



Agenda Report

Agenda of: June 10, 2025

Department: Council

Subject: Discussion and possible action regarding Water Acquisition Fund Purchase

Recommended Motion: I move to authorize the City Council to purchase additional unrestricted Edwards Aquifer Water rights for municipal use.

Background: The City instituted the Water Acquisition Fund more than 20 years ago to enable the City to purchase additional Edwards Aquifer water rights for municipal use. The council starting this fund was farsighted and understood as this area developed water was going to become more expensive and was the key to sustainable growth.

With the Edwards as Castroville's only source of water having an adequate supply was vitally important and would provide a water security buffer during drought conditions. A monthly fee was added to the utility bill to build this fund. The City has purchased water rights a number of times over the years and has also used the fund to lease water rights from the airport.

Additionally, in the Subdivision Ordinance all development is required to bring transferrable water rights, not monies for us to purchase water rights. The only exception is if water rights are not available. According to the Edwards Aquifer Authority, water rights are always available.

Unfortunately, growth has put a strain on our water security buffer.

Checking 3 June with the Edwards Aquifer Authority listing for water rights for lease and sale, the current asking price is \$12,500 per acre foot.

Discussion: Here is an example of Stage reductions on our pumpable water. If the City has 1000-acre feet of municipal water pumping rights for the year and normal unrestricted consumption is 700-acre feet, the city ends the year with 300-acre feet they could have pumped but did not need. We could lease that to someone else if we wished. If the city was in Stage 3 with 30 percent reduction for the year, we could only pump 450-acre feet of our water. If our customers made no reduction in normal use and used 700-acre feet we would end the year with no available pumpable water. Unfortunately, this is not what is happening.

At Stage 3 and 4 our customers are not meeting the needed reduction percentages even though we put drastic water reduction rules in place. Our normal consumption rates are down but we are relying on our additional purchased (water security buffer) water rights to keep us from over pumping and paying extremely high pumping penalties.

As we experience explosive growth and even with developers bring water rights, there is a very high likelihood that we will continue to not completely meet needed stage reductions and will be in the uncomfortable situation of either paying over pumping fees or taking more drastic measures to force reduced water usage by businesses and homeowners.

A family with children living in an apartment cannot make the required stage reductions and still be healthy and living in sanitary conditions. While homeowners on city lots can let their grass, shrubs and trees die, they still might not meet the required reductions. We have allowed some water intensive businesses come onboard without bringing water rights and we have some water intensive uses by the city. We need to determine when things are very bad for a long time, what additional measures to take to ensure citizens can have safe and healthy living conditions over anything else.

We can minimize the likelihood of these scenarios by continuing to use the Water Acquisition Fund for what it was intended for and purchase additional water rights now and into the future.

Fiscal Summary:

Next Steps:

Fiscal Impact: N/A

☐ **Budgeted** ☐ **Requires Budget Amendment**

Source of Funding:

Attachments:

Urgency (0-5 = Low Urgency to High Urgency): 5

Impact (0-5 = Low Impact to High Impact): 3

Submitted by: Councilman Robert Lee