

# Ordinance Amending the Drought Surcharge Exemption Fee

for Corpus Christi City Council

Drew Molly,  
Chief Operating Officer

September 3, 2024



# Ordinance Amending the Drought Surcharge Exemption Fee



## 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" year-round 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.

# Ordinance Amending the Drought Surcharge Exemption Fee



## 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.

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## 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                 |

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## 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



The top half of the slide features four horizontal, wavy bands of varying shades of blue, ranging from a light cyan to a darker blue, creating a sense of movement and depth.

Thank you!

The logo for Corpus Christi Water (CCW) consists of the letters 'CCW' in a bold, blue, sans-serif font. The letters are filled with a gradient of blue and cyan, and have a wavy, layered appearance that matches the decorative lines above.

Corpus  
Christi Water<sup>SM</sup>  
*Serving the Coastal Bend*