

RESOLUTION NO. RES-2022-062

RESOLUTION OF THE COUNCIL OF THE CITY OF SANTA ROSA ADOPTING COUNCIL POLICY 000-72 - WATER DEMAND OFFSET POLICY; WATER DEMAND OFFSET FEE STUDY; WATER DEMAND OFFSET FEES; AND AUTHORIZE THE WATER DEMAND OFFSET FEES TO BE ADJUSTED ANNUALLY

WHEREAS, the California Urban Water Management Planning Act (Act) requires all urban water purveyors serving over 3,000 connections or over 3,000 acre-feet of water annually to prepare a Water Shortage Contingency Plan (Shortage Plan) every five years; and

WHEREAS, the City of Santa Rosa is an urban supplier of water to approximately 54,000 connections supplying approximately 18,000 acre-feet of potable water annually and is therefore required to comply with the Act; and

WHEREAS, the purpose of the Act is to ensure sound planning and efficient management of water resources in the urban sector and to prepare for water shortages; and

WHEREAS, California Water Code section 350 states that a water shortage emergency must be declared when the ordinary demand of water customers cannot be satisfied without depleting the water supply to the extent that there would be insufficient water for human consumption, sanitation, and fire protection; and

WHEREAS, California Water Code section 353 states that when a water supplier has determined that there is a water shortage emergency, the law requires the governing body of a water supplier to adopt regulations and restrictions on water delivery and consumption to conserve the water supply for the greatest benefit with particular regard to domestic use, sanitation, and fire protection; and

WHEREAS, California Water Code section 356 states that regulations and restrictions may include the right to deny applications for new or additional service connections and may also include provisions for enforcement by discontinuing service to consumers who willfully violate the regulations and restrictions; and

WHEREAS, California Water Code section 357 states that to the extent that regulations and restrictions adopted to address a water shortage emergency conflict with any law establishing the right of an individual consumer to receive water, water restrictions shall prevail over the provisions of such laws relating to water rights for the duration of the emergency; and

WHEREAS, during a water shortage emergency, the Council of the City of Santa Rosa has the authority and responsibility to adopt measures addressing allocations and the delivery of water within its service area to allow continued service for existing domestic use, sanitation and fire protection; and

WHEREAS, the Council adopted the 2020 Shortage Plan on June 8, 2021, and adopted the Amended 2020 Shortage Plan on November 30, 2021; and

WHEREAS, the Shortage Plan requires existing water services to adhere to very restrictive individual rations (water allocations) that require water conservation sufficient to ensure that water supply is not depleted to the extent that there would be insufficient for human consumption, sanitation, and fire protection for the duration of the water shortage emergency; and

WHEREAS, during severe water shortages that require existing customers to ration water by adhering to water allocations, no water is available for new development; and

WHEREAS, the Shortage Plan requires development to offset its new demand during severe water shortages that require allocations (rationing) by existing customers ; and

WHEREAS, the Water Demand Offset (WDO) Policy implements the offset requirements of the Shortage Plan through the payment of a Water Demand Offset fee that will be used by the City to implement demand management efforts, water supply projects, and/or conservation programs to offset new demand; and

WHEREAS, the WDO Policy allows applicants to propose an alternative method of demand offset in lieu of paying WDO fees, which, if approved by the City, would be undertaken by the applicant to achieve the required water demand offset; and

WHEREAS, the purpose of the WDO Policy is to ensure that the City can adequately address short-term water shortages and comply with Water Code section 10632(a), which requires that the City plan for water shortages and adopt a Shortage Plan that includes response actions to ensure that water supply is not depleted to the extent that there would be insufficient water supply for human consumption, sanitation, and fire protection; and

WHEREAS, the Council has also adopted housing goals and is experiencing a housing shortage crisis and must comply California mandates to plan for and construct a certain amount of housing; and

WHEREAS, the City balances the State's housing mandate and the State's mandate to assure adequate water supply through long range strategies and analysis included within the Urban Water Management Plan, Water Shortage Contingency Plan, General Plan, and Specific Plans; and

WHEREAS, the WDO Policy, WDO Fee Study, and WDO fee structure are the tools to address water shortage emergencies while simultaneously supporting ongoing progress on long-term strategies for housing and economic development; and

WHEREAS, the WDO Policy provides an appellate process if an applicant wished to protest the final WDO Application determination of staff regarding the project's water demand and the associated WDO fee or alternative measure; and

WHEREAS, the WDO Fee Study describes the basis for the WDO fees and structure and includes the information required to be in an impact fee nexus study; and

WHEREAS, as set forth in the WDO Fee Study and the WDO Policy, the WDO Fees are proposed at an amount that is necessary to fund demand management efforts that would be undertaken by the City to offset demand; and

WHEREAS, the City would adjust the WDO Fees for inflation on an annual basis at the beginning of the calendar year (January 1) starting in 2023, using the Engineering News Record's 20-Cities CCI (20-cities CCI); and

WHEREAS, the City would update WDO Fee calculations to the extent feasible whenever it is updating the Water Shortage Plan in accordance with the statutory requirements; and

WHEREAS, payment of WDO fees or completion of an approved alternative project would be required when the development project requests building permit final or occupancy of any type, provided a declared water shortage emergency condition exists at that time and requires water allocations for existing customers; and

WHEREAS, the Board of Public Utilities reviewed the WDO Policy, WDO Fee Study, and WDO fee structure in a study session at its meeting on October 7, 2021; and

WHEREAS, the Council of the City of Santa Rosa reviewed the WDO Policy, WDO Fee Study, and WDO fee structure in a study session at its meeting on October 26, 2021; and

WHEREAS, the Board of Public Utilities recommended that the City Council adopt the WDO Policy, WDO Fee Study, and WDO fee structure and consider a general fund subsidy program to offset the Water Demand Offset fee for affordable housing projects at its meeting on November 18, 2021; and

WHEREAS, the Council held a public hearing to receive public comments and provide direction to staff on the WDO Policy, WDO Fee Study, and WDO fee structure on November 30, 2021, and directed staff to bring back additional information and alternatives for consideration; and

WHEREAS, the Board of Public Utilities reaffirmed its recommendation that the City Council adopt the WDO Policy, WDO Fee Study, and WDO fee structure at its meeting on March 17, 2022; and

WHEREAS, California Government Code Section 66019 stipulates that new mitigation fees go into effect no sooner than 60 days after they have been adopted.

NOW, THEREFORE, BE IT RESOLVED that the Council of the City of Santa Rosa adopts Council Policy 000-72 - Water Demand Offset Policy, attached to this resolution as Exhibit A and made a part of herein.

BE IT FURTHER RESOLVED that the Council adopts the Water Demand Offset Fee Study dated February 9, 2022, attached to this resolution as Exhibit B and made a part of herein.

BE IT FURTHER RESOLVED that the Council adopts Water Demand Offset Fees in Table 1 of this resolution.

Table 1: Water Demand Offset Fees

Type of Development	WDO Fee
Residential Per Housing Unit	
Single Family Residential	
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
Duplexes and Triplexes per unit	\$1,649
Condos, Apartments, Mobile Homes per unit	
With separate irrigation service	\$1,259
Without separate irrigation service	\$1,498
Eligible ADUs, Senior Housing, Single Room Occupancy, and Small, High-Density Apartments per unit*	\$868
Commercial, Industrial, Institutional and Irrigation (CII)	
Per thousand-gallon unit (TGAL) per month	\$415
*Applies to ADUs that are subject to Demand Fees. "SROs" are single Room Occupancy. Small, High-Density apartments include apartments 750 square feet and smaller.	

BE IT FURTHER RESOLVED that the Water Demand Offset Fees go into effect on May 30, 2022, which is 62 days from the date of adoption.

BE IT FURTHER RESOLVED That the Council authorizes 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 CCI (20-cities CCI).

IN COUNCIL DULY PASSED this 29th day of March, 2022.

AYES: (7) Mayor C. Rogers, Vice Mayor Alvarez, Council Members Fleming, MacDonald, N. Rogers, Sawyer, Schwedhelm

NOES: (0)

ABSENT: (0)

ABSTAIN: (0)

ATTEST: _____ APPROVED: _____
City Clerk Mayor

APPROVED AS TO FORM: _____
City Attorney

Exhibit A – Council Policy 000-72 – Water Demand Offset Policy
Exhibit B – Water Demand Offset Fee Study dated February 9, 2022