



# City of San Antonio

## Agenda Memorandum

**File Number:**

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**Agenda Item Number:** 27

**Agenda Date:** June 20, 2024

**In Control:** City Council A Session

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**DEPARTMENT:** Finance Department

**DEPARTMENT HEAD:** Troy Elliott

**COUNCIL DISTRICTS IMPACTED:** Citywide

**SUBJECT:**

Consideration of updated drought and conservation rules, including the addition of a Non-Compliance Charge and an update to the existing Drought Surcharge.

**SUMMARY:**

Consideration of an Ordinance approving amendments to Chapter 34 of the City Code of San Antonio to include: updated watering times, provisions for watering with drip irrigation systems, improved alignment to drought stages declared by the Edwards Aquifer Authority, the addition of a Non-Compliance rate structure, updates to the existing Drought Surcharges rate structure, clarifications on access to premises, turfgrass requirements, variances and enforcements, irrigation system improvements, and other minor clarifications, for the San Antonio Water System (SAWS) Service Area.

**BACKGROUND INFORMATION:**

SAWS is required to update its Water Conservation and Drought Plan (Plan) at least every five years pursuant to 30 T.A.C. §288. An updated Plan is required in 2024. SAWS has proposed several updates to Chapter 34 of the San Antonio City Code to help meet conservation targets established for the community, updates which will be accounted for in the 2024 Plan. Those updates include:

- Updated the watering days and times stated in §34-323 and §34-332 to reflect reduced hours for operating drip irrigation systems and a shift in watering hours to reduce SAWS' energy demand during peak windows.
- Improved SAWS' alignment to the Edwards Aquifer Authority's (EAA) drought stage three so that SAWS will automatically enter stage three when declared by the EAA (§34-319). This creates unified messaging to the community about the severity of drought and better equips SAWS to manage through advanced permit cuts that occur in EAA stage three. More than half of SAWS' water portfolio is attributable to the Edwards Aquifer.
- Added a Non-Compliance rate structure to be used as a fee on the SAWS bill for those documented as violating the conservation and drought rules, replacing the fines currently being issued through the City's Municipal Court (§34-135 and Non-Compliance Charge Schedule appearing at the end of Chapter 34). This ensures that all customers are equally subject to enforcement of the drought and conservation rules. The charge for first time violations for customers using less than one million gallons in the preceding year is the same as the current municipal citation amount. In addition, first time single-family residential violators may opt to take a water education course and have the charge waived.

<b>All Drought Stages</b>	<b>Less Than 1M gallons / Single Family and Small Commercial</b>	<b>Greater than or equal to 1M gallons / Meters at Large Use Irrigation Sites</b>
1st Violation	\$137.00	\$500.00
2nd Violation	\$225.00	\$625.00
3rd Violation +	\$500.00	\$1,250.00

- Updated the existing Drought Surcharge rate structure to: (a) remove references to an old SAWS rate structure, (b) develop a surcharge for stage three drought conditions, and (c) update relevant use thresholds (§34-128 and Drought Surcharge Schedule appearing at the end of Chapter 34). The surcharge rate is the same for both residential and commercial billed irrigation, however the volumetric threshold changes in different drought conditions and by meter size for the commercial billed irrigation customers.

<b>Customer Class</b>	<b>Rate</b>	<b>Meter Size</b>	<b>Stage 3 Threshold (gallons)</b>	<b>Stage 4 Threshold (gallons)</b>
Residential	\$10.37	All Sizes	20,000	12,000
Billed Commerical Irrigation	“	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

<b>Customer Class</b>	<b>Rate</b>	<b>Meter Size</b>	<b>Stage 3 Threshold (gallons)</b>	<b>Stage 4 Threshold (gallons)</b>
	“	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

- Clarified that SAWS personnel cannot be barred from entering gated subdivisions for purposes of enforcing drought and conservation rules (§34-297).
- Clarified that turfgrass must have four inches of soil beneath it after sod is installed to overcome confusion about the impact of soil compression due to sod on the four-inch requirement, and updated turfgrass soil support requirements to ensure that some soil organic matter exists within the four-inches of soil to help ensure conditions that plants can grow successfully in (§34-275).
- Simplified the procedural language and clarified SAWS conservation’s ability to exercise reasonable flexibility in issuing variances (§34-276).
- Other less substantive clarifications throughout such as correcting spelling, using terms consistently, and replacing outdated terminology and turns of phrase (throughout).

SAWS staff have been working with stakeholder groups, Councilmembers, and the SAWS Board since July of 2023 to develop the proposed changes. In fall of 2023, SAWS began working with Carollo Engineers, a professional engineering firm, to develop the Non-Compliance rate structure and update the Drought Surcharge rate structure that reflected the cost of drought rule enforcement and the impact of high demand during drought, respectively.

As of May 15, 2024, SAWS Conservation had made 85 public presentations to nearly 1,300 community members. Staff met with 53 unique organizations to develop proposed changes that were meaningful and acceptable. In addition, SAWS developed the website WateringRules.com to share information, video explainers, copies of the proposed changes, and host a public survey. More than 900 responses were documented by a survey conveying overall support of the changes and providing feedback directly to conservation staff.

A public hearing on the proposed changes was held during the SAWS Board of Trustees Meeting on May 7, 2024. A special Meeting of the Board was held on May 23, 2024, during which the proposed changes to Chapter 34 were conditionally approved by the Board; the SAWS Board approved a resolution accepting and recommending City Council approval of the proposed changes.

On June 13, 2024, a Special Session briefing was provided to City Council on the proposed

changes, with emphasis on the proposed Non-Compliance charge and the updated Drought Surcharge.

#### **ISSUE:**

The proposed Ordinance authorizes the following:

- Approval of the updated Chapter 34 provisions.

#### **ALTERNATIVES:**

City Council could approve the proposed changes in part, propose rate structures that are different than the proposed structures as long as the changes do not result in SAWS exceeding its permissible cost recovery under each structure, or postpone the decision to gather additional information.

#### **FISCAL IMPACT:**

These amendments include shifting watering rule non-compliance fines, currently enforced by Municipal Court and deposited in the General Fund, to a non-compliance charge on the SAWS bill which will be part of SAWS revenue. In FY2023, processing these Municipal Court fines generated approximately \$300,000 into General Fund revenue for Municipal Court. Therefore, moving the fines to the SAWS bill will cause an estimated decrease in General Fund revenues of \$60,000 in FY 2024 and \$300,000 annually beginning in FY 2025.

The City receives 4% of SAWS system gross revenues. The non-compliance charges and drought high-use surcharges are subject to this 4% and are anticipated to generate City Payment revenue in excess of the lost General Fund revenue. However, the amount has not been estimated due to the uncertainty of how much revenue will be generated from these new charges.

#### **RECOMMENDATION:**

City Staff recommends approval of the proposed Ordinance which allows for an update to portions of Chapter 34, including the addition of a Non-Compliance Charge and updates to the existing Drought Surcharge provision.