



## Legislation Text

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**File #:** Ord. 2019-38, **Version:** 1

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**AGENDA CAPTION:**

Consider approval of Ordinance 2019-38, on the first of two readings, creating a new Water and Wastewater Rate Class for Industrial Water and Wastewater customers inside and outside the City Limits with an average daily usage of over 200,000 gallons that receive water service from a meter 3" or larger; and including procedural provisions.

**Meeting date:** October 15, 2019

**Department:** Public Services-Tom Taggart, Public Services Director

**Amount & Source of Funding**

**Funds Required:** N/A

**Account Number:** Click or tap here to enter text.

**Funds Available:** Click or tap here to enter text.

**Account Name:** Click or tap here to enter text.

**Fiscal Note:**

**Prior Council Action:** None-new rate

**City Council Strategic Initiative:** [Please select from the dropdown menu below]

N/A

Choose an item.

Choose an item.

**Comprehensive Plan Element (s):** [Please select the Plan element(s) and Goal # from dropdown menu below]

- ☐ Economic Development - Choose an item.
- ☐ Environment & Resource Protection - Choose an item.
- ☐ Land Use - Choose an item.
- ☐ Neighborhoods & Housing - Choose an item.
- ☐ Parks, Public Spaces & Facilities - Choose an item.
- ☐ Transportation - Choose an item.
- ☒ Not Applicable

**Master Plan:** *[Please select the corresponding Master Plan from the dropdown menu below (if applicable)]*

Choose an item.

**Background Information:**

The City water utility has a residential and commercial rate class with inclining block rate structures. These are intended to encourage conservation by increasing rates as higher amounts are used and the resulting higher bills for non-essential uses such as landscape irrigation are a disincentive to use high amounts. The City has not historically had industry that used significant amounts of process water in the potable water system. Industry process water is essential to the product being created and is generally scaled directly to production or service levels with little to no relation to price signals for conservation. Industry use is also often very beneficial to utilities as their use is on a steady state basis, often 24/7 with little to no variation or peaking factor which offers maximum cost and revenue efficiency. For this reason, and as part of a community's economic health strategy, utilities establish industrial rates that are flat or flat tiered blocks. These stay the same at all consumption ranges. The City of San Marcos has had a number of industries interested in relocating to the City, providing jobs and tax base of benefit to the community and the lack of an industrial rate has been detrimental to their consideration when in our current structure they would hit the highest rate levels the first day of the month. The flat rate would neither encourage or discourage use and is designed to fully recover all costs of the utility in providing, treating and distributing the water needed. This is the same design philosophy which is seen in our reclaimed water rate.

The City Utility rate consultants have conducted a cost of service study and developed a new industrial water rate which is presented for Council consideration at this meeting.

**Council Committee, Board/Commission Action:**

The Citizen Utility Advisory Board (CUAB) has met and recommends adoption of the industrial rate.

**Alternatives:**

Click or tap here to enter text.

**Recommendation:**

Staff recommends passage of the new rate class and establishment of the rate of \$5.63 /1000 for industrial class water customers and \$5.82/1000 for industrial wastewater customers.

