

Water Demand Offset Policy and Fee Study

Board of Public Utilities

October 7, 2021



OUR FUTURE IN EVERY DROP

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California Urban Water Management Planning Act

- Who:** Urban water retailers (at least 3,000 connections or 3,000 acre-feet/year)
- What:** Assess long-term water supply adequacy and reliability (at least 20-year horizon).
And prepare a separate plan for responding to water shortages.
- When:** Every 5 years*

* *2020 Urban Water Management Plan and 2020 Water Shortage Contingency Plan were adopted by City Council on June 8, 2021.*



Water Shortage Contingency Plan (Shortage Plan)

Regulatory Requirements

- Adopt a “stand alone” Shortage Plan.
- Include urban water shortage contingency analysis.
- Clearly define shortage levels (“stages”).
- Detail response actions to reduce demands in each stage.
- Update and resubmit to State every 5 years.
- CEQA exempt in accordance with Water Code Section 10652



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

Response Actions

Outreach & Education

- Keeping everyone informed

Customer Service & Assistance

- Helping customers save water

Operational Changes

- Adjusting internally to shortages

Restrictions & Prohibitions

- Eliminating waste & minimizing non-essential uses

Water allocations (rationing) Stages 5 - 8

- Mandatory conservation for existing connections



Severe Water Shortage Emergencies

Water Allocations

- Top priority: Health & safety
- Each water service must adhere to its site-specific limits.
- Violations subject to enforcement and Excess Use Penalty.
- No water available for new demand.

2020 Shortage Plan - Water Allocations

Sector	Stage 5	Stage 6	Stage 7	Stage 8
Single Family	40 gpcd + 2,000 gal/mo May-Oct	36 gpcd + 1,000 gal/mo May-Oct	32 gpcd	28 gpcd
Multi-family	40 gpcd + mod landscape May-Oct	36 gpcd + min landscape May-Oct	32 gpcd	28 gpcd
Commercial, Industrial, & Institutional	85% of previous 12 months use	80% of previous 12 months use	75% of previous 12 months use	70% of previous 12 months use
Irrigation	40% of ET_o	20% of ET_o	10% of ET_o	No allocation
Health & Safety	95% of previous 12 months use	90% of previous 12 months use	85% of previous 12 months use	80% of previous 12 months use
<i>gpcd = gallons per capita per day</i> <i>ET_o = Net Evapotranspiration</i>				

Housing Shortage Crisis

- California law mandates a certain amount of housing.
- The City prepares, adopts, and implements land use policies in compliance with regional and State regulations and local needs.
- The General Plan, Housing Element, and Specific Plans strive to remove barriers to development and entitlement process, in order to achieve mandates.

2020 Shortage Plan

Water Demand Offsets

Construction must offset new water demand when water is being rationed.

Shortage Stage	Offset Required
Stage 5	100% offset
Stage 6	200% offset
Stage 7	300% offset
Stage 8	400% offset

Proposed revision

Shortage Stage	Offset Required
Stage 5 - 8	100% offset



Proposed Water Demand Offset (WDO) Policy

- Implements adopted Shortage Plan
- Developed by interdepartmental team.
- Provides mechanism to implement Shortage Plan offset requirement.
- Ensures the City can
 - adequately address water shortages and comply with State law
 - meet need for new housing in accordance with State law and City General Plan



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




Water Demand Offset Fee

- Due at building permit final if ...
 - A water shortage emergency exists at that time
 - And City Council has declared that the emergency requires water allocations (rationing) for existing customers and offsets for new demand
- Collected fees to be tracked separately to comply with the Mitigation Fee Act.
- Fees to be used to fund City projects and programs to achieve water offsets.
- Implementation efforts to be tracked separate from other programs and projects.




Process


Builder submits WDO Application, identifying projected water demand and associated WDO fee.




Staff reviews, determines final WDO fee, and provides WDO Agreement for signature.



Applicant may appeal decision (first to BPU and then to Council, if they wish).



WDO agreement must be fully executed prior to issuing building permit.



WDO fee due at building permit final – if there is a declared shortage emergency requiring allocations.

Water Demand Offset Fee Study

- 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 showers)
 - Enhanced rebate for High Efficiency Residential Clothes Washers
 - Enhanced rebate for turf removal at Commercial, Industrial, Institution sites and Irrigation services
- Typical water usage by account type was determined based on historical billing data
- Cost to offset new demand by account type was calculated based on the above.



WDO Fee Analysis (draft)

	Demand Offset Fee ¹			
Type of Development	Offset Cost for Bathroom Conversion	Offset Cost with CII Turf Rebate	Offset Cost with Washer Rebate	Weighted Average Offset Costs
RESIDENTIAL (per housing unit)				
Single Family Residential				
Small Lot (6,000 sq. ft. and under)	\$1,936	\$2,039	\$2,167	\$1,964
Large/Medium Lot (over 6,000 sq. ft. to 1 acre)	\$2,743	\$2,888	\$3,069	\$2,782
Large Lot (over 1 acre)	\$4,976	\$5,241	\$5,569	\$5,047
Duplex and Triplex	\$1,626	\$1,712	\$1,819	\$1,649
Condos, Apartments and Mobile Homes				
with separate irrigation	\$1,241	\$1,307	\$1,389	\$1,259
without separate irrigation	\$1,477	\$1,555	\$1,653	\$1,498
Eligible ADUs, SROs, Senior Housing, and Small, High-Density Apartment Units ²	\$856	\$902	\$958	\$868
COMMERCIAL, INDUSTRIAL, INSTITUTIONAL AND IRRIGATION				
Per Thousand Gallons per Month ³	\$410	\$431	\$458	\$415

¹ WDO fee is assessed per housing unit for residential and per TGAL for CII accounts

² Applies only to ADUs that are subject to Demand Fees. "SROs" are single Room Occupancy. Small, High-Density apartments include all apartments 750 square feet and smaller.

³ Water demand for these customers is based on the estimated annual water demand for each proposed project.

Proposed Schedule for WDO Fees (draft)

Type of Development	WDO Fee ¹
RESIDENTIAL (per housing unit)	
Single Family Residential	
Small Lot (6,000 sq. ft. and under)	\$1,964
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Outreach to Development Community

- Staff reached out in September
 - Informed development community about proposed WDO policy and fees
 - Provided BPU and Council meetings dates
 - Offered presentations at association meetings



Next Steps

Oct 14 Planning Commission
Review and comments

Oct 26 City Council
Study Session

Nov 4 Board of Public Utilities
Consider recommendation
to Council to adopt WDO
policy and fee structure

Nov 30 City Council
Public Hearing and consider
adopting WDO policy and
fee structure

QUESTIONS & COMMENT

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