RESOLUTION NO.

WHEREAS, water is life; and

~~**WHEREAS**, globally, the "water footprint of projected 2030…data centers is 9.3 trillion liters [(2.45 trillion gallons)] or enough to meet the minimum annual domestic water needs of all 1.3 billion residents of Sub-Saharan Africa for a full year"[1]; and~~

~~**WHEREAS**, according to the Houston Advanced Research Center the estimated water usage for Texas data centers in 2025 will consume a total of 25 billion gallons, or 0.4% of total water use. By 2030, this demand could increase to 29 to 161 billion gallons of water consumed, or 0.5% to 2.7% of the total annual water use in Texas[2]; and~~

~~**WHEREAS**, according to the 2025 State of the Environment Report, "2025 was the fourth consecutive year of well-below-average rainfall in Austin, and Barton Springs is approaching record low flows. As a result, the Barton Springs Edwards Aquifer Conservation District declared Stage 3 Exceptional Drought for only the second time in its history in 2025"; and~~

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

WHEREAS, Austin Water's service area includes the City's full purpose jurisdiction, as well as the limited purpose jurisdiction, extraterritorial jurisdiction

~~[1] Aczel M., Chamanara S., Matin M., Farsi A., Marwala T., Madani K. (2026) Environmental Cost of AI's Energy Use: Carbon, Water and Land Footprints, United Nations University Institute for Water, Environment and Health.~~
~~[2] Cook, M. (2026) Thirsty Data and the Lone Star State: The Impact of Data Center Growth on Texas' Water Supply.~~

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

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

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

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

WHEREAS, Austin Water's requirements for large developments of 250,000 square feet or more include connection to existing reclaimed water pipes; installation of onsite water reuse system, or installation of dual plumbing to "make ready" for connection to reclaimed water; and payment to support reclaimed systems; and

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

WHEREAS, Austin Water's Water Forward 2024 Plan Report includes a goal to "[c]onduct water benchmarking with all new commercial and industrial customers to identify uses appropriate for reclaimed water, and require connection to the reclaimed system in accordance with development 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 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 triggered by the volume of water projected to be used by a customer in addition to distance and square footage;
- Establishing that, as part of the application and site development process, large volume water customers must submit a water conservation plan to be reviewed and approved by Austin Water;
- Requiring that all large volume applicants account for all water uses in their water use projections and water conservation plans, including water used in construction, server cooling, facility cooling (including cooling towers), on

site energy generation, and other ancillary water uses; applicants should specify their water footprint, including surface water and groundwater (blue sources), municipal water (piped sources), and purified reclaimed water (gray sources);

- Requiring that all large volume applicants' water conservation plans demonstrate efficiency measures and technology investments to reduce water demand, such as alternative cooling technologies; ~~through efficiency measures such as:~~
  - ~~efficient airflow to reduce overall cooling needs;~~
  - ~~closed-loop cooling systems;~~
  - ~~immersion cooling;~~
  - ~~cooling technology alternatives analysis;~~
  - ~~avoiding evaporative cooling systems and other inefficient water use technologies; and~~
  - ~~other technologies or methods as appropriate;~~
- Requiring that all large volume applicants ~~offset~~ reduce their potable water use by one or more of the following methods:
  - Using recycled or conserved water;
  - Connecting to existing reclaimed water;
  - Installing dual plumbing;
  - Installing on-site reuse and treatment facilities; ~~and~~
  - Reducing water usage elsewhere in the Austin Water service area from an existing customer; and

- 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 ~~demonstrating~~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 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 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 ~~The City Manager is directed to review and make recommendations to the structure of the City's~~ 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 ~~the incorporation of net-zero water usage and/or~~ projects that exceed the City's on-site water reuse requirements, by implementing conservation efforts or alleviating demand on City infrastructure. ~~into our incentive structure.~~

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. ~~the impact large volume water users are having on other rate-paying customers of Austin~~

~~Water including infrastructure costs, infrastructure development wait times and delays, cost per gallon of water and wastewater, necessary personnel levels, water conservation days, and other water conservation restrictions.~~ 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