

Code Amendment
Chapter 14 Utilities
Appendix A Fee Schedule
Critical Period Drought Management Surcharges

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City Council Meeting
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Summary

- Question
 - City Council is being asked to approve amendments to LVCC Chapter 14 Utilities, Article 14.11 Water Conservation and Drought Management, Division 3 Drought Management and Appendix A Fee Schedule to revise watering hours, add a Stage V, and to create a Critical Period Drought Management & Non-Compliance Surcharge
- Options
 - Approve
 - Deny
 - Other
- Declaration
 - At Council discretion, although Staff recommends the addition of a Stage V critical management period

Purpose

- To consider amending the city's drought management regulations to revise a definition, add Stage V restrictions, & amend the fee schedule to create drought management surcharges
- The surcharges would go into effect when the city declares Stage III, IV, and V critical period drought management restrictions
- The surcharges would affect all Leon Valley water customers
 - They already affect all SAWS customers

Background

- Section 14.11.074 Demand reduction measures, Subsection (3) Watering restrictions, (D) Stage IV restrictions states:
 - “A drought surcharge is assessed on all accounts for water used or assumed to be used for landscape irrigation. The surcharge is to remain in effect for a minimum of one complete billing month and will remain in effect if stage IV is still in effect at the beginning of the next billing month.”

Background

- The City has never been in Stage IV, a surcharge for this stage was never created, & there's no explanation as to how the funds would be used
 - Can assume would be to encourage increased conservation, pay for more water rights (lease or purchase), and for more code enforcement
- Code also doesn't have Stage V management period
- EAA does have a Stage V (reduces pumping to 44% of total rights), which should be reflected in city code
- Watering hours in the Code do not match SAWS, which is confusing for LV water customers

Background

- 7/6/24 - EAA declared Stage IV pumping reductions were in effect
- City has not increased from Stage III to Stage IV as we are well below the threshold for water usage at this time
 - Large main breaks or lack of adequate rainfall from now until December 30th may place the city over the total allowed
 - We are in the process of acquiring more water rights to ensure this does not happen

Background

- As 1/3rd of residents & businesses are connected to SAWS water, it would be less confusing to the citizens to just adopt SAWS' drought surcharge rates
- The City Council may also choose to delete any reference to a drought surcharge entirely

Proposed Code Amendments

- Sec. 14.11.073 Definitions – change the definition of “stage” from four to five stages:
- “Stage. One of ~~four~~ five designated drought stages which may be declared by the city.”

Proposed Code Amendments

- Code Amendments would apply surcharge to Stage III & add a Stage V:
 - (C) “(vi) A drought surcharge is assessed on all accounts for water used or assumed to be used for landscape irrigation. The surcharge is to remain in effect for a minimum of one complete billing month and will remain in effect if Stage III is still in effect at the beginning of the next billing month.”
 - (1) “(E) Stage V. Water use reduction measures may be declared if the total supply of water from the Edwards Aquifer is insufficient to meet customer demand, even while complying with lesser restriction stages.”

Proposed Code Amendments

- (3) “(E) Stage V restrictions –
 - (i) Stage III landscape irrigation restrictions remain in effect.
 - (ii) A drought surcharge is assessed on all accounts for water used or assumed to be used for landscape irrigation. The surcharge is to remain in effect for a minimum of one complete billing month and will remain in effect if stage V is still in effect at the beginning of the next billing month.”
- Change watering hours to match SAWS

Proposed Code Amendment

- Appendix A Fee Schedule, Article A11.000 Water and Sewer Fees, Section A11.001 Generally – add a Subsection (s) mandating a surcharge & non-compliance charge to match SAWS:
 - “(s) Critical Period Drought Management Surcharge
 - Drought management surcharges are in effect under Stages III, IV, and V Critical Period Drought management declarations and the fees to be charged are as currently adopted by the San Antonio Water System as Drought Surcharge and Non-Compliant Charges, incorporated by reference as though copied herein fully. Stage V surcharges are to be the same as in Stage IV, unless otherwise revised by SAWS.”

SAWS Drought Surcharge

- “Drought Surcharge - Drought Surcharges are not applied unless a customer’s billed use achieves the volumetric thresholds shown. While the rate remains the same in Stage 3 and Stage 4, there are different thresholds in each stage such that the surcharge is incurred sooner in Stage IV drought conditions than in Stage V drought conditions.”

| Drought Surcharge Rate Structure | | | | |
|-------------------------------------|---------------------------|---------------------|-----------------------------|-----------------------------|
| Customer Class | Rate Per Thousand Gallons | Meter Size (inches) | Stage 3 Threshold (gallons) | Stage 4 Threshold (gallons) |
| Residential | \$10.37 | All Sizes | 20,000 | 12,000 |
| Billed Commercial Irrigation | \$10.37 | 5/8 | 12,000 | 7,200 |
| | | 3/4 | 18,000 | 10,800 |
| | | 1 | 30,000 | 18,000 |
| | | 1.5 | 60,000 | 36,000 |
| | | 2 | 96,000 | 57,600 |
| | | 3 | 210,000 | 126,000 |
| | | 4 | 360,000 | 216,000 |
| | | 6 | 810,000 | 486,000 |
| | | 8 | 1,080,000 | 648,000 |
| | | 10 | 1,440,000 | 864,000 |

SAWS Drought Non-Compliance Charge

| Non-Compliance Charge Rate Structure | | |
|--------------------------------------|--|--|
| Violation Number | Small Users (less than million gallons) | Large Users (more than million gallons) |
| 1st Violation | \$137.00 | \$500.00 |
| 2nd Violation | \$225.00 | \$625.00 |
| 3rd+ Violation | \$500.00 | \$1,250.00 |

“The application of a Non-Compliance Charge is strictly based on whether a customer violated the drought rules. Violations must be documented and observed by trained enforcement personnel. There are separate rates for large users and small users. Large users are characterized by having been billed one million gallons or greater in the previous year. Small users are those customers that have been billed for less than one million gallons of use in the previous year. There are also different rates depending on the number of violations incurred by the customer as repeated non-compliance with the rules impacts the community’s water supply.”

- The fees would be used to encourage water conservation, for additional code enforcement activities, and to acquire water rights, either by lease or purchase

Recommendation

- At Council discretion, but Staff recommends adding a Stage V critical management period to the Code