



Recommendation for Action

File #: 21-2911, **Agenda Item #:** 3.

9/30/2021

Posting Language

Approve a resolution authorizing Austin Water to continue a pilot program and issue incentives during Fiscal Year 2021-2022 for alternative onsite water reuse systems for large new commercial and multi-family developments under the utility's new 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 2021-2022 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.

For More Information:

Inquiries can be directed to Austin Water Assistant Director Kevin Critendon at kevin.critendon@austintexas.gov or 512-972-0191, or Austin Water Division Manager Kevin Kluge at 512-972-0400 or Kevin.Kluge@austintexas.gov, or Austin Water Division Manager Shwetha Pandurangi at Shwetha.pandurangi@austintexas.gov or 512-974-3514, or to the City Manager's Agenda Office, at 512-974-2991 or AgendaOffice@austintexas.gov.

Council Committee, Boards and Commission Action:

September 1, 2021 - Recommended by the Water and Wastewater Commission on a 7-0 vote with Commissioners Musgrove, Fisher and Turrieta absent and one vacancy.

September 21, 2021 - 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. 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. 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 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.

The aggregate rebate approval request approved by Council on April 22, 2021 was requested by AW to be responsive and flexible to customer needs by reducing the wait time needed to be reimbursed for Onsite Water Reuse Systems. Acknowledging the lengthiness and uncertainty concerns in the application process expressed by stakeholders, AW is therefore proactively seeking this reauthorization for Fiscal Year 2021-2022 for its limited-term pilot incentive program.

AW staff is currently processing one large application for Fiscal Year 2021 and has fielded multiple queries concerning the Pilot Incentive Program for Onsite Water Reuse Systems. Reauthorization of the Pilot Incentive Program will allow staff to continue use the incentive as a promotional tool to encourage greater large scale Onsite Water Reuse System adoption locally. AW Staff continues to proactively engage the development and engineering community and has presented program material to multiple large local engineering firms. Additional presentations are currently being scheduled for the future.

As per current practice, AW 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.

Through this action, AW is seeking reauthorization for the pilot incentive program for Fiscal Year 2021-2022, 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.

Strategic Outcome(s):

Health and Environment.