

## PROGRAM OVERVIEW

The Austin Water (AW) **Onsite Water Reuse System (OWRS) Pilot Incentive Program** provides funding to incentivize the installation of OWRS in the City of Austin to offset potable demands, and to help develop local water supplies using technologies that are new and innovative to the water industry.

An OWRS offsets potable demand by collecting, treating, and using alternative water sources produced onsite including rainwater, stormwater, graywater, foundation drainage, air conditioning condensate, and blackwater for non-potable uses such as toilet flushing, irrigation, laundry and cooling tower makeup.

Program funding is available for two types of projects:

1. Projects that are installing an OWRS on a voluntary basis (Voluntary Projects) to help the City of Austin achieve its water reuse goals;
2. Projects that are installing an OWRS on a mandatory basis in compliance with the existing condensate capture and use requirement under §310.10 of the city's adopted Uniform Mechanical Code, but that are blending or supplementing the system with an additional onsite derived alternative water source, also known as an Above and Beyond Project.<sup>1</sup>

AW is seeking proposals for projects that meet one of the following criteria:

- Projects that replace 1,000,000 gallons or more of AW potable water per year are eligible for program funding up to \$250,000; or
- Projects that replace 3,000,000 gallons or more of AW potable water per year are eligible for program funding up to \$500,000.

Eligible projects that meet the program guidelines will be considered for program funding if they can demonstrate augmentation of AW potable supply by collecting, treating, and using alternative water supplies onsite through the utilization of an OWRS. Types of activities considered for program funding include the installation of collection systems for onsite alternative water sources, installation of treatment systems to improve the water quality of onsite alternative water sources for beneficial reuse, and/or storage of the treated water. Projects that do not meet the gallon offset threshold amount may still qualify for a rebate of up to \$100,000 under AW's [Bucks for Business](#) rebate.

AW anticipates funding multiple projects during the pilot program period. Applications are accepted and reviewed in the order received. Program funding is available on a first come, first served basis subject to funding availability. Except for Above and Beyond Projects, program funding will not be provided to projects that are undertaken to comply with a City code, including but not limited to the condensate capture and use requirement, codified in the adopted Uniform Mechanical Code (310.10).

The Onsite Water Reuse Pilot Incentive Program will accept applications through December 31<sup>st</sup>, 2023. The Onsite Water Reuse Pilot Incentive Program is expected to be eliminated after this period or upon adoption of a mandatory onsite water use system requirement for facilities over 250,000 square feet. Data gathered through participating projects will assist AW in future alternative water planning and implementation efforts. In addition to advancing water supply reliability, the Onsite Water Reuse Pilot Incentive Program supports the Water Forward goals adopted by City Council in November of 2018.

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<sup>1</sup> For Above and Beyond Projects, the estimated AW Potable Water Offset must be achieved above and beyond the condensate capture and use requirement to be eligible for program funding.

# ONSITE WATER REUSE SYSTEM PILOT INCENTIVE PROGRAM

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The Water Forward Plan includes a goal of developing an additional 10 million gallons per day (mgd) of sustainable water supplies through onsite or community-scale reuse projects by 2040.

## DEFINITIONS

Terms used in this program application package have the meanings described below:

**Above and Beyond Projects** - Projects that are installing Onsite Water Reuse Systems, on a mandatory basis in compliance with the existing city requirements but are blending or supplementing the system with an additional onsite derived alternative water source or otherwise utilizing a non-mandated alternative water source.

**Alternative Water Source** – a source of non-potable water that includes rainwater, stormwater, graywater, foundation drainage, air conditioning condensate, and blackwater, and/or any other source approved by Austin Water (AW).

**Applicant** – property owner or property tenant that is a retail water customer of AW and is seeking funds from AW for an alternative water source OWRS, pursuant to the instructions and guidelines set forth in this application package.

**AW Potable Water Offset** – water AW does not need to provide to a customer due to the reuse of an alternative water source.

**Award** – the decision by AW to provide program funds, following the review and evaluation of a completed application. An award is made through an executed Pilot Incentive Program Agreement.

**Blackwater** – wastewater which originates primarily from kitchen, bathroom, and laundry sources, including waste from food preparation, dishwashing, garbage grinding, toilets, baths, showers, and sinks of a residential dwelling.

**Building-scale Project** – the construction or alteration of any commercial, multi-family, or mixed-use building that includes an OWRS.

**Condensate Water** – water produced in a heating, ventilation and air conditioning (HVAC) system as the result of evaporative cooling.

**Director of AW** – the Director of Austin Water, or any individual designated by the Director to act on his or her behalf.

**District-scale Project** – an OWRS for a defined service area that covers two or more lots, tracts, land uses, or site plans and may cross public rights-of-way.

**Engineering Report** – a report prepared and by a qualified engineer licensed in the State of Texas that provides detailed information on elements including but not limited to alternative water sources that will be collected and treated for reuse, treatment processes used to meet required water quality criteria, and monitoring and reporting plans.

**Foundation Drainage** – groundwater that is extracted to maintain a building's or facility's structural integrity and would otherwise be discharged to the storm sewer. Foundation drain water does not include groundwater extracted for a beneficial use that is subject to City groundwater well regulations or to regulation by a groundwater district.

**Pilot Incentive Program Agreement (Agreement)** – a written contract between AW and the recipient of program funds, which includes the obligations and conditions governing the use of funds.

# ONSITE WATER REUSE SYSTEM PILOT INCENTIVE PROGRAM

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**Program Participant** – property owner or property tenant that is a water customer of AW to whom program funding is awarded.

**Graywater** – wastewater from showers, bathtubs, handwashing lavatories, sinks that are used for disposal of household or domestic products, sinks that are not used for food preparation or disposal, and clothes-washing machines. Graywater does not include wastewater from the washing of material, including diapers, soiled with human excreta, or wastewater that has come into contact with toilet waste.

**Irrigation** – water application on land to assist in the growing of landscaping or crops or to maintain vegetation on recreation areas, such as parks and golf courses.

**Non-potable Water** – non-potable water collected from alternative water sources, treated, and intended to be used on the applicant’s site or district parcels for beneficial use. Non-potable water is not of drinking water quality, but may still be used for many other purposes, depending on its quality.

**Onsite Water Reuse System** – the system of facilities necessary for providing water for use in a building-scale or district-scale project, including but not limited to all collection, treatment, storage, and distribution facilities. Otherwise known as an OWRS.

**Operating Year** – each consecutive 12-month period during the term of the pilot incentive program agreement. The first Operating Year commences on the day that the onsite OWRS is placed in operation (“Operating Commencement Date”) and ends on the day before the one-year anniversary of the Operating Commencement Date. A new Operating Year will commence on each successive anniversary of the Operating Commencement Date; however, the final Operating Year will end on the date the agreement term expires or terminates, whether or not consisting of 12 full months.

**Rainwater** – precipitation or diffused surface water collected from roof surfaces or other above ground structures.

**Reclaimed Water** - domestic or municipal wastewater which has been treated to a quality suitable for a beneficial use, but that is not suitable for drinking.

**Reservation Letter** – a written notice of the reservation of program funds.

**Retail Water Customer/User** – any institutional, industrial, residential, or commercial customer who receives a water bill directly from AW for their own water use, and not for resale.

**Stormwater** – precipitation or diffused surface water collected from surfaces at or below grade before it enters the bed and banks of a state watercourse or state water body.

**Treatment System Manager** – the qualified person or entity responsible for the daily management and oversight of the OWRS.

**Voluntary Projects** - projects that are installing an OWRS on a voluntary basis.

## PROGRAM ELIGIBILITY

### Applicant Requirements

- Program funds are available for building-scale or district-scale projects in the Multi-family and Commercial Sectors undertaken by AW Water Customers. Proposed projects must meet all the criteria set forth below to qualify for funding.

### Project Requirements

- The proposed OWRS must be permanently installed onsite and be operated for a minimum of 10 years, unless the Director authorizes a longer term.

# ONSITE WATER REUSE SYSTEM PILOT INCENTIVE PROGRAM

- The proposed project must be undertaken by a Water Customer of AW as part of the construction or alteration of any commercial, multi-family, or mixed-use building.
- Except for Above and Beyond Projects, the Applicant cannot obtain program funds for the mandatory installation of an onsite non-potable water system to comply with the requirements of the condensate capture and use requirement, codified in the adopted Uniform Mechanical Code (§310.10).
- OWRS projects must comply with AW’s OWRS Program including applicable rules and regulations regarding the operation of an OWRS found in Chapter 15-13 of City Code.
- Project must be in compliance with all applicable local, state, and federal laws, regulations and ordinances, including the Texas Administrative Code (TAC) and City of Austin Plumbing Code among others as applicable.
- Project must be constructed within three years of the dated Pilot Incentive Program Agreement and must begin to offset AW potable water use within six months after construction is completed.
- Program Participants must submit annual status reports to AW (one per Operating Year), documenting that the project consistently meets the eligibility criteria and water savings.
- Except for Above and Beyond Projects, program funds are not available for projects undertaken to comply with a City of Austin code requirement. Additionally, projects that have already received a Permit to Operate an OWRS from AW and projects that have received a certificate of occupancy from City of Austin Development Services Department (DSD) before January 1, 2021 are not eligible for program funding.
- Project must meet one of the following eligibility criteria:
  - o Project is a new development that is voluntarily installing an OWRS.
  - o Project is an existing development that is voluntarily installing an OWRS.
  - o Project is a development that is voluntarily connecting to a district-scale OWRS.
  - o Project is an Above and Beyond Project and is compliant with existing City of Austin requirements including the condensate capture and use requirement. (*see Additional Requirements for Above and Beyond Projects below*).

**AW Potable Water Offset Thresholds for Program Funding Levels**

- Projects must demonstrate the ability to achieve at least one of the following thresholds for AW Potable Offset to be eligible for program funding:

Estimated AW Potable Water Offset (gallons per year for 10 years)	Program Funding Available
≥ 1,000,000	\$250,000
≥ 3,000,000	\$500,000

**Additional Requirements for Above and Beyond Projects**

- For Above and Beyond Projects, the estimated AW Potable Water Offset must be achieved above and beyond any existing City of Austin reuse requirements by utilizing additional alternative water source(s) to be eligible for program funding.
  - o For example, projects that are subject to the City’s condensate capture and use requirement, but that cannot meet their full irrigation, toilet and cooling demands with condensate collection alone, could elect to use additional supplies of rainwater, graywater, foundation drainage, stormwater, or blackwater to achieve the stated AW Potable Water Offset thresholds.

# ONSITE WATER REUSE SYSTEM PILOT INCENTIVE PROGRAM

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## PROGRAM GUIDELINES

### Pilot Incentive Program Term

The default term for pilot incentive program agreements will be 10 years. The agreements will require the program participant to (1) operate and maintain the project for 10 years, and (2) record against the subject property a Declaration of Restrictions notifying subsequent property owners of the obligations to operate and maintain the system. If the Director of AW determines that a longer operation and maintenance obligation is warranted for a particular project, the Director of AW or their designee may approve a program agreement term in excess of 10 years.

### Expiration

The program participant has a total of six months from the date of the Reservation Letter to fulfill project documentation and design requirements, including a signed Pilot Incentive Program Agreement and an approved engineering report by AW. If a reservation period expires or the project scope changes, the project must reapply under the OWRS Pilot Incentive Program. Once a Pilot Incentive Program Agreement is executed, the project must be constructed and operational within three years.

The program participant may request a time extension for project documentation and/or construction if a written justification is provided in writing to AW.

### Disbursement Requirements

In order to provide the three funding disbursements, the Program Participant must submit a completed W-9 IRS tax form from the designated payee to AW.

### Reporting and Monitoring

Program Participants must submit annual reports to AW summarizing the project's monthly AW water use and OWRS production for the previous Operating Year. Annual reports must be submitted on a form prescribed by AW and provide proof that the project will meet the cumulative water savings criteria of 1,000,000 gallons or more of AW Potable Water saved per year over 10 years for program funding up to \$250,000 or 3,000,000 gallons or more of AW Potable Water saved per year over 10 years for program funding up to \$500,000.

Alternative water source projects must also comply with additional reporting and monitoring requirements specified under AW's Onsite Water Reuse Program including the rules and regulations regarding the operation of an OWRS found in Chapter 15-13 of City Code.

At the end of the project's term, the Program Participant shall prepare and submit a Project Completion Report using a form prescribed by AW including a final description of the installed project, accounting of final system costs, annual AW Potable Water savings, and a summary of any operational challenges and benefits.

Additionally, site inspections by AW staff may be conducted for any program-funded activities, including post-installation verification of water savings.

### Use of Project Information

Program Participants must allow AW to use project information submitted in the application, annual and final reports, and images of the project for case studies and promotional materials related to the program.

# ONSITE WATER REUSE SYSTEM PILOT INCENTIVE PROGRAM

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## PROGRAM FUNDING

### Funding Requirements

Program funding may be provided following the 1) evaluation of each application and the estimated water savings identified in the water balance documentation, 2) delivery of the project's documentation required under the application and supplemental materials, and 3) availability of program funds at time of approval.

### Budget Items Eligible for Funding

OWRS project costs paid, including materials, supplies, and payments on construction contracts directly relating to the design, permitting, installation, operation, and maintenance of the OWRS.

Only accepted expenses incurred for preparation of the water balance documentation are eligible for reimbursement prior to executing the Pilot Incentive Program Agreement.

Unless otherwise agreed to in writing, no other costs are eligible for reimbursement by AW.

### Budget Items Ineligible for Funding

Plumbing fixtures such as toilets or urinals and landscape materials are not eligible for program funding.

### Return of Program Funds

The purpose of the Onsite Water Reuse Pilot Incentive Program is to provide funding to encourage and support AW users to reduce the dependence on the AW water supply by maximizing onsite alternative water sources to meet non-potable water demands. Therefore, in the event that the project is not constructed and operational within three years of the dated Pilot Incentive Program Agreement (unless otherwise extended by mutual agreement), and/or if the annual reports show that the project will not achieve the cumulative water savings criteria as specified in its application, AW may demand that the program participant immediately return any previously disbursed program funds that have been claimed or expended by the program participant. AW reserves the right to evaluate each project's activity on a case-by-case basis, and will allow a Program Participant an opportunity for corrective actions or to account for changes in circumstances that would result in the Program Participant not meeting the estimated water savings, but still meet the intent of the program.

### Taxes

A program incentive may be taxable. It is the responsibility of the program participant to determine whether a tax liability exists. The designated program participant will receive a 1099-Misc tax form from the City of Austin in the February after award of the program funding. By issuing a 1099-Misc, the City of Austin is fulfilling its legal obligation for tax reporting. In order to issue a 1099-Misc, AW will request relevant tax information from a designated program participant through a W-9 IRS tax form, which must be completed and returned before a program disbursement will be made.

## PROGRAM PROCESS

### Step 1 – Application:

- The Applicant must calculate the estimated amount of AW water (in gallons per year) that will be offset by the project using the AW water balance calculator.
- For Above and Beyond Projects, the application must include an estimate of the annual total volume of AW Potable Water Offset identified individually by source water.
- The Applicant must submit a complete application package, including the AW application, water balance calculator results, a list of applicable permits (e.g. building, plumbing, cross-connection

# ONSITE WATER REUSE SYSTEM PILOT INCENTIVE PROGRAM

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etc.), and other supplemental documentation such as the proposed project work plan, schedule, and budget.

- If seeking funding for a district-scale project, the Applicant must provide information on enforceable legal agreements between property owners within the district-scale project including the crossing of lot lines and the public-right-of-way with OWRS supply and distribution piping.
- If seeking funding for a district-scale project, the Applicant must provide documentation that each party is a willing and responsible participant in the district-scale OWRS project and identify each role within the project's engineering report.
- If the Applicant's project is selected for funding, AW will issue a Reservation Letter confirming the amount of funds reserved for the project. A Reservation Letter is a provisional reservation and subject to availability of funds and completion of the following documentation and steps.

## **Step 2 – Pilot Incentive Program Agreement**

- The Program Participant must execute a Pilot Incentive Program Agreement with AW, and submit a W-9 tax form.

## **Step 3 – Project Design, Documentation, and Construction**

- The Program Participant must receive approval of the project's engineering report from AW, certifying completed design of the OWRS in accordance with AW's Onsite Water Reuse Program including the rules and regulations regarding the operation of an OWRS found in Chapter 15-13 of City Code.
- The Program Participant must reference AW's funding and support in all public outreach materials and signage related to the project.

## **Step 4 – Disbursement**

- Program funds are only available upon execution of the Pilot Incentive Program Agreement.
- Program funds will be provided to the Program Participant in three disbursements:
- Disbursement of 40% of the total funding will be made upon approval of the project's engineering report.
- Disbursement of 50% of the total funding will be made upon validated completion of construction of the OWRS.
- Disbursement of the final 10% of funds will be made after the permit for the operation of the OWRS has been issued by AW, if applicable, the project is on track to meet the water savings estimated in their application, and the project complies with all permitting requirements.
- To receive disbursements, Program Participant must submit a Request for Partial Reimbursement for eligible expenses up to the amount of funds specified in the Reservation Letter.

## **PROGRAM EVALUATION**

Projects will be evaluated on the eligibility criteria and documentation requirements identified under the application and supplemental materials, including:

- Application - Projects that meet all of the application eligibility criteria will be evaluated based on the estimated offset of AW potable water usage.
- Project Documentation - Projects will also be evaluated on whether their estimated AW water savings identified in the application is supported by the additional documentation developed and submitted to AW.

## **PROGRAM APPLICATION**

The Onsite Water Reuse System Pilot Incentive Program is a two-step solicitation, review and selection process for 1) Applications and 2) Project Documentation. Projects that receive final approval from AW

# ONSITE WATER REUSE SYSTEM PILOT INCENTIVE PROGRAM

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to proceed with their project will enter into a Pilot Incentive Agreement for funds disbursement and implementation.

Applications can be sent by electronic mail to: [AW\\_ONSITEREUSE@austintexas.gov](mailto:AW_ONSITEREUSE@austintexas.gov).

For questions about the OWRS Pilot Incentive Program or if you require assistance in completing a application, please send electronic mail messages to the AW OWRS team at [AW\\_ONSITEREUSE@austintexas.gov](mailto:AW_ONSITEREUSE@austintexas.gov).

## REQUIRED SUPPLEMENTAL MATERIALS

- Project Description:** Description of proposed project. Make sure to include the types of onsite water sources available for collection, treatment, and storage, along with a description of the project's end uses.
- Water Balance Calculator:** AW water balance calculator results estimating the building's/district's annual water use and non-potable demands, available alternative water sources, and estimated AW Potable Water Offset from the project.
- Work Plan / Project Schedule:** List of specific tasks required to complete the project. Next to each activity, identify party responsible for completing the task as well as the estimated completion date of the activity.
- Project Budget:** Budget corresponding with the Work Plan / Project Schedule supplemental document. List all staff, vendors, and contractors assigned by task, as well as any budget items that you are paying for as part of the project.
- Permitting Requirements:** List of all permits (along with the approving entity) that must be obtained for the proposed activity, as well as proof of project approval/permission.



## ONSITE WATER REUSE SYSTEM INCENTIVE PROGRAM APPLICATION

### APPLICANT INFORMATION

Austin Water Account # <i>(leave blank if unavailable)</i>					
Name of Applicant <i>(property owner or account holder)</i> :					
Company Name:					
Project Address:					
City:		State:		Zip:	
Mailing Address:					
City:		State:		Zip:	
Contact Name:				Title:	
Phone:		Email:			

### PROJECT INFORMATION

Project Name:					
Estimated Start Date:		Estimated Completion Date:			
Estimated Annual Offset of Austin Water (AW) Potable Water Supply Over 10-Year Period:					
<input type="checkbox"/> ≥1,000,000 gallons per year		<input type="checkbox"/> ≥ 3,000,000 gallons per year			
Project Type:	<input type="checkbox"/> New Site <input type="checkbox"/> Existing Site <input type="checkbox"/> Voluntary Connection to District-Scale System <input type="checkbox"/> Above and Beyond Project				
Building Type:	<input type="checkbox"/> Commercial (Non-Residential) <input type="checkbox"/> Multi-Family Residential <input type="checkbox"/> Mixed-Use				
Construction Type:	<input type="checkbox"/> New Construction <input type="checkbox"/> Major Alteration Requiring Site Plan Approval				
Site or Building Permit Number:					
TCAD Property ID:		Property Description:			
Proposed Onsite Alternative Water Sources:					
Proposed Onsite Water Reuse End Uses:					
Brief Project Description:					

## **ONSITE WATER REUSE SYSTEM INCENTIVE PROGRAM APPLICATION**

### **PROJECT FUNDING**

Total Funds Requested from AW's OWRS Pilot Incentive Program:	\$
Is your organization or any other entity other than AW providing funding for this project: <input type="checkbox"/> YES <input type="checkbox"/> NO If yes, how much?	\$
<b>Total Project Cost:</b>	<b>\$</b>

### **ESTIMATED WATER USE AND SAVINGS**

Has a completed AW water balance calculator been submitted for this project?	<input type="checkbox"/> YES <input type="checkbox"/> NO
Annual total water use (gallons) for project:	
Annual total non-potable demand for the project:	
Annual total supply from alternative onsite sources (condensate, rainwater stormwater, graywater and foundation drainage):	
Annual total supply of condensate for condensate capture and use requirement:	
Annual AW Potable Water Offset (gallons per year) from project:	
Is the project located within 250 ft. of a proposed or existing AW reclaimed water line?	<input type="checkbox"/> YES <input type="checkbox"/> NO
Does the project have a dedicated water meter to track back-up water supply?	<input type="checkbox"/> YES <input type="checkbox"/> NO
Has this project already obtained a plumbing permit from City of Austin Development Services Department (DSD)?	<input type="checkbox"/> YES <input type="checkbox"/> NO
Has an application been filed to obtain a Permit to Operate from Austin Water?	<input type="checkbox"/> YES <input type="checkbox"/> NO

### **HOLD HARMLESS AND INDEMNIFICATION AGREEMENT**

I am authorized to sign on behalf of the applicant. The information enclosed accurately represents the goals, scope, budget and details of the proposed activity. I agree that any funds received as a result of the application will be used only for purposes set forth herein. I certify that I have read, understand and agree to the terms and conditions of this program. I expressly agree that AW may inspect all qualifying system installations and that AW does not warrant any system or installation to be free of defects, the quality of the workmanship, or the suitability of the system for the alternative water source. I agree to defend, indemnify and hold harmless AW, their directors, officers, and employees, against all loss, damage, expense, claims, suits and liability, including attorney's fees in any way connected with the project described in this application.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Name (print)



**ONSITE WATER REUSE SYSTEM INCENTIVE PROGRAM APPLICATION**

<b>Project Budget</b>			
<b>Task Number and Description</b>	<b>Amount Requested from AW</b>	<b>Amount Provided by Applicant</b>	<b>Total Budget</b>
<b>Total Amount Requested:</b>	<b>\$</b>	<b>Total Budget:</b>	<b>\$</b>

**Please note that the total budget you include in this application is final. Scope changes or cost overruns shall be covered by the Program Participant. Disbursements will be made on a reimbursable basis. If you have a need for any portion of the program funds to be provided up-front, please include a proposed payment schedule and explanation for your request. Your request will be reviewed as part of your application.**