

# Water Demand Offset Policy, Fee Study, and Fees

**City Council**

November 30, 2021



Presented by Colin Close  
Senior Water Resources Planner

# Water Shortage Contingency Plan

## Priorities

During water shortage emergencies

1. Health & Safety
2. Economic Stability
3. Landscaping
4. New Demand



# 2020 Shortage Plan - Shortage Stages

Supply Shortage	Shortage Stage	Reduction Target	Program Type
Up to 10%	Stage 1	10%	Voluntary
11 – 15%	Stage 2	15%	Mandatory
16 – 20%	Stage 3	20%	Mandatory
21 – 25%	Stage 4	25%	Mandatory
26 – 30%	Stage 5	30%	Mandatory
31 – 40%	Stage 6	40%	Mandatory
41 – 50%	Stage 7	50%	Mandatory
Over 50%	Stage 8	Over 50%	Mandatory



# Severe Water Shortage Emergencies

## Water Allocations

- Rationing limited supplies among existing customers
- Top priority: Health & safety
- Each water service must adhere to restrictive site-specific allocation.
- Violations subject to enforcement and Excess Use Penalty.
- No water available for new demand.

# Housing Shortage Crisis

- California law mandates a certain amount of housing.
- The City prepares, adopts, and implements land use policies to comply with regional and State regulations and local needs.
- General Plan, Housing Element, Specific Area Plans developed to remove barriers and achieve mandates.



# Proposed Water Demand Offset (WDO) Policy

- Provides mechanism to implement Shortage Plan offset requirement.
- Ensures the City can
  - Respond to water shortage emergencies and comply with State law.
  - Respond to housing shortage crisis and comply with State law.



# Applicability

Projects that meet two conditions:

(1) Have not submitted a building permit application prior to adoption of policy

and

(2) Are subject to new or increased connection fees



# Process

1. Submit WDO application as part of building permit application process.
2. WDO Agreement signed by both parties.
  - Appellate process available
3. Bldg. permit issued and project proceeds.
4. Payment not due until final inspection or any type of occupancy...

*and only due if there is a declared water shortage emergency requiring water allocations (rationing) at that time.*





# Water Demand Offset Fee

- Collected fees to be tracked separately to comply with the Mitigation Fee Act (*CA Govt Code 66000 and forward*).
- Fees to be used to fund City projects and programs to achieve water offsets.



# Water Demand Offset Study

- Residential water use estimated based on most recent 4 years of water use of existing customers.
- The cost of achieving water savings was determined based on three known programs:
  - Direct install bathroom conversions (ultra-low-flow toilets and high efficiency aerators and showerheads)
  - Enhanced rebate for High Efficiency Residential Clothes Washers
  - Enhanced rebate for turf removal at Commercial, Industrial, Institution sites and Irrigation services
- Cost to offset new demand by account type was calculated based on project water demand and program costs.



# Proposed WDO Fee Schedule

Type of Development	WDO Fee
<b>Residential Per Housing Unit</b>	
<b>Single Family Residential</b>	
Small Lot (6,000 sq ft and under)	\$ 1,964
Large/Medium Lot (over 6,000 sq ft to 1 acre)	\$ 2,782
Large Lot (over 1 acre)	\$ 5,047
<b>Duplexes and Triplexes per unit</b>	\$ 1,649
<b>Condos, Apartments, Mobile Homes per unit</b>	
With separate irrigation service	\$ 1,259
Without separate irrigation service	\$ 1,498
<b>Eligible ADUs, Senior Housing, Single Room Occupancy, and Small, High-Density Apartments per unit</b>	\$868
<b>Commercial, Industrial, Institutional and Irrigation (CII)</b>	
Per thousand-gallon unit (TGAL) per month	\$415

# Implementation

- Fees go into effect no sooner than 60 days after adoption.
- If adopted by Council on November 30, 2021, implementation begins after Saturday January 29, 2022.



# Public Outreach and Comments

Letters sent to over 170 groups and individuals.

Presentations made at publicly noticed City meetings.

- Oct 5, 2021 – City Council/Board of Public Utilities Liaison Committee – informational presentation
- Oct 7, 2021 – Board of Public Utilities – study session
- Oct 14, 2021 – Planning Commission – study session
- Oct 26, 2021 – City Council – study session
- Nov 18, 2021 – Board of Public Utilities – Resolution

Presentation made to North Coast Builders Exchange meeting.

- Oct 14, 2021 – Governmental Affairs Committee

WDO Policy and Fee Study published on webpage Oct 20, 2021.

- [srcity.org/WaterDemandOffset](http://srcity.org/WaterDemandOffset)



# Recommendation

It is recommended by the Board of Public Utilities and Santa Rosa Water that the Council, by resolution: 1) adopt the Water Demand Offset Policy; 2) adopt the 2021 Water Demand Offset Fee Study; 3) adopt the Water Demand Offset Fees; and 4) authorize the Water Demand Offset Fees to be adjusted on an annual basis to account for inflation at the beginning of the calendar year (January 1) starting in 2023, using the Engineering News Record's 20-Cities Construction Cost Index; and it is further recommended by the Board of Public Utilities that the Council consider a General Fund subsidy to offset the Water Demand Offset Fee for affordable housing projects.

# QUESTIONS

Colin Close  
Senior Water Resources Planner  
CClose@srcity.org

