and dedication of the Board's employees and management staff. I would like to congratulate them for performing so well and to thank them for their continuing contributions.

My deep thanks are also extended to the Water Board Trustees. The thoughtful guidance of these five people has steered us through the maze of situations, problems and opportunities that have confronted us. My special appreciation goes to Dr. José San Martín, Jr., retiring Chairman, for his eight years of dedicated and sagacious service to the Board.

I would also like to express my appreciation to the City Administration and to our citizen-customers for their continued support as we strive to increase the quality and extent of our services to the citizens of San Antonio.

Our goal is to continue to improve our water system to meet the needs of our dynamically growing city and to provide the best possible service at the lowest possible cost to our citizen-customers.

Robert P. Van Dyke
General Manager



Report of Certified Public Accountants

The Board of Trustees
San Antonio Waterworks System

We have examined the accompanying balance sheets of the San Antonio Waterworks System, doing business as City Water Board, at December 31, 1983 and 1982. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As more fully described in Notes A, B and I, the San Antonio Waterworks System is a city-owned utility and has significant transactions with the City of San Antonio.

In our opinion, the accompanying balance sheets present fairly the financial position of San Antonio Waterworks System at December 31, 1983 and 1982 in conformity with generally accepted accounting principles applied on a consistent basis during the period.

Our examinations have been made primarily for the purpose of expressing an opinion on the balance sheets, taken as a whole. The accompanying supplementary information (statements of system fund revenues and their disposition, schedule of revenue bond debt coverage ratios and summary of debt charges until maturity) at December 31, 1983 and 1982 and for the years then ended, is presented for analysis purposes and is not necessary for a fair presentation of the balance sheets referred to above. This information has been subjected to the tests and other auditing procedures applied in the examination of the balance sheets mentioned above and, in our opinion, is fairly stated in all material respects in relation to the balance sheets taken as a whole. In addition, nothing came to our attention that caused us to believe that San Antonio Waterworks System was not in compliance with any of the terms, covenants, provisions, or conditions of Section 9 to 20, inclusive of Ordinance No. 52091 adopted April 24, 1980 by the City of San Antonio, Texas.

Arthur Young & Company

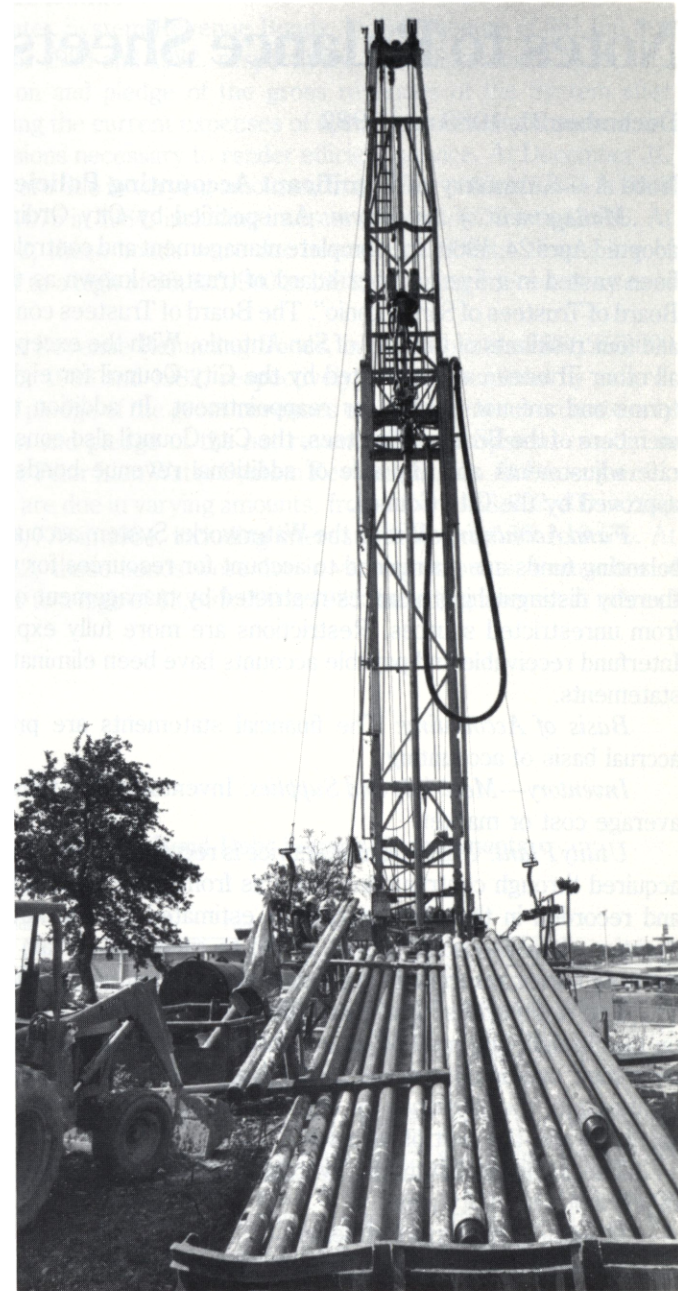
ARTHUR YOUNG & COMPANY
San Antonio, Texas
January 31, 1984

Balance Sheets

	December 31	
	1983	1982
Assets		
Current Assets		
Cash and time deposits	\$ 3,954,588	\$ 1,395,691
Accounts receivable—including unbilled water revenues of \$1,129,000 in 1983 and 1982 and net of allowance for uncollectible accounts of \$110,808 in 1983 and \$136,421 in 1982	6,149,016	5,810,524
Inventory—materials and supplies	1,108,001	1,215,579
Prepaid expenses	31,340	35,465
Total current assets	11,242,945	8,457,259
Unamortized Refunding Bond Expense	431,270	456,151
Restricted Assets—Note B		
Prior Lien Bond funds:		
Cash and time deposits	5,134,857	3,661,497
Bonds and Additional Bonds funds:		
Cash and time deposits	5,002,648	4,979,575
Construction funds:		
Cash and time deposits	27,629,292	31,550,541
Accounts receivable	4,229	10,204
Unamortized bond expense	164,424	145,595
Cash and time deposits—customers' deposits ..	3,092,806	2,581,877
Cash and time deposits—pledged for Social Security payments	240,000	240,000
Total	41,268,256	43,169,289
Utility Plant—Note E		
Utility plant in service	263,232,854	236,858,013
Less allowance for depreciation	(59,359,406)	(53,983,632)
Total	203,873,448	182,874,381
Land and land rights	2,433,975	2,433,975
Construction in progress	12,272,766	9,651,353
Total	218,580,189	194,959,709
	\$271,522,660	\$247,042,408

	December 31	
	1983	1982
Liabilities and Equity		
Current Liabilities		
Accounts payable	\$ 1,315,219	\$ 2,777,017
Sewer service collections due to the City of San Antonio and others	2,214,810	2,189,559
Notes payable—current portion—Note D	662,412	656,463
Due to City of San Antonio for acquisition of water districts—current portion	55,370	50,459
Accrued vacation pay	936,995	825,292
Sundry payables and accruals	1,084,044	943,056
Total current liabilities	<u>6,268,850</u>	<u>7,441,846</u>
Liabilities of Restricted Funds		
Prior Lien Bond funds:		
Accrued interest payable	1,117,481	816,281
Bonds and Additional Bonds funds:		
Accrued interest payable	500,545	511,152
Construction funds:		
Advances for construction	49,210	32,990
Customers' deposits	3,092,806	2,581,877
Revenue bonds payable within one year—Note C	2,020,000	1,610,000
	<u>6,780,042</u>	<u>5,552,300</u>
Long-Term Debt—amounts payable after one year		
Revenue bonds—Note C	100,085,000	82,105,000
Due to City of San Antonio for acquisition of water districts	534,197	589,566
Notes payable—Note D	4,006,202	4,664,919
	<u>104,625,399</u>	<u>87,359,485</u>
Total liabilities	<u>117,674,291</u>	<u>100,353,631</u>
Equity		
Retained earnings:		
Reserved for:		
Retirement of bonds and interest—		
Prior Lien Bond funds	4,017,376	2,845,216
Retirement of bonds and interest—		
Bonds and Additional Bonds funds	4,502,103	4,468,423
Construction	27,748,735	31,673,350
Pledged for Social Security payments	240,000	240,000
	<u>36,508,214</u>	<u>39,226,989</u>
Unreserved	46,629,285	44,904,110
	<u>83,137,499</u>	<u>84,131,099</u>
Contributions in aid of construction	70,710,870	62,557,678
Total equity	<u>153,848,369</u>	<u>146,688,777</u>
Contingencies and Commitments—Note G		
	—	—
	<u>\$271,522,660</u>	<u>\$247,042,408</u>

See notes to balance sheets.



Notes to Balance Sheets

December 31, 1983 and 1982

Note A—Summary of Significant Accounting Policies

Management of the System: As specified by City Ordinance No. 52091, adopted April 24, 1980, the complete management and control of the System has been vested in a five member board of trustees known as the "Water Works Board of Trustees of San Antonio". The Board of Trustees consists of the Mayor and four residents of the City of San Antonio. With the exception of the Mayor, all other Trustees are appointed by the City Council for eight year staggered terms and are not eligible for reappointment. In addition to appointment of members of the Board of Trustees, the City Council also considers requests for rate adjustments and any sale of additional revenue bonds must have been approved by the City Council.

Fund Accounting: Within the Waterworks System accounts, separate self-balancing funds are maintained to account for resources for various purposes, thereby distinguishing balances restricted by management or outside sources from unrestricted sources. Restrictions are more fully explained in Note B. Interfund receivable and payable accounts have been eliminated in the financial statements.

Basis of Accounting: The financial statements are prepared using the accrual basis of accounting.

Inventory—Materials and Supplies: Inventories are valued at the lower of average cost or market.

Utility Plant: Utility plant in service is recorded on the basis of cost. Assets acquired through contributions, such as from land developers, are capitalized and recorded in the plant records at estimated fair market value at date of donation. It is the policy of the Board to capitalize certain interest costs on revenue bonds associated with newly constructed utility plant additions.

The Waterworks System provides for depreciation of utility plant in service on the straight-line method at amounts estimated to amortize costs of assets over their estimated average useful lives. At the time of retirement of utility plant assets, the allowance for depreciation is charged with the original cost of the asset and the cost of removal.

The following estimated average useful lives are used in providing for depreciation of utility plant:

Structures and improvements	50 years
Pumping and purification equipment	10-50 years
Distribution and transmission system	4-50 years



Equipment and machinery	5-20 years
Furniture and fixtures	20 years
Central heating and cooling plant	15-50 years

Accrued Vacation Pay: It is the policy of the Board to accrue employee vacation pay as earned.

Note B—Adoption of City Ordinance No. 52091

On April 24, 1980, City Ordinance No. 52091 was adopted. This ordinance authorized the issuance of \$37,495,000 Water System Revenue Refunding Bonds, Series 1980, dated May 1, 1980. These bonds were issued to refund in advance of maturity \$47,340,000 Water Revenue Bonds authorized and outstanding under terms of City Ordinance No. 24819. The purpose of this refunding was to release and discharge the restrictive covenants contained in City Ordinance No. 24819 in order to permit the City to meet future financing needs under more favorable conditions.

Ordinance No. 52091 requires that gross revenues of the System be applied in sequence to: (a) current expenses of operation and maintenance; (b) debt service and reserve requirements; (c) capital expenditures, or unexpected or extraordinary repairs or replacements, or for any other lawful purpose. The following funds have been established to account for the application of the gross revenues: (i) System Fund; (ii) Interest and Sinking Fund; (iii) Reserve Funds; and (iv) Improvement and Contingency Fund. The System Fund is to retain at all times an amount at least equal to one-sixth of the amount budgeted for the then current fiscal year for the current operation and maintenance expenses of the System. The Reserve Funds are required to contain an amount of money and investments equal in market value to the principal and interest requirements during the fiscal year in which such requirements are scheduled to be the greatest. All requirements of the ordinance have been complied with at December 31, 1983 and 1982.

City Ordinance No. 52091 also requires that the City maintain rates sufficient to pay all current operation and maintenance expenses of the system and produce an amount of Pledged Revenue during each fiscal year at least equal to 1.25 times debt service requirements during such fiscal year of all then outstanding bonds. In order to offer for sale additional bonds on parity with the Prior Lien Water System Revenue Bonds, Pledged Revenues shall at least equal 1.25 times debt service requirements, during the fiscal year in which such requirements are scheduled to be greatest, of all then outstanding bonds plus the proposed additional bonds. In order to sell additional bonds on parity with the Water System Revenue Refunding Bonds, Pledged Revenues shall at least equal the aggregate of (a) 1.1 times debt service requirements of all then outstanding bonds, excluding all then outstanding Prior Lien Water System Revenue Bonds, and (b) 1.25 times debt service requirements of all then outstanding Prior Lien Water System Revenue Bonds.

City Ordinance No. 52091 also provides for no free services but allows the Board to provide water service to the City without charge for municipal and fire protection purposes in lieu of charges by the City to the Board for use of its streets, alleys, and public ways.

Note C—Revenue Bonds

Prior Lien Water System Revenue Bonds, in the amounts of \$67,150,000 and \$47,900,000 for 1983 and 1982, respectively, are collateralized by an irrevocable first lien on and pledge of the gross revenues of the System after deducting and paying the current expenses of operation and maintenance of the System and extensions necessary to render efficient service. At December 31, 1983, these bonds are due in varying amounts, from a low of \$3,148,438 in 2005 to a high of \$7,746,075 in 1984, including interest at rates of 7.5% to 12.5%. At December 31, 1982, these bonds were due in varying amounts, from a low of \$1,458,875 in 2004 to a high of \$5,625,900 in 1998, including interest at rates of 7.5% to 12.5%.

Water System Revenue Refunding Bonds, in the amounts of \$34,955,000 and \$35,815,000 for 1983 and 1982, respectively, are collateralized by an irrevocable lien on and pledge of the gross revenues of the System subordinate only to the prior lien on and pledge of the net revenues of the System created in connection with the Prior Lien Water System Revenue Bonds. At December 31, 1983, these bonds are due in varying amounts, from a low of \$3,762,000 in 2001 to a high of \$3,888,770 in 1984, including interest at rates of 7.5% to 9.0%. At December 31, 1982, these bonds were due in varying amounts, from a low of \$3,762,000 in 2001 to a high of \$3,895,090 in 1983, including interest at rates of 7.4% to 9.0%.

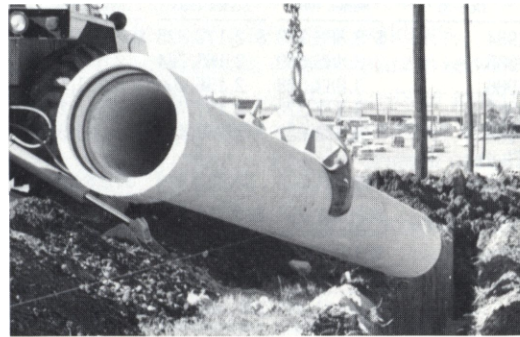
Annual Revenue Bond Debt Service Requirements

Year Ending Dec. 31	Revenue Refunding Bonds		Prior Lien Revenue Bonds			Total
	Series 1980	Series 1983	Series 1982	Series 1981	Series 1980	
1984	\$ 3,888,770	\$ 2,172,825	\$ 2,320,400	\$ 1,795,550	\$ 1,457,300	\$ 11,634,845
1985	3,886,650	2,165,794	2,315,712	1,780,675	1,460,925	11,609,756
1986	3,883,028	2,156,200	2,331,338	1,786,675	1,462,300	11,619,541
1987	3,877,370	2,167,762	2,317,275	1,787,175	1,461,425	11,611,007
1988	3,873,932	2,150,481	2,323,525	1,782,175	1,458,300	11,588,413
There- after	49,721,525	35,355,826	34,289,607	20,828,625	24,777,738	164,973,321
	<u>\$69,131,275</u>	<u>\$46,168,888</u>	<u>\$45,897,857</u>	<u>\$29,760,875</u>	<u>\$32,077,988</u>	<u>\$223,036,883</u>
Principal	\$34,955,000	\$20,000,000	\$18,200,000	\$14,375,000	\$14,575,000	\$102,105,000
Interest	34,176,275	26,168,888	27,697,857	15,385,875	17,502,988	120,931,883
	<u>\$69,131,275</u>	<u>\$46,168,888</u>	<u>\$45,897,857</u>	<u>\$29,760,875</u>	<u>\$32,077,988</u>	<u>\$223,036,883</u>

Note D—Notes Payable

The Board's notes payable and related collateral at December 31, 1983 and 1982, are summarized as follows:

	1983		1982	
	Current	Long-Term	Current	Long-Term
Notes payable to:				
Water company, payable solely from net revenues of the acquired water system, due in annual installments of \$46,500, plus interest at 6% per annum through 1984.....	\$ 46,380	\$ —	\$ 46,500	\$ 46,380
Water company, payable solely from net revenues of the acquired water system, due in annual installments of \$160,000, plus interest at 6% per annum through 1989.....	160,000	800,000	160,000	960,000
Water company, payable solely from net revenues of the acquired water system, due in annual installments of \$96,016, plus interest at 6% per annum through 1991.....	96,016	672,112	96,016	768,128
Water company, payable solely from net revenues of the acquired water system, due in monthly installments of \$26,042, plus interest at 8.5% per annum through 1992.....	312,500	2,473,958	312,500	2,786,458
Supplier, collateralized by equipment, due in monthly installments of \$5,025, including interest at 14.75% per annum through 1985.....	47,516	60,132	41,447	103,953
	<u>\$662,412</u>	<u>\$4,006,202</u>	<u>\$656,463</u>	<u>\$4,664,919</u>



Note E—Utility Plant and Depreciation

Components of utility plant are summarized as follows:

	1983	1982
Structures and improvements	\$ 27,153,864	\$ 25,467,858
Pumping and purification equipment	11,870,186	11,595,358
Distribution and transmission system	212,274,907	188,384,009
Equipment and machinery	5,077,183	4,605,102
Furniture and fixtures	815,392	765,013
Central heating and cooling plant	6,041,322	6,040,673
	<u>263,232,854</u>	<u>236,858,013</u>
Allowance for depreciation	(59,359,406)	(53,983,632)
	<u>203,873,448</u>	<u>182,874,381</u>
Land and land rights	2,433,975	2,433,975
Construction in progress	12,272,766	9,651,353
	<u>\$218,580,189</u>	<u>\$194,959,709</u>

Note F—Pension and Retirement Plans

The Board's retirement program includes benefits provided by Texas Municipal Retirement System and a contract with Bankers Life Company. Provisions of the program apply to full-time employees after six months of service. In addition, Bankers Life Company provides a Spouses Annuity coverage for employees who complete ten years of service and who have been married one year or more. The Board's policy is to fund pension costs accrued. The total pension expense for 1983 and 1982 was \$974,109 and \$926,590, respectively.

The plan with the Texas Municipal Retirement System is a defined contribution (money-purchase) type plan. The Board contributes a variable percentage of full salaries which is subject to change after TMRS completes its annual actuarial valuation. Funding of past service cost is part of the Board's annual contribution.

The plan with Bankers Life Company is a defined benefit plan. The Board contributes the actuarially computed normal cost together with a provision to fund past service cost over a thirty year period. As of January 1, 1983 and 1982 the net assets available for plan benefits were \$1,205,988 and \$985,693, respectively. As of the same valuation dates, the actuarial present value of vested benefits amounted to \$2,920,398 and \$2,733,167, respectively, while the actuarial present value of nonvested benefits amounted to \$285,591 and \$281,764, respectively. The rate of return assumed in the determination of the actuarial present values of vested and nonvested benefits is 6.5% for both 1983 and 1982.



Note G—Contingencies and Commitments

The Board is the subject of various claims and litigation which have arisen in the ordinary course of its operations. Legal counsel are of the opinion that the Board's liabilities in these cases, if decided adversely to the Board, will not be significant.

On April 9, 1982, the Board filed an original petition, subsequently amended on May 12, 1982, against nine defendants seeking recovery for damages in connection with the defendants' manufacture, marketing and sales of polybutylene plastic tubing to the Board. Subsequently, four resin manufacturers and two extruders were brought into the case by the defendants seeking contribution and indemnity. The Board has amended and filed suit against two of the manufacturers to date. Damages are sought for the cost of replacing the defective tubing and consequential damages suffered as a result of the premature failure of the product.

The Board is committed under various contracts for completion of construction or acquisition of utility plant totaling approximately \$34,248,673 at December 31, 1983. Funding of this amount will come from available revenues of the System, contributions from developers, and restricted assets.

Note H—Capitalized Interest Costs

Interest cost incurred on revenue bonds totaled \$8,896,191 in 1983 and \$6,944,014 in 1982, of which \$937,420 and \$522,142, respectively, was capitalized as part of the cost of the Board's newly constructed utility plant additions.

Note I—Transfer of Consolidated Data Processing Center to the City of San Antonio

Effective October 1, 1982, the Board of Trustees approved transfer to the City of San Antonio of the control, operation, and administration of the Consolidated Data Processing Center. The Center began operations in 1961 for the purpose of providing electronic data processing services to governmental units in San Antonio. Over the years the City of San Antonio had become the primary user of the facilities, and as such, sought control of its operations and management. The fiscal responsibility for and management of all assets and liabilities of the Center was a vital component of the transfer agreement. The loss, net of depreciation, of the Center of \$111,159 for the nine months ended September 30, 1982 is reflected in the financial statements of the System for 1982 as are the following transfers to the accounts of the City of San Antonio:

Working Capital	\$ 457,249
Fixed Assets—net	\$1,516,507
Notes Payable	\$ 918,847
Retained Earnings	\$ 247,838
Contributions	\$ 807,071

Note J—Plastic Yard Piping Program

A program to replace plastic yard piping installed by the Board was authorized by action of the City Council on June 17, 1982. Yard piping is property of the customer and extends from Board facilities to the point of delivery to the customer's premises. The City Council directed that funding for this \$2,000,000 project be reprogrammed from proceeds of the Series 1981, Prior Lien Water System Revenue Bond issue. Expenditures on this program amounted to \$1,144,860 and \$764,295 in 1983 and 1982, respectively. This program was necessitated by the premature failure of plastic tubing, as alluded to in Note G.

Note K—Restatement and Reclassifications

Unreserved retained earnings at January 1, 1982 has been restated to give retroactive effect to the accrual of estimated unbilled water revenues. The effect on net income for 1983 and 1982 is not significant.

Certain 1982 amounts have been reclassified to conform with the 1983 presentation.



Statements of System Fund Revenues and Their Disposition



	Year ended December 31	
	1983	1982
Revenues		
Operating revenues:		
Metered water sales	\$30,837,738	\$29,649,581
Customers' penalties	905,141	907,275
Central heating and cooling sales	2,299,135	2,248,915
Fire protection and miscellaneous	674,713	627,182
	<u>34,716,727</u>	<u>33,432,953</u>
Non-operating revenues:		
Interest earned and miscellaneous	3,848,478	5,001,929
Unrealized gain in market value of investment	—	35,384
	<u>3,848,478</u>	<u>5,037,313</u>
Total Revenues	<u>\$38,565,205</u>	<u>\$38,470,266</u>
Disposition of Revenues		
Maintenance and operation:		
Waterworks system	\$21,608,895	\$19,823,093
Central heating and cooling system	1,720,416	1,771,966
	<u>23,329,311</u>	<u>21,595,059</u>
Revenue bond debt requirements:		
Interest costs	8,896,191	6,944,014
Retirement of bonds	1,883,334	1,506,667
Reserve funds provision	932,506	445,786
	<u>11,712,031</u>	<u>8,896,467</u>
Capital requirements:		
Capital outlay	76,804	65,414
Equipment additions and replacements	150,650	356,413
	<u>227,454</u>	<u>421,827</u>
Other requirements:		
Debt service on acquired water systems	81,447	80,068
Debt service on purchased water systems	982,795	504,985
Debt service on equipment purchases	55,275	—
Addition to (deduction from) working capital	3,833,022	(226,800)
	<u>4,952,539</u>	<u>358,253</u>
Total Requirements	<u>40,221,335</u>	<u>31,271,606</u>
Revenue available for construction program	<u>(1,656,130)</u>	<u>7,198,660</u>
Total Disposition of Revenues	<u>\$38,565,205</u>	<u>\$38,470,266</u>

Note—Certain 1982 amounts have been reclassified to conform with 1983 presentation.



Summary of Revenue Bond Debt Charges Until Maturity

Calendar Year	Annual Requirements to Retire			Principal Balance Outstanding
	Total	Interest	Principal	
				\$102,105,000
1984	\$ 11,634,845	\$ 9,614,845	\$ 2,020,000	100,085,000
1985	11,609,756	9,419,756	2,190,000	97,895,000
1986	11,619,541	9,204,541	2,415,000	95,480,000
1987	11,611,007	8,966,007	2,645,000	92,835,000
1988	11,588,413	8,703,413	2,885,000	89,950,000
1989	11,574,231	8,414,231	3,160,000	86,790,000
1990	11,584,419	8,094,419	3,490,000	83,300,000
1991	11,567,451	7,737,451	3,830,000	79,470,000
1992	11,563,382	7,348,382	4,215,000	75,255,000
1993	11,535,831	6,930,831	4,605,000	70,650,000
1994	11,538,357	6,473,357	5,065,000	65,585,000
1995	11,525,074	5,970,074	5,555,000	60,030,000
1996	11,531,038	5,416,038	6,115,000	53,915,000
1997	11,527,837	4,802,837	6,725,000	47,190,000
1998	11,528,050	4,123,050	7,405,000	39,785,000
1999	11,525,400	3,370,400	8,155,000	31,630,000
2000	11,499,313	2,544,313	8,955,000	22,675,000
2001	10,290,500	1,690,500	8,600,000	14,075,000
2002	6,351,750	1,001,750	5,350,000	8,725,000
2003	3,413,375	613,375	2,800,000	5,925,000
2004	3,268,875	368,875	2,900,000	3,025,000
2005	3,148,438	123,438	3,025,000	—
	<u>\$223,036,883</u>	<u>\$120,931,883</u>	<u>\$102,105,000</u>	

REVENUE BOND DEBT COVERAGE RATIOS

	1983	1982
Revenues	\$38,565,205	\$38,470,266
Operating expenses before depreciation	(22,828,121)	(21,086,766)
Pledged revenues	<u>\$15,737,084</u>	<u>\$17,383,500</u>
Maximum annual principal and interest requirement on all outstanding revenue bonds	\$11,634,845	\$ 9,502,277
Times Debt Coverage Ratio—all bonds	1.35	1.83
Maximum annual principal and interest requirements on outstanding Prior Lien Water System Revenue Bonds	\$ 7,746,075	\$ 5,625,900
Times Debt Coverage Ratio—Prior Lien only	2.03	3.09





Financial and Statistical Information

	1983
Operating Results	
Metered Water Sales	\$ 30,837,738
Metered Water Sales Per 1,000 Gallons—Cents	55.5
Metered Water Sales Per Customer	\$ 150.23
Water Service Operating Expense	\$ 21,608,895
Water Service Operating Expense Per 1,000 Gallons—Cents	38.9
Water Service Expense Per Customer	\$ 105.27
Financial Data	
Total Revenue	\$ 38,565,205
Total Operating Expense Before Depreciation	22,828,121
Depreciation Expense	7,186,739
Debt Service and Reserve Funds Requirements	11,712,031
Total Utility Plant	277,939,595
Accumulated Allowance for Depreciation	59,359,406
Net Additions to Utility Plant in Service	30,807,219
Inventory	1,108,001
Bonded Debt	102,105,000
Municipal Equity (including Reserves)	153,848,369
Interest and Sinking Fund	1,346,667
Reserve Fund	7,172,812
Improvement and Contingency Fund	100,341
Pledged Revenue	15,737,084
Debt Requirements as Defined by Bond Ordinance*	\$ 11,634,845
Times Debt Coverage	1.35
Other Statistics	
Water Pumped—Million Gallons	55,557
Number of Wells in Service	78
Average Daily Pumpage—Million Gallons	152.5
Maximum Daily Pumpage—Million Gallons	247.5
Maximum Hour Pumpage (Daily Rate)—Million Gallons	342.6
System Pumping Capacity—Million Gallons Day	652.3
Overhead Storage Capacity—Million Gallons	28.0
Total Storage Capacity—Million Gallons	86.9
Metered Usage—Million Gallons	45,413
Annual Rainfall—Inches	26.10
Customers at End of Year	207,908
Average Use Per Customer—Thousand Gallons	221.3
Miles of Main Installed	155.59
Miles of Main Replaced and Abandoned	11.25
Miles of Main in Place	2,888.60
New Services Installed	8,366
Fire Hydrants Installed	708
Fire Hydrants in Place	12,865
Number of Employees	819
Total Salaries and Wages Paid	\$ 13,019,414

*Prior to 1980 Average Annual Debt Requirement;
—Subsequent to 1979 Maximum Annual Debt Requirement.

1982	1981	1980	1979	1978	1977	1976	1975	1974
\$ 29,649,581	\$ 22,904,499	\$ 20,842,317	\$ 17,356,768	\$ 17,511,191	\$ 17,035,339	\$ 14,946,415	\$ 12,415,320	\$ 11,975,104
49.9	45.3	37.7	38.5	39.2	39.7	40.2	33.9	31.3
\$ 151.84	\$ 123.12	\$ 115.22	\$ 98.18	\$ 102.95	\$ 102.48	\$ 91.62	\$ 77.23	\$ 75.38
\$ 19,823,093	\$ 16,507,398	\$ 14,459,112	\$ 11,221,704	\$ 10,113,785	\$ 9,900,938	\$ 8,388,403	\$ 7,685,479	\$ 6,719,545
33.4	32.6	26.2	24.9	22.6	23.1	22.6	21.0	17.6
\$ 103.01	\$ 88.74	\$ 79.93	\$ 63.96	\$ 59.46	\$ 59.56	\$ 51.42	\$ 47.81	\$ 42.30
\$ 38,470,266	\$ 29,687,827	\$ 25,426,090	\$ 21,146,361	\$ 21,031,055	\$ 20,221,593	\$ 17,535,093	\$ 14,423,374	\$ 14,009,345
21,086,766	17,724,977	14,806,256	12,521,059	10,814,510	10,795,965	9,066,997	8,197,928	7,136,442
6,646,780	5,379,781	4,902,532	3,941,575	3,659,343	3,397,802	3,232,917	2,963,509	2,608,735
8,896,467	6,517,591	4,033,880	4,323,225	4,338,251	4,688,546	3,773,547	3,277,700	3,565,984
248,943,341	225,021,065	203,147,097	190,421,514	175,921,261	161,223,714	150,690,065	143,745,863	135,820,915
53,983,632	51,083,581	47,058,000	43,218,436	39,741,787	36,350,713	33,153,409	30,582,968	28,155,596
29,185,515	23,228,164	13,788,551	15,573,095	15,449,898	11,164,711	7,978,028	8,734,952	16,247,665
1,215,579	1,367,219	1,249,072	1,141,485	1,054,874	1,047,789	1,073,151	1,118,249	1,220,954
83,715,000	66,615,000	52,495,000	49,275,000	51,145,000	52,950,000	47,585,000	41,045,000	42,475,000
146,688,777	138,816,653	129,337,704	109,242,033	101,478,214	93,910,102	87,644,100	81,759,410	78,668,343
1,073,333	866,666	586,667	1,687,144	1,657,324	1,626,978	1,450,408	1,276,594	1,266,241
6,240,306	5,794,520	5,515,428	4,334,425	4,334,425	4,334,425	3,656,992	3,343,364	3,332,205
5,928,909	2,574,753	1,507,824	1,119,724	1,534,749	1,222,047	1,774,395	1,549,229	2,459,271
17,383,500	11,962,850	10,619,834	8,625,302	10,216,545	9,425,628	8,468,096	6,225,446	6,872,903
\$ 9,502,277	\$ 7,184,835	\$ 5,372,640	\$ 3,410,230	\$ 3,447,633	\$ 3,061,993	\$ 3,223,709	\$ 3,226,449	\$ 3,221,214
1.83	1.66	1.98	2.53	2.96	3.08	2.63	1.93	2.13
59,364	50,584	55,272	45,053	44,691	42,920	37,154	36,588	38,246
78	71	71	70	69	70	67	67	65
162.6	138.6	151.0	123.4	122.4	117.5	101.5	100.2	104.7
297.8	238.3	274.6	205.8	235.3	196.9	171.9	158.9	190.0
416.6	303.1	356.9	267.9	313.0	263.0	231.5	202.8	277.1
648.2	625.3	595.1	560.6	531.4	528.6	470.2	443.6	443.6
28.0	27.9	27.9	27.9	27.9	27.9	22.9	23.1	23.1
86.9	86.8	79.3	79.3	74.2	74.2	64.1	56.8	56.8
46,532	40,133	43,457	36,781	37,417	35,946	33,015	32,875	33,800
22.93	36.03	24.23	36.64	35.99	29.64	39.13	25.67	37.00
201,370	188,969	183,084	178,707	172,185	168,004	164,454	161,829	159,700
238.3	215.7	240.2	209.6	220.0	216.2	202.4	204.5	212.8
61.15	105.72	112.11	96.20	74.59	50.14	35.16	122.32	124.73
15.63	21.70	19.61	30.86	24.97	17.17	8.96	32.91	34.10
2,743.60	2,698.04	2,614.02	2,521.52	2,456.18	2,406.56	2,373.59	2,347.39	2,257.98
3,512	5,009	6,726	4,686	5,473	4,532	2,701	2,715	5,354
307	432	454	313	264	170	172	462	525
12,157	11,830	11,398	10,944	10,631	10,367	10,197	10,025	9,563
865	746	772	744	731	708	704	722	709
\$ 12,820,385	\$ 10,477,578	\$ 10,148,931	\$ 8,750,490	\$ 8,125,376	\$ 7,394,855	\$ 6,568,457	\$ 6,011,639	\$ 5,690,074

City's Rapid Growth Prompts Record Construction Year

Many years ago a budding San Antonio depended on two spring-fed streams for its water supply, the San Antonio River and San Pedro Creek. The water was transported from the streams to homes by "aguadores," men who carried the water in buckets hanging from yokes on their shoulders. Several capitalists among them used burros and two-wheeled carts.



As the city grew and there was a greater need for irrigation water, a more sophisticated method of distribution had to be found. Dams were built to hold the water, and ditches were dug to transport it to fields and homes. However, a devastating cholera epidemic in 1866 forced the citizens to seek an alternative system.

Several proposals were discussed and discarded, and it was not until 1877 that the city contracted with J.B. LaCoste and Associates to construct a water system. This company built a reservoir on a hill above the San Antonio River. A raceway was built near the head of the river leading to a pumping plant where a water turbine was installed to operate a reciprocating pump. This pump forced water up into the reservoir, and from there it was distributed by gravity through the company's main lines. One of its best customers at that time was the street railway company which piped water to troughs for watering horses.

The water supply properties were acquired by George Brackenridge in 1883. He recognized that the source of the springs feeding the streams was possibly a subterranean reservoir under high pressure, and he proposed that the company purchase some land along the river and drill a well.

In the book Megatrends, by John Naisbitt, San Antonio was listed among the top ten growth cities in the United States.

In 1891 an 8 inch discovery well was drilled to a depth of 890 feet and led to the establishment of a steam-powered pumping station at Market Street and the San Antonio River. A well in use at this site today produces 21 million gallons of water daily. Since the well operation was a success, the Board's water system has relied solely on the utilization of the underground supply in the "Edwards Limestone," and it is still the primary source of water for domestic and industrial purposes in the San Antonio area.



San Antonio is still growing just as it was a century ago. In the book *Megatrends*, by John Naisbitt, San Antonio was listed among the top ten growth cities in the United States, and we are living up to that expectation. As of 1982, we were the 10th largest city in the nation with a population of 825,000 people. From

1970 to 1982 we have grown over 26%.¹ By 1988 the population of San Antonio is forecasted to be 877,365 people.² Approximately 9,000 housing units were built in 1983, and approximately 3.5 million square



feet of new office space was constructed.³ To meet the water demands of our growing city the City Water Board continued its construction program in 1983 to include the installation of four high service pumps, the digging of six new wells, the erection of a new service center and the laying of 50,000 feet of transmission mains. City Water Board engineers were also designing plans to lay another 100,000 feet of transmission mains in 1984.



High service pumps were installed at the University, Turtle Creek and Bitters Road Pump Stations. These high service pumps draw water from storage reservoirs and provide the necessary water pressure in the connected mains and service lines.

City Water Board officials found it necessary to drill

two additional wells at the downtown Market Street Pump Station. When tested these two wells produced water at a rate of 30 million gallons per day. That is enough to fill 300,000 bathtubs! The addition of these wells will help meet the increasing water and fire demands of the downtown San Antonio area.

Six wells, Northeast Service Center Completed

The new well at Wurzbach and Evers Roads is one of two wells with a 42 inch diameter, the largest in the CWB system. This well has the capacity to pump 14,000 gallons of water per minute or 20 million gallons daily.

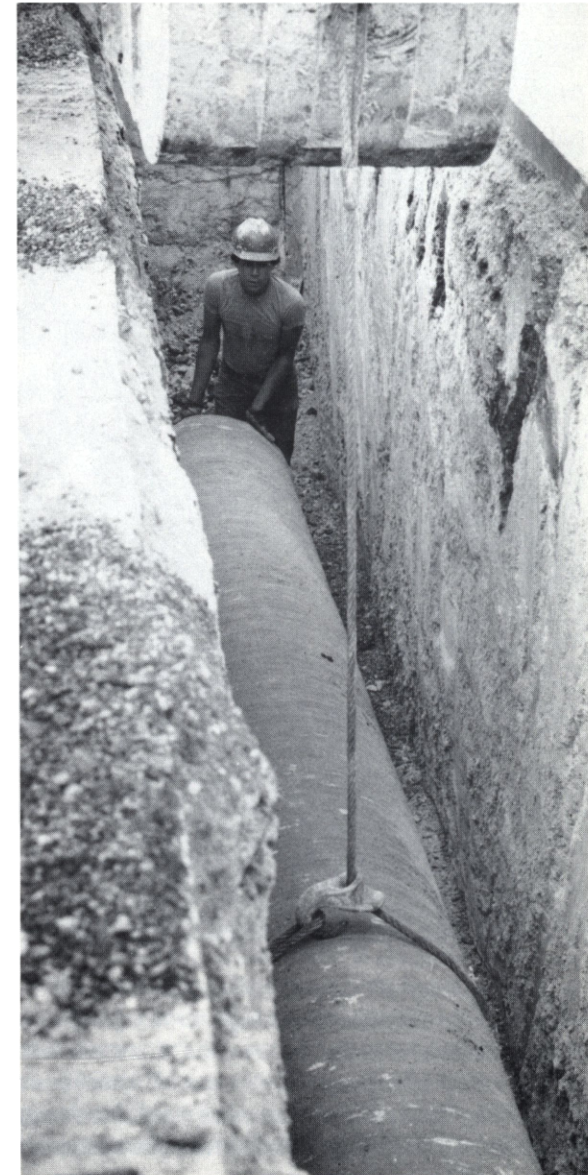
Two wells are being drilled at the Naco-Perrin

The new well at Wurzbach and Evers Roads has the capacity to pump 20 million gallons daily.



location that have a 36 inch casing. Their combined capacity is 7,000 gallons per minute or 10 million gallons per day.

With two other well sites at the Barbet and Anderson Pump Stations the additional pumping capacity totals 45 million gallons per day.



The Board's new Northeast service center was completed in 1983. This 10,000 square foot facility will enhance the work of existing field maintenance crews and enable them to quickly respond to emergency and routine work requirements.

A total of 140,550 feet of transmission mains was also completed. Fifty thousand feet of these mains were 24-36 inches in size. The design of 100,000 more feet was finished ready for construction in 1984.

This 10,000 square foot Northeast Service Center will enhance the work of existing field maintenance crews.

The City Water Board participated in some 25 construction projects in support of several governmental agencies including the City of San Antonio Public Works Department, Texas Department of Highways and Public Transportation, San Antonio River Authority and the San Antonio Development Agency. These projects were located in such areas as Vista Verde South, San Pedro Creek, the San Antonio Municipal Airport, Culebra Road and the Municipal Auditorium.



1. U.S. Department of Commerce, Bureau of the Census, 1970 and 1980, Sales and Marketing Management, July 1983
2. Bureau of the Census, 1960, 1970 and 1980 Estimates—City of San Antonio Planning Department Texas Department of Water Resources
3. Economic Outlook Conference

It's Great to Live in San Antonio—an All-America City

When someone mentions San Antonio most people think about the Riverwalk or the Tower or the Alamo. But San Antonians have more to be proud of than

San Antonio is a city that remembers its history, but hasn't forgotten about its future.

tourist attractions. We are a city that remembers our history, but we haven't forgotten about our future. We've laid plans for our citizens to have access to quality educational programs, and we're working to revive the economic health of our downtown area.

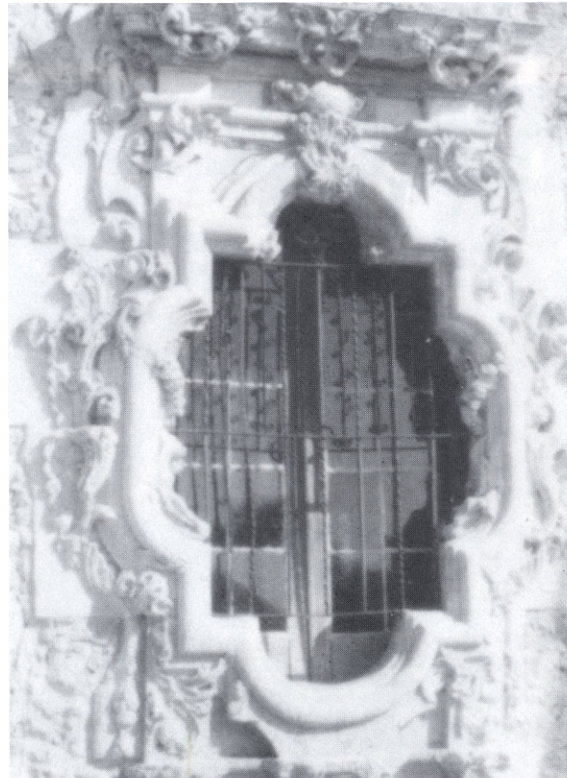
Because we have taken steps toward achieving these goals, San Antonio was named an All-America City by the Citizens Forum/National Municipal League in 1982. The guidelines of this contest ask that each city present some of the community projects sponsored by both citizen and government action that have resulted in positive contributions to the city and its spirit.

San Antonio was chosen as one of the finalists and was asked to prepare displays focusing on these projects and to make a presentation before the All-America Cities Awards Jury in Seattle. Jury members include leaders from national, state, regional and local organizations as well as prominent government and education leaders.

San Antonio was judged number one by eleven out of twelve judges and was one of the 16 winners chosen out of 600 entrants.

San Antonio presented two examples of effective citizen/government cooperation: United San Antonio's Engineering Education Program at the University of Texas at San Antonio and the long term Centro 21 Downtown Revitalization Project.

Because of cultural and financial considerations, many San Antonio high school graduates historically sought their higher education locally. Those with engineering aspirations were out of luck since none of the area colleges and universities offered an engineering curriculum. Meanwhile, a national shortage of engineers was occurring. Reacting to these problems, United San Antonio, a coalition of public, business and government sectors, decided to seek authorization for degree programs in civil, mechanical and electrical engineering at the University of Texas at San Antonio.



Over a half a million dollars in pledges was raised from local companies and individuals for the new Foundation for Engineering Education. On October 29, 1981, the Coordination Board of the Texas College and University System voted the approval of the Engineering School at UTSA. More than 450 students enrolled in the first class in the fall of 1982.

The Centro 21 Downtown Revitalization project also helped secure the award for San Antonio. Downtown deterioration and loss of tenants to the newer north side buildings were making downtown San Antonio less attractive for tourists as well as local developers.

Attitudes had to be changed, investor confidence regained and new development encouraged. In 1975 the Centro 21 Task Force, a partnership between the downtown business community and the City Council, was formed. As a result of their efforts, seven apartment and condominium projects have been completed and one is underway. A program of several new downtown parking garages has stimulated renovation and new development. Three new hotels have been

The downtown area is once again the economic and cultural center of the city.

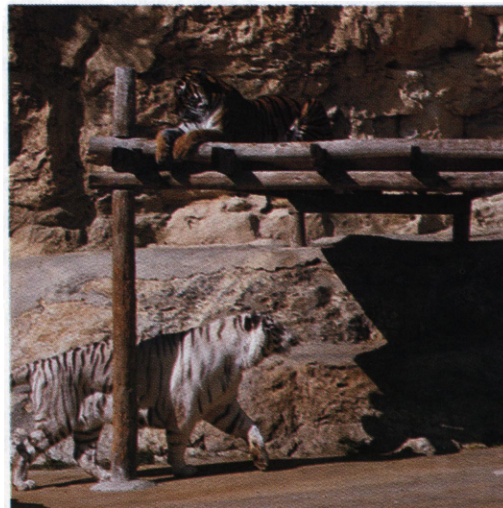
built, four others have just completed extensive renovation and two are in the planning stages. Office development is planned that will triple downtown class A office space. One-fourth of this new space is in renovated historic buildings. A \$200 million mixed use center now under construction is to feature national retail stores and boutiques and will dramatically surround an extension of the Riverwalk.

These efforts have stimulated the downtown area



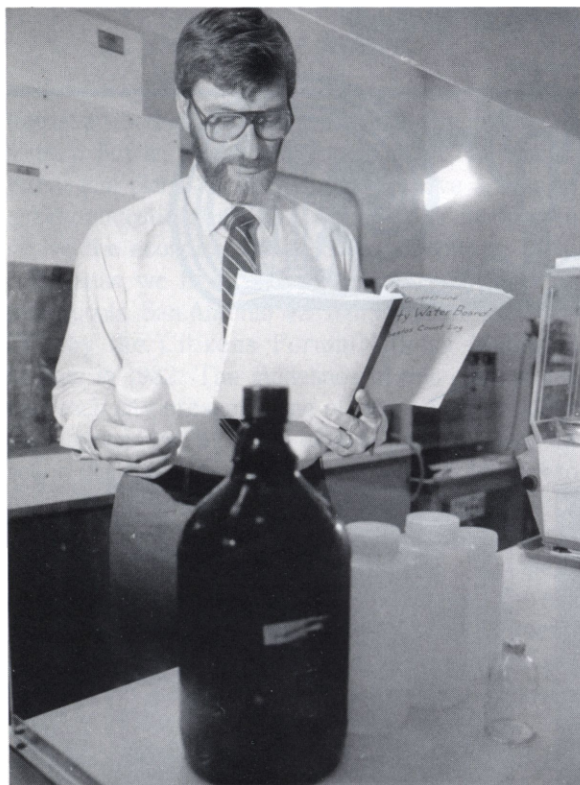
to once again be the economic and cultural center of the city. Centro 21 is now looking at the problems born from their successes such as traffic congestion, parking, cleanliness, the pedestrian environment and urban design.

Mayor Henry Cisneros had this to say about our award winning city: "San Antonio is today a major city with a spirit which allows it to meet challenges with enthusiasm and confidence. We have discovered that we simply couldn't afford the waste of energies consumed by pulling in different directions—that those same energies could rally around the important themes—jobs, economic development and investment in education. So we seek and we find and we create ways to work together."



Purity of Water Certified by Southwest Research Chemists

The honeycombed rock formations of the Edwards Aquifer act as a natural filter sifting out harmful substances in the water. However, to insure the safety of its customers the City Water Board has commissioned the Southwest Research Institute to analyze and



monitor the chemicals in the water. For nine years Southwest Research has had the task of examining the water. Located in northwest San Antonio, the Institute occupies over 470 acres, has nearly 770,000 square feet of laboratories, workshops and offices and employs 2,000 people.

In the past water samples were collected from three City Water Board wells twice a year. However, the difference between samples was insignificant so the time between testing was lengthened to once a year and the number of wells increased to six. The sampling points are rotated so that all the major wells are tested. This year the wells tested were located at the Artesia, Naco, Maltsberger, Marbach, Anderson and Wurzbach Pump Stations.

Raw and chlorinated samples were collected from each of these pump stations and analyzed for trace metals, insecticides, herbicides, trihalomethanes and miscellaneous organics known as priority pollutants.

It is especially important to test for metals such as cadmium and mercury because they are not eliminated from the body and over a period of time can build to toxic levels. To take the utmost precautions these tests are measured in the smallest units possible: parts per billion. To get an idea of how much that is think of a single drop of water in a railroad tank car. One-thousandth of that equals one part per billion.

Herbicides and insecticides can seep into the aquifer from waste disposal and farmland runoff. Chemists found no detectable amounts of these compounds in any of the water samples when tested in accordance with the strict procedures recommended by the Federal Environmental Protection Agency.

Our drinking water is chlorinated to disinfect the miles of pipe that bring the water from the well to your faucet. However, sometimes chemicals in the water will react in the chlorination and form compounds called trihalomethanes. To test for trihalomethanes samples are allowed to stand in the presence of active chlorine for seven days at room temperature. This permits any trihalomethanes present to build to the highest levels.

The priority pollutants are a group of synthetic

organic compounds that enter the water supply via accidental spills, sanitary landfills and waste disposal into rivers.

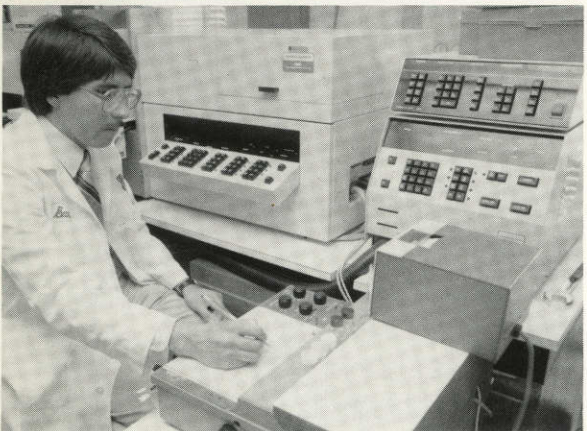
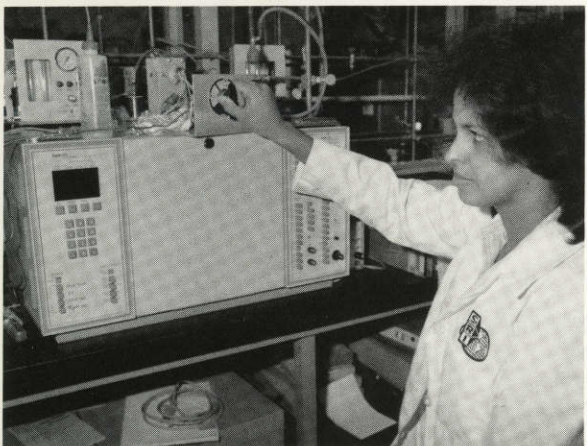
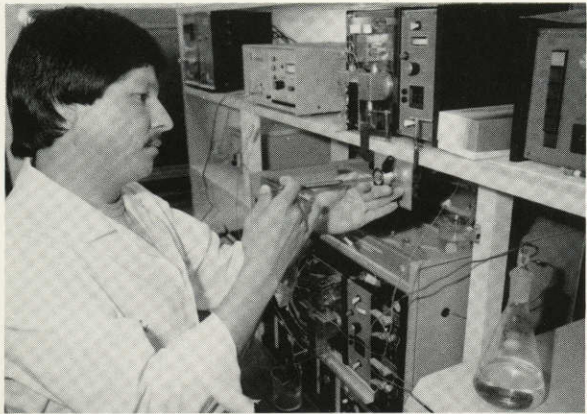
The honeycombed rock formations of the Edwards Aquifer act as a natural filter for our water.

Three of the stations were tested for radiation. Non-chlorinated samples were tested for viral particles. In addition, the City Water Board staff collected samples for the monitoring of asbestos fibers.

As a final result of exhaustive testing, our water received a clean bill of health. It is clear, sparkling and perfectly safe for drinking, washing and swimming.



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