

RESOLUTION NO.

WHEREAS, water is life; and

WHEREAS, Austin Water is currently pursuing generational capital investments in several strategies, including desalination, aquifer storage, and wastewater treatment; and

WHEREAS, Austin Water's service area includes the City's full purpose jurisdiction, as well as the limited purpose jurisdiction, extraterritorial jurisdiction and some unincorporated parts of Travis, Williamson, Hays, and Bastrop counties; and

WHEREAS, the Public Utility Commission of Texas grants the City of Austin the legal obligation and exclusive right to provide "continuous and adequate service" for water and/or wastewater within its certificated service area, which lies within the service area of Austin Water; and

WHEREAS, Austin's Climate Equity Plan establishes a goal to equitably achieve a community-wide water demand of approximately 152,000 acre-feet (49.5 billion gallons) per year by implementing strategies in the Water Forward Plan by 2030; and

WHEREAS, Austin Water currently defines the large volume water customer class as customers who use more than 85 million gallons within a single fiscal year at a single service address or campus; and

WHEREAS, through Resolution No. 20260507-24, Council initiated the design of an economic development strategy to attract businesses and operations from target sectors such as advanced manufacturing, data management and artificial intelligence, and semiconductors and micro-electronics; and

26 **WHEREAS**, Resolution No.20260507-24 also called for a “resource
27 stewardship standard establishing how the City evaluates infrastructure
28 carrying capacity and resiliency, including water, energy, and transportation, in
29 making economic development commitments”; and

30 **WHEREAS**, Austin Water has specific conservation requirements for
31 commercial irrigation, commercial vehicle wash facilities, and cooling towers;
32 and

33 **WHEREAS**, in a December 2025 memorandum, *Staff Response to*
34 *Artificial Intelligence Resolution 20250424-055*, Austin Water recommended
35 using recycled water for all aspects of water use in data centers to reduce
36 reliance on the City’s limited drinking water supplies; and

37 **WHEREAS**, Austin Water’s requirements for large developments of
38 250,000 square feet or more include connection to existing reclaimed water pipes;
39 installation of onsite water reuse system, or installation of dual plumbing to “make
40 ready” for connection to reclaimed water; and payment to support reclaimed
41 systems; and

42 **WHEREAS**, multiple local customers have already instituted water
43 conservation strategies, including onsite blackwater reuse, wastewater mining,
44 and onsite reclaimed water treatment facility development, that have resulted
45 in hundreds of millions of gallons of water conserved each year; and

46 **WHEREAS**, Austin Water’s Water Forward 2024 Plan Report includes a
47 goal to “[c]onduct water benchmarking with all new commercial and industrial
48 customers to identify uses appropriate for reclaimed water, and require
49 connection to the reclaimed system in accordance with development
50 requirements”; and

WHEREAS, Austin Water currently maintains a policy by which proposed large volume, multi-family, and commercial customers that request connection to the water and wastewater system must submit water use projections to Austin Water as part of the site development process; and

WHEREAS, at present, the Director of Austin Water may approve an application for a service extension or amendment of an unexpired service extension request if the Director determines sufficient capacity exists or will be available to meet the projected demands of the property to be served and the property is located in the desired development zone, or in the drinking water protection zone and within the full purpose corporate limits; **NOW, THEREFORE**,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:

The City Manager is directed to make recommendations for establishing a large volume water customer service application process, which may include the following:

- Determining if the current definition of large volume water customer, including gallons used or projected, as well as use of single address as a criteria, is appropriate for future policy;
- Maintaining that applicants should continue to submit water use projections and service extension requests to Austin Water, and establishing, based on these applications, that an applicant may be determined to be a large volume water customer based on use projections;
- Establishing that conservation strategies – including but not limited to requirements for connecting to centralized reclaimed water systems – are

75 triggered by the volume of water projected to be used by a customer in
76 addition to distance and square footage;

- 77 • Establishing that, as part of the application and site development process,
78 large volume water customers must submit a water conservation plan to be
79 reviewed and approved by Austin Water;
- 80 • Requiring that all large volume applicants account for all water uses in their
81 water use projections and water conservation plans, including water used in
82 construction, server cooling, facility cooling (including cooling towers), on
83 site energy generation, and other ancillary water uses; applicants should
84 specify their water footprint, including surface water and groundwater (blue
85 sources), municipal water (piped sources), and purified reclaimed water
86 (gray sources);
- 87 • Requiring that all large volume applicants' water conservation plans
88 demonstrate efficiency measures and technology investments to reduce
89 water demand, such as alternative cooling technologies;
- 90 • Requiring that all large volume applicants reduce their potable water use by
91 one or more of the following methods:
 - 92 o Using recycled or conserved water;
 - 93 o Connecting to existing reclaimed water;
 - 94 o Installing dual plumbing;
 - 95 o Installing on-site reuse and treatment facilities;
 - 96 o Reducing water usage elsewhere in the Austin Water service area
97 from an existing customer; and

o Using other emerging technologies, such as rainwater or condensate capture, as appropriate.

- Requiring that all large volume applicants must also account for any water discharged from the facility in the form of wastewater or any other discharge in their conservation plans and requiring that these plans continue to demonstrate similar conservation best practices;
- Evaluating the necessity for non-disclosure agreements in the conservation plan application process; and
- Requiring that any application or conservation plan that does not meet the standards established in this policy require Council approval.

These recommendations should be presented to the Climate, Water, Environment, and Parks Committee no later than December 9, 2026.

BE IT FURTHER RESOLVED:

The City Manager is directed to make recommendations for establishing similar conservation plans for customers who were not previously classified as large volume customers but who have used, or anticipate using, a volume of water in any single year that would define them as such. These recommendations should be presented to the Climate, Water, Environment, and Parks Committee no later than December 9, 2026.

BE IT FURTHER RESOLVED:

The City Manager is directed to make recommendations for updates to the drought contingency plan, especially as it pertains to large volume customers. These recommendations should be presented to the Climate, Water, Environment, and Parks Committee no later than December 9, 2026.

BE IT FURTHER RESOLVED:

The City Manager is directed to consider these policy changes and make recommendations to inform the process laid out in Resolution 20260507-24, regarding the City's economic development incentives. The City Manager is directed to provide recommendations that structure economic development incentives with the goal of minimizing the use of potable water by any entity receiving an incentive. Further, the City Manager is directed to make recommendations regarding projects that exceed the City's on-site water reuse requirements, by implementing conservation efforts or alleviating demand on City infrastructure.

BE IT FURTHER RESOLVED:

The City Manager is directed to report to Council annually on large volume customer usage. These annual reports should:

- be reported by month, as well as by customer;
- include all water usage including blue sources, piped sources, and gray sources;
- specify any water used for cooling purposes;
- include wastewater, if applicable;
- include any water conservation plans reported by the customer in their application or any measures undertaken in subsequent years to reduce water usage and the effects of those measures;
- contextualize large volume water users as a percentage of total water use in the Austin Water service area, as well as a percentage of total growth in total water usage in the Austin Water service area; and

- specify customers with conservation plans who are out of compliance with these plans, and the City Manager is directed to propose consequences to being out of compliance with approved conservation plans.

The first report on large volume customer usage should be presented to the Climate, Water, Environment, and Parks Committee no later than May 2027.

BE IT FURTHER RESOLVED:

The City Manager is directed to propose a stakeholder input process to inform the development of standards for large volume user conservation plans and related policy proposals. This process should also examine and make recommendations on how to provide briefings to Council, or other bodies as appropriate, on upcoming large volume user applications in a timely and transparent way.

BE IT FURTHER RESOLVED:

The City Manager is directed to present an analysis to the Climate, Water, Environment, and Parks Committee of how updates to the large volume water use policy will support Austin Water's cost of service studies and financial policies to validate that costs are shared across the appropriate rates and classes. This presentation should be made to the Climate, Water, Environment, and Parks Committee no later than December 9, 2026. This presentation and subsequent discussion should be used as a reference in developing Austin Water's 2029 large volume customer rate case.

ADOPTED: _____, 2026

ATTEST: _____
Erika Brady
City Clerk