



**Resource Management Commission  
Review and Recommendation**

<b>Commission Meeting Date:</b>	April 20, 2021	<b>COA Strategic Direction:</b>	Health and Environment
<b>Council Meeting Date:</b>	April 22, 2021		
<b>Department:</b>	Austin Water		
<b>Client:</b>	Kevin Critendon, Assistant Director, Austin Water		
<b>AGENDA ITEM</b>			
Recommend approval of a resolution authorizing Austin Water (AW) to issue incentives on a pilot basis during Fiscal Year 2020-2021 for alternative onsite water reuse systems for large new commercial and multi-family developments under AW's new regulatory framework in the total aggregate amount of \$1,000,000 and not to exceed \$500,000 for each project.			
<b>AMOUNT AND SOURCE OF FUNDING</b>			
Funding is available in the Fiscal Year 2020-2021 approved Operating Budget of Austin Water.			
<b>Purchasing Language:</b>	N/A		
<b>Prior Council Action:</b>	<p>November 29, 2018 – City Council approved the Water Forward Plan on a 10-0 vote.</p> <p>December 11, 2019 – City Council voted to approve the Land Development Code Revision directing Austin Water to establish a regulatory program and an incentive program for onsite Water Reuse Systems on first reading on a 7-4 vote.</p> <p>February 13, 2020 – City Council voted to approve the Land Development Code Revision directing Austin Water to establish a regulatory program and an incentive program for Onsite Water Reuse Systems on second reading on a 7-4 vote.</p> <p>December 10, 2020 – City Council voted to approve an ordinance establishing City Code Chapter 15-13 relating to treatment, monitoring, and reporting regulations for Onsite Water Reuse Systems on a 10-0 vote.</p>		
<b>Boards and Commission Action:</b>	<p>April 7, 2021 – Approved by the Water and Wastewater Commission on a 9-0 vote</p> <p>April 20, 2021 - To be reviewed by Resource Management Commission</p>		
<b>MBE/WBE:</b>	N/A		

A recommendation in the 2018 Water Forward Plan (Plan) approved by city council included the development and adoption of an ordinance requiring the use of alternative onsite water for large, new commercial and multi-family development. The Plan included making this mandatory in Fiscal Year 2023 after development of regulatory guidance for such systems had been adopted and tested through a voluntary incentive program. The regulatory guidance was adopted by city council on December 10, 2020 and became effective December 21, 2020. Approval of the ordinance making mandatory the installation of these systems beginning on December 1, 2023 is pending final council approval of the previously proposed revisions to the City's Land Development Code.

This incentive program will help gather additional information on the design, engineering, installation, operation, maintenance, cost, permitting and application of the regulatory guidance needed for the successful implementation of any future mandatory requirement for these systems.

The City Charter establishes the amount above which all contracts must be submitted to Council for authorization. Contracts below this amount are within the city manager's authority and may be executed administratively. The City Charter initially established this amount at \$45,000 per year, subject to annual changes based on the most recently published U.S. Bureau of Labor Statistics Indicator and Consumer Price Index, U.S. City Average. Based on the annual review of the U.S. City Average for 2020, the City Manager's authority for Fiscal Year 2021 is \$62,000. The requested authorization will allow AW, without additional Council approval, to issue incentives to commercial and multi-family customers during Fiscal Year 2021 for the installation of alternative onsite water reuse systems up to a total aggregate amount of \$1,000,000 and not to exceed \$500,000 for each project.

Council approved a similar authorization for the Austin Energy (AE) commercial rebate program in October 2020, allowing AE to issue up to \$6.05 million in incentives in Fiscal Year 2021 without seeking additional Council approval. AE rebates can be aggregated by project and are capped at \$300,000 per customer per fiscal year. The aggregate rebate approval request approved by Council was requested by AE to be responsive and flexible to customer needs by reducing the wait time needed to be reimbursed for energy efficiency upgrades. Based on recent experience and input received from their customers and contractors, the prior lengthy process and uncertainty caused many prospective applicants to not participate in AE's rebate programs. AW heard similar input and concerns about lengthiness and uncertainty in the application process from stakeholders during the development of its pilot incentive for alternative onsite water reuse systems for large new commercial and multi-family developments. AW is therefore proactively seeking this authorization for its limited-term pilot incentive program.

As per current practice, Austin Water staff will continue to provide the requested monthly report to the Resource Management Commission that summarizes AW's water conservation rebate and other incentive programs, including incentives for the installation of alternative on-site water reuse systems for large new commercial and multi-family development under this program. For all projects that will exceed \$62,000 in the incentive amount, the monthly report will also include measures installed, expected savings and potable water offsets, and other relevant data.

Austin Water intends to seek reauthorization for the pilot incentive program for Fiscal Year's 2022 and 2023, allowing the program to run until a future ordinance requiring mandatory installation of onsite water reuse systems for large commercial and multi-family development becomes effective.