



**Meeting Date:** February 26, 2026      **Agenda Type:** Action Item

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

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

**RECOMMENDED ACTION:** Discuss and Consider Adopting Resolution #R-2026-205 to Approve Proposed Amendments to Chapter 130, Article IV, Division 3, Division 5, Division 6, and Division 7 of the Code of Ordinances of the City of New Braunfels (I) Adjusting Residential and Landscape Irrigation Drought Surcharges, (II) Revising Drought Stage Designations and Triggers, (III) Clarifying Definitions and Other Provisions; and (IV) Resolving Other Matters Incident and Related Thereto, and to Authorize the CEO to Present the Amendments to the New Braunfels City Council for Consideration

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## 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**

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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**

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### **Customers and Community**

#### **Stewardship**

## **EXHIBITS**

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1. Resolution #2026-205
2. Exhibit A – Code of Ordinances - Redline
3. Exhibit A – Code of Ordinances – Clean Version