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WWWC: 09/14/22

Council: 09/29/22

Posting Language

Approve a resolution authorizing Austin Water to continue a pilot program and issue incentives during Fiscal Year 2022-2023 for alternative onsite water reuse systems for large new commercial and multi-family developments under Austin Water's regulatory framework in a total aggregate amount not to exceed \$1,000,000, and not to exceed \$500,000 for each individual project.

Lead Department

Austin Water.

Fiscal Note

Funding is available in the Fiscal Year 2022-2023 Operating Budget of Austin Water.

Prior Council Action:

November 29, 2018 – City Council approved the Water Forward Plan on a 10-0 vote.

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.

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.

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.

April 22, 2021 – City Council voted to initially approve the Pilot Incentive Program for Onsite Water Reuse Systems for Fiscal Year 2020-2021 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 on a 10-1 vote.

September 30, 2021 - City Council voted to reauthorize the Pilot Incentive Program for Onsite Water Reuse Systems for Fiscal Year 2021-2022 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 on a 10-1 vote.

For More Information:

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Council Committee, Boards and Commission Action:

September 14, 2022 – To be reviewed by the Water and Wastewater Commission.

September 20, 2022 – To be reviewed by the Resource Management Commission.

Additional Backup Information:

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 2022-2023 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 a resolution authorizing the Pilot Incentive Program for Onsite Water Reuse Systems for Fiscal Year 2020-2021 was adopted by City Council on April 22, 2021.

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Approval of the ordinance making mandatory the installation of the onsite water reuse systems beginning on December 1, 2023 was adopted by City Council on September 30, 2021 (Ordinance No. 20210930-117) consistent with the Water Forward Plan. The purpose of the incentive program is to 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 requested authorization will allow AW to continue to administer the Pilot Incentive Program for Onsite Water Reuse Systems, without additional Council approval, and issue incentives to commercial and multi-family customers during Fiscal Year 2022-2023 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.

AW staff is currently processing one large and one small applicant with \$750,000 reserved in the Fiscal Year 2021-2022 Budget for the proposed projects. Information gathered through the application process has been helpful in the development of the future mandatory installation requirement as well as providing operational insight to staff. Several other proposed projects have expressed an interest in the Pilot Incentive Program as a cost mitigation strategy to the installation of onsite water reuse systems. AW Staff continues to proactively engage the local development and engineering community and has presented program material to multiple large local engineering and development firms as well as City departments. Additional presentations are currently being scheduled for the future.

As per current practice, AW staff will continue to provide the requested quarterly reports 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.

This is expected to be the final reauthorization for the Pilot Incentive Program for Onsite Water Reuse Systems in the current form due to the council adopted onsite water reuse system mandatory installation requirement beginning December 01, 2023.

Strategic Outcome(s):

Health and Environment.