

## MAYOR AND CITY COUNCIL COMMUNICATION

**DATE:** August 6, 2024

**TO:** Mayor and City Council

**FROM:** Melinda Moritz, Public Works Director

**THROUGH:** Crystal Caldera, Ph.D., City Manager

**SUBJECT:** Presentation and Discussion to Consider Approval of an Ordinance Amending the Leon Valley Code of Ordinances, Chapter 14 Utilities, Article 14.11 Water Conservation and Drought Management, Division 3 Drought Management, Section 14.11.073 Definitions and Section 14.11.074 Demand Reduction Measures to Revise the Definition of “Stage”, Add a Surcharge to (C), and Add (1) (E) Stage V and (3) (E) Stage V; and Amend Appendix A Fee Schedule, Article A11.000 Water and Sewer Fees, Section A11.001 Generally to Add a Subsection (s) Critical Period Drought Management Surcharges, to Create Fees for Certain Water Usage Thresholds During Stages III, IV, and V Critical Period Drought Management

**SPONSOR(S):** N/A

### **PURPOSE**

This M & C is to consider approval of an Ordinance amending the Leon Valley Code of Ordinances, Chapter 14 Utilities, Article 14.11 Water Conservation and Drought Management, Division 3 Drought Management, Section 14.11.073 Definitions and Section 14.11.074 Demand reduction measures to revise the definition of “Stage”, add a (1) (E) Stage V and (3) (E) Stage V to include language to address a Stage V, and amend Appendix A Fee Schedule to create a critical period drought management surcharge and a non-compliance charge when certain water usage thresholds are met.

Section 14.11.074 Demand reduction measures, (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.”

The City has never been in Stage IV, a surcharge for this stage was never created, and there is no explanation as to how the additional funds would be used, although we can assume the additional funds would be used to encourage increased conservation, pay for more water rights, either by purchase or lease, and for additional code enforcement support to prevent water waste. In addition, the code does not have a Stage V

management period. The EAA does have a Stage V and it reduces the water pumping allowance to 44% of total water rights, and this should be reflected in the city's code.

On July 6, 2024, the Edwards Aquifer Authority (EAA) declared that Stage IV pumping reductions were in effect. The city has not increased from Stage III to Stage IV as we are well below the threshold for water usage at this time. A few large water main breaks or a lack of adequate rainfall from now until December 30<sup>th</sup> may place the city over the total allowed. We are in the process of acquiring more water rights to ensure this does not happen.

As one-third of our city residents and businesses are connected to the San Antonio Water System (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.

If so desired, the amendments to the Code of Ordinances would be as follows:

Chapter 14 Utilities, Article 14.11 Water Conservation and Drought Management, Division 3 Drought Management

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.”

The city's current Stage III restrictions do not mandate a drought surcharge, but SAWS' restrictions do. The changes to the Code would be as follows and would also apply the surcharge to Stage III:

Section 14.11.074 Demand reduction measures – add the surcharge to Stage III, and add subsections to #'s 1 and 3:

(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.”

(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.”

Appendix A Fee Schedule, Article A11.000 Water and Sewer Fees, Section A11.001 Generally – add a Subsection (s) mandating a surcharge and a non-compliance charge to match SAWS charges:

“(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.”

**FISCAL IMPACT**

From the San Antonio Water System:

“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)
<b>Residential</b>	\$10.37	All Sizes	20,000	12,000
<b>Billed Commercial Irrigation</b>	\$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

## Non-Compliance Charge

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.

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

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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 City Council discretion, although Staff does recommend approval in adding a Stage V to the regulation.

APPROVED : \_\_\_\_\_ DISAPPROVED: \_\_\_\_\_

APPROVED WITH THE FOLLOWING AMENDMENTS :

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ATTEST :

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**SAUNDRA PASSAILAIGUE, TRMC**  
City Secretary

