for Corpus Christi City Council

Drew Molly, Chief Operating Officer

September 3, 2024





#### **Overview**

- Sec. 55-159.1. A non-mandatory drought surcharge exemption fee was established on October 1, 2018
- Large-volume industrial customers voluntarily pay the non-mandatory "drought surcharge exemption fee" <u>year-round</u> to be exempt from the applicable allocation surcharges of city Code section 55-154.
- The fee is charged with the large-volume industrial customer's regular monthly water bill.

### **Purpose**

- For the development of a drought-resistant water supply.
- Not for operation and maintenance costs of a water supply, treatment facility, or distribution system.
- The fee is reserved in a separate account to be used only for capital costs to develop and acquire an additional drought-proof water supply.



#### **Drought Surcharge Exemption Fee Amendment**

Current	Proposed
\$0.25 per 1,000 gallons	\$0.31 per 1,000 gallons

- FY 25 includes a proposed fee amendment from \$0.25 per 1,000 gallons to \$0.31 per 1,000 gallons of water per month or 24%, as permitted in City Code Section 55-159.1.
- The fee shall be reviewed and adjusted by city council action no more frequently than every 5 years.

#### **Effective Date**

January 1, 2025, with the 2025 water rates.



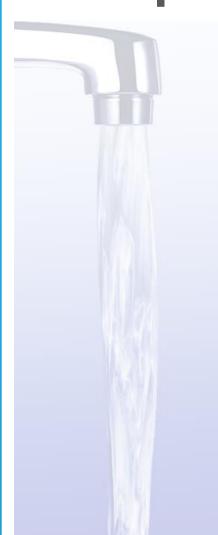


#### **Drought Surcharge Exemption Fee Amendment (Continued)**

• This change aligns with the increases based upon changes to the Consumer Price Index: CPI-All Urban Consumers (Current Series) for water and sewer and trash collection services in U.S. city average.

Year	CPI % Change	Surcharge per 1,000 gal
2018	-	Fee Implemented
2019	3.70%	\$ 0.25
2020	3.00%	\$ 0.26
2021	3.57%	\$ 0.27
2022	4.04%	\$ 0.28
2023	4.97%	\$ 0.29
2024	5.55%	\$ 0.31





### **Fiscal Impact**

- The increase to the non-mandatory drought surcharge exemption fee from \$0.25 to \$0.31 per 1,000 gallons will generate approximately an additional \$1,000,000 annually or \$84,000 monthly.
- We expect, after the increase of the drought surcharge exemption fee, to have an estimated total collection of \$6,000,000 annually.

### **Community Benefits**

- Since its inception, the fee has generated \$27.6 million dollars in support of a drought-resistant water supply for the City of Corpus Christi.
- The fee is projected to generate over \$200 million in the next 30 years for debt repayment support of the Inner Harbor Desalination Plant.

### Staff Recommendation

• Staff recommends the approval of the proposed amendment to Chapter 55, Article XII Water Resource Management section 159.1, to increase the drought surcharge exemption fee from \$0.25 to \$0.31 per 1,000 gallons effective January 1, 2025



### Thank you!

