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Drought Contingency Policy

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SECTION 1 – MISSION STATEMENT AND AUTHORITY

1. **Mission Statement.** Green Valley Special Utility District (GVSUD) provides reliable, sustainable, clean water through innovative professional service.
2. **Authority.** The District was created pursuant to and draws its authority from the Texas Constitution, Article XVI, Section 59, and is subject to the requirements of Texas Water Code Chapters 49 and 65. The District is a retail public utility and a political subdivision of the State of Texas whose purpose is to furnish a continuous and adequate domestic potable water supply and wastewater service to qualified rate payers and applicants within the Districts boundary and certificated service areas.

SECTION 2 – DEFINITIONS

ALLOCATED WATER – The amount of water the District has access to before restrictions are emplaced by the various aquifers or wholesalers.

AVAILABLE WATER – The amount of water the District is able to provide to the rate payers after restrictions and curtailments are imposed.

BOARD OF DIRECTORS – The persons elected by the qualified voters of the District.

CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN) – The authorization granted under Chapter 13 of the Texas Water Code for the District to provide utility service within a defined territory. The District has Water Certificate Number 10646, dated November 1, 1979, as amended and transferred October 22, 1992, and Sewer Certificate Number 20973, dated January 28, 2004.

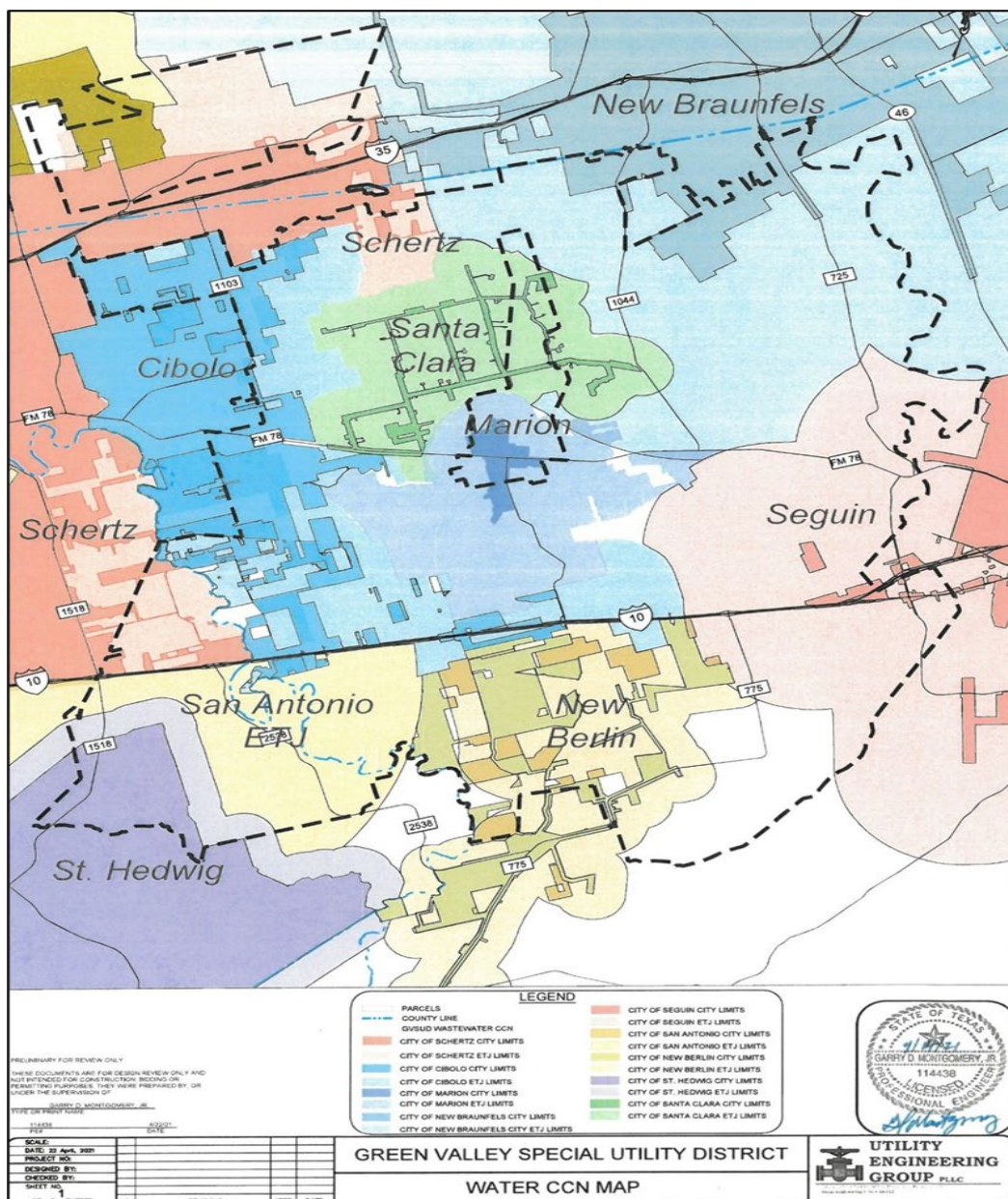
DISTRICT – Green Valley Special Utility District.

RATE PAYER – Individual or business who is provided service from the District and subsequently pays a bill for the amount of water they have utilized within a billing cycle.

TAKE-OR-PAY – The understanding that you will pay for the total amount per the contract regardless of if you use all of your allocated water.

SECTION 3 – GEOGRAPHIC SERVICE AREA

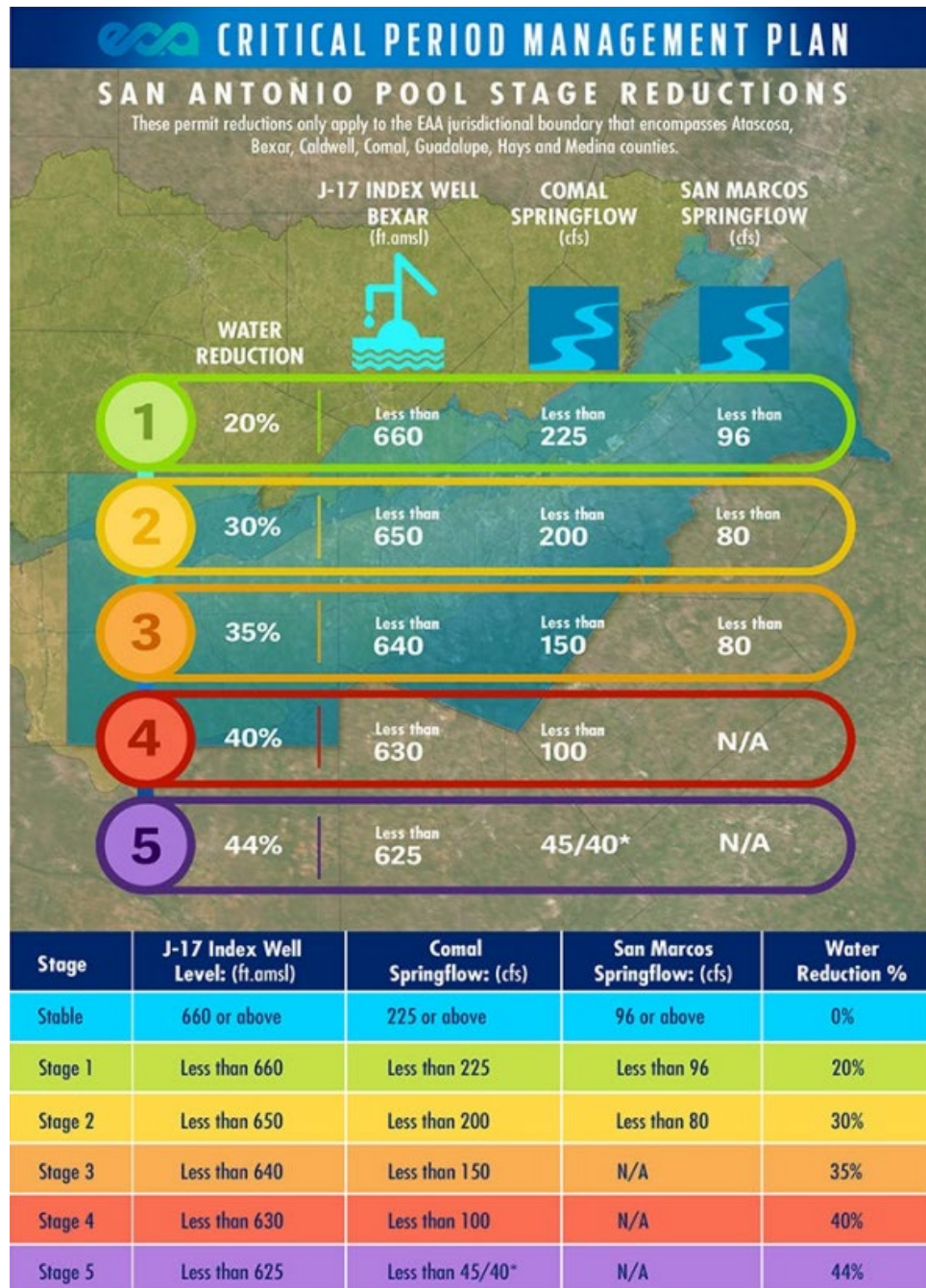
Green Valley Special Utility District holds a Certificate of Convenience and Necessity (CCN), No. 10646. The District is located northeast of the San Antonio Metropolitan Area and services connections in Guadalupe, Comal, and Bexar counties. The CCN service area encompasses roughly 95,776 acres and is split into different pressure planes based on elevation, sources and connections. The service area is divided by IH 35, with a smaller north section of 7,020 acres served by a single pressure plane. The larger southern service area extends from the west bank of the Guadalupe River near Lake McQueeney westward to the City of Schertz and Cibolo. The area includes portions of the cities of Cibolo, New Braunfels, Seguin, New Berlin, St. Hedwig, San Antonio, Marion, Santa Clara and Schertz due to city limit and extraterritorial jurisdiction expansion in recent years. The City of Marion is not served by the District; however, emergency interconnects are available when needed. IH 10 nearly bisects the 88,756-acre southern service area. The map below shows the District service area.



SECTION 4 – DROUGHT CONTINGENCY PLAN

1. **Plan Purpose and Intent.** The overall purpose of the District Drought Contingency Plan is to inform the rate payers of the various Drought Contingency Stages and the appropriate triggers for each stage. These designated stages were developed and implemented in order to allow the rate payers to utilize the water available throughout the system and only impose restrictions when water inventory levels reach specific thresholds. This methodology allows the District to provide its rate payers with the water necessary throughout the calendar year with stage implementation only occurring when water inventory begins to reach a point that restrictions must be enforced.
 - a. The District seeks to maintain a 10% reserve of available water at all time for use in the event of an emergency. The District reserve will not be factored into the water reduction stages addressed later in this policy.
 - b. The Districts allocated water is a mixture of water that is pumped through wells directly out of the Edwards and Trinity Aquifers and water purchased through wholesale contracts from outside suppliers.
 - c. The water the District uses on an annual basis from any of its designated sources is considered take-or-pay water.
 - d. The Drought Contingency Stages highlighted in Subsection 4 follow an asymmetrical concept as stages are based off of the Districts available water inventory rather than triggers based on the level of various aquifers.
2. **Public Involvement and Education.** The District highly appreciates rate payer feedback and is dedicated to educating rate payers on best practices and policies. The District remains transparent with its rate payers and believes it is the rate payers who make the District a success.
 - a. Involvement: The District will afford the rate payers the opportunity to provide input into the Drought Contingency Plan by means of scheduling and providing public notice of meetings.
 - b. Education: The District will periodically provide the public with information about the Drought Contingency Plan, including information about which stage we are in or about to enter based on overall consumption. Additional educational literature is available through the Texas Water Development Board pertaining to beneficial water usage. Additionally, the District meets regularly with developers, economic development organizations, elected officials and provides educational programs to chambers of commerce and civic groups upon request.
3. **Edwards Aquifer Authority Reduction Levels.** The Edwards Aquifer Authority (EAA) has developed its own internal drought contingency stages that are imposed based on varying factors. Those factors range from the aquifer level above mean sea level (msl) and Comal/San Marcos spring-flow in cubic feet per second (cfs). These two factors have trigger points that assist the EAA in determining the appropriate stage they should be in.

The EAA San Antonio Pool Stage Reductions can be found below in the designated chart as produced by the EAA.



- a. It is important to note that the EAA reduction stage affects the amount of water the District is allowed to utilize throughout the year. The total amount of water curtailed because of restrictions is closely monitored and calculated based on the number of days the EAA is in any given stage. Those number of days are placed in an EAA-developed calculator that determines overall percentages and generates the curtailment numbers accordingly. These calculations are then monitored by the District staff to ensure that the water we pump from Edwards

Aquifer or purchase from a wholesaler who utilized Edwards Aquifer remain under our annual allocations.

- b. The EAA San Antonio Pool Reduction Stages do have an impact on the Districts water allocation for the calendar year. However, EAA reduction stages do not have a direct correlation to how the District has developed its drought reduction stages. While it is important to monitor EAAs current stage and track accordingly, the additional analysis that is conducted by the District staff ensures that the District has adequate available water needed to supply all rate payers.

4. GVSUD Water Reduction Stages. The District has adopted a water reduction stage program suited to its unique water supply portfolio. Fully understanding where its water comes from, and further understanding that all allocated water is take-or-pay, it is the Districts policy that we should only enter into various stages based off of a detailed analysis of varying factors. These factors include: 1) determination of used versus available water, 2) timing in relation to the calendar year, 3) General Manager discretion. This methodology allows rate payers to continue to use water as long as the District does not exceed its yearly allocation. It will only be when percentages reach a certain threshold that the District will enter into a respective stage at which point it will be required to emplace restrictions and additional usage costs.

- a. Water Reduction Stages. The District will enter its water reduction stages based on the percentage of water used versus available water as previously mentioned. As the District enters each stage, in an attempt to reduce water usage among its rate payers, the District will begin to increase the gallonage rate per thousand charges calculated off of the District Base Rates that are highlighted in the District Operations Policy. The District Water Reduction Stages are as follows:
 - i. Stage 0. No Restrictions. Rate payers are authorized to use water and will be charged the standard rates as highlighted in the District Operations Policy.
 - ii. Stage I. The District has utilized 50% of its available water inventory. Upon reaching Stage I:
 - Residential rate payers who use in excess of 25,001 gallons of water in any given billing cycle will be charged an additional 15% of the gallonage rate per thousand for the respective tier they fall under.
 - Irrigation of lawns and properties are restricted to two (2) days a week on the rate payers allocated days. Allocated days are highlighted below:

Last Digit of Address	Day
0, 2, 4, 6 or 8	Monday / Thursday
1, 3, 5, 7 or 9	Tuesday / Friday

iii. Stage II. The District has utilized 60% of its available water inventory. Upon reaching Stage II:

- Residential rate payers who use between 15,001 - 25,000 gallons of water in any given billing cycle will be charged an additional 15% of the gallonage rate per thousand.
- Residential rate payers who use in excess of 25,001 gallons of water in any given billing cycle will be charged an additional 20% of the gallonage rate per thousand for the respective tier they fall under.
- Irrigation of lawns and properties are restricted to two (2) days a week on the rate payers allocated days. Allocated days are highlighted below:

Last Digit of Address	Day
0, 2, 4, 6 or 8	Monday / Thursday
1, 3, 5, 7 or 9	Tuesday / Friday

iv. Stage III. The District has utilized 70% of its available water inventory. Upon reaching Stage III:

- Residential rate payers who use between 10,001 – 15,000 gallons of water in any given billing cycle will be charged an additional 15% of the gallonage rate per thousand.
- Residential rate payers who use between 15,001 – 25,000 gallons of water in any given billing cycle will be charged an additional 20% of the gallonage rate per thousand.
- Residential rate payers who use in excess of 25,001 gallons of water in any given billing cycle will be charged an additional 25% of the gallonage rate per thousand for the respective tier they fall under.
- Irrigation of lawns and property will be restricted to one (1) day a week on the rate payers allocated day. Allocated days are highlighted below:

Last Digit of Address	Day
0 or 1	Monday
2 or 3	Tuesday
4 or 5	Wednesday
6 or 7	Thursday
8 or 9	Friday

v. Stage IV. The District has utilized 80% of its available water inventory. Upon reaching Stage IV:

- Residential rate payers who use between 5,001 – 10,000 gallons of water in any given billing cycle will be charged an additional 15% of the gallonage rate per thousand.
- Residential rate payers who use between 10,001 – 15,000 gallons of water in any given billing cycle will be charged an additional 20% of the gallonage rate per thousand.
- Residential rate payers who use between 15,001 – 25,000 gallons of water in any given billing cycle will be charged an additional 25% of the gallonage rate per thousand.
- Residential rate payers who use in excess of 25,001 gallons of water in any given billing cycle will be charged an additional 33% of the gallonage rate per thousand for the respective tier they fall under.
- All meters designated for the sole purpose of irrigation will be locked by the district. This will not include residential dwellings but will apply to home owners associations (HOAs) where applicable.
- Irrigation of lawns and property will be restricted to one (1) day a week on the rate payers allocated day. Allocated days are highlighted below:

Last Digit of Address	Day
0 or 1	Monday
2 or 3	Tuesday
4 or 5	Wednesday
6 or 7	Thursday
8 or 9	Friday

vi. Stage V. Emergency Conditions. The District encounters a situation through no fault of its own (i.e. natural disaster, problems with wholesaler system, etc.) that could cause lack of service to the rate payers. During situations like this, the District reserves the right to enforce necessary restrictions to maintain operations of its systems and infrastructure. Failure to maintain systems and infrastructures could result in immediate problems to service and future operations for its rate payers. An emergency exists when:

- A public water system or wastewater system has already failed, or is in a condition which poses an imminent threat of failure,

causing the health and safety of the rate payers served to be endangered.

- Sudden, unforeseen demands are placed on a water system or wastewater system (i.e. because of military operations or emergency population relocation).
- A disaster has been declared by the governor or president.
- The Texas Department of Emergency Management or the Texas Department of Public Safety have determined that an emergency exists.

- b. The District wants to ensure that its rate payers have the ability to use its available water. It is the Districts intent to stress the importance of utilizing what is necessary and not in excess. Below is a graphical chart that shows the respective increases in residential rates based off of tiers and what respective water reduction stage the District is in.

Residential Gallonage Rate Per Thousand						
	Stage 0	Stage I	Stage II	Stage III	Stage IV	Stage V
0-2,000 Gallons	Rate Per 1,000 Gallons per Operations Policy	No Change				TBD by GVSUD
2,001-5000 Gallons						
5,001-10,000 Gallons		No Change			+ 15%	
10,001-15,000 Gallons		No Change		+ 15%	+ 20%	
15,001-25,000 Gallons		No Change	+ 15%	+ 20%	+ 25%	
25,001-50,000 Gallons		+ 15%	+ 20%	+ 25 %	+ 33%	
50,001+ Gallons						

- c. Commercial and Agricultural rate payers have varying tiers due to the amount of water they use for operations. Due to the limited number of commercial and agricultural rate payers within the District, their water reduction stages are highlighted below.

Commercial/Industrial Gallonage Rate Per Thousand						
	Stage 0	Stage I	Stage II	Stage III	Stage IV	Stage V
0-50,000 Gallons	Rate Per 1,000 Gallons per Operations Policy	No Change				TBD by GVSUD
50,001-200,000 Gallons		No Change			+ 15%	
200,001-300,000 Gallons		No Change		+ 15%	+ 20%	
300,001-500,000 Gallons		No Change	+ 15%	+ 20%	+ 25%	
500,001+ Gallons		+ 15%	+ 20%	+ 25 %	+ 33%	

Special Use/Agricultural Gallonage Rate Per Thousand						
	Stage 0	Stage I	Stage II	Stage III	Stage IV	Stage V
0-2,000 Gallons	Rate Per 1,000 Gallons per Operations Policy	No Change				TBD by GVSUD
2,001-5000 Gallons		No Change				
5,001-10,000 Gallons		No Change			+ 15%	
10,001-15,000 Gallons		No Change		+ 15%	+ 20%	
15,001-25,000 Gallons		No Change	+ 15%	+ 20%	+ 25%	
25,001-50,000 Gallons		+ 15%	+ 20%	+ 25 %	+ 33%	
50,001-200,000 Gallons		No Change			+ 15%	
200,001-300,000 Gallons		No Change		+ 15%	+ 20%	
300,001-500,000 Gallons		No Change	+ 15%	+ 20%	+ 25%	
500,001+ Gallons		+ 15%	+ 20%	+ 25 %	+ 33%	

- d. Water usage and allocation is tracked on a calendar year schedule. Once the District enters a new water reduction stage, we will remain in that stage, or enter the next stage if the appropriate threshold is reached, until the end of the calendar year when the Districts numbers will reset.

5. GVSUD Notification Process.

- a. The District utilizes all methods at its disposal to inform rate payers of the current stage we are in and potential of entering a new stage. This will be done in a coordinated effort and through thorough analysis and direction from the District staff and General Manager. Below are a few of the ways the District will properly communicate with rate payers on any potential changes to the stage:
- Constant updating of the District website with the current water reduction stage highlighted.
 - District bills will indicate the current water reduction stage with a link directing rate payers to the webpage for additional information.
 - The District will add inserts in with bills as we begin to approach a new water reduction stage informing rate payers of the upcoming change in status.
 - All District social media will announce any change in the water reduction stage once the designated threshold is reached.
- b. The Board of Directors will be notified immediately via e-mail by the General Manager once a new water reduction stage is entered. The General Manager will highlight the new restrictions and inform the Board of Directors on what the District staff is doing and the way ahead.