



Meeting Date: January 29, 2026 **Agenda Type:** Items for Future Action

From: Andrew Cummings **Reviewed by:** Andrew Cummings
Interim Chief Customer Officer Interim Chief Customer Officer

Submitted by: Andrew Cummings **Approved by:** Ryan Kelso
Interim Chief Customer Officer Chief Executive Officer

RECOMMENDED ACTION: Discuss Drought Contingency Plan Revisions

BACKGROUND

New Braunfels Utilities (“NBU”) staff recommends updating the Drought Contingency Plan (“DCP”) to ensure continued compliance with state requirements, align water-use reduction targets with NBU’s diversified water supply portfolio, and support long-term water supply reliability and financial stability during drought conditions.

The proposed update to the DCP includes the following:

1. aligning drought stage reduction targets with required curtailment obligations based on NBU’s diversified water supply portfolio;
2. incorporating a drought surcharge structure designed to maintain revenue neutrality during periods of reduced water consumption; and
3. reinforcing implementation flexibility to allow NBU to respond to evolving drought conditions while minimizing customer impacts.

From September through December 2025, NBU engaged the Community Advisory Panel (“CAP”) to review the proposed updates, including conservation targets, surcharge design, and customer impacts, and to provide feedback on intent, clarity, and communication. The proposed drought surcharge structure was developed by Raftelis Financial Consultants, the firm that completed NBU’s 2025 rate study, to ensure consistency with the adopted rate design and alignment with industry best practices.

If approved by the Board, NBU staff will proceed with implementation of the updated DCP and associated public communication efforts and advance any required ordinance amendments for City Council consideration.

FINANCIAL IMPACT

No additional expenditures are required to implement this update outside of standard communication strategies. The proposed drought surcharge is designed to be revenue-neutral and improves NBU's financial stability during drought conditions by mitigating revenue volatility associated with reduced water sales.

LINK TO STRATEGIC PLAN

Customers and Community

Stewardship

EXHIBITS

1. Community Advisory Panel Report on Drought Contingency Plan
2. Drought Contingency Plan – Redline Version
3. Drought Contingency Plan – Clean Version
4. Water Rates – Redline Version
5. Water Rates – Clean Version
6. Drought Contingency Plan presentation