

# Water Demand Offset Policy, 2021 Water Demand Offset Fee Study, and Water Demand Offset Fees

## Board of Public Utilities

November 18, 2021



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# 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

# Response Actions

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## **Outreach & Education**

- Keeping everyone informed

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## **Customer Service & Assistance**

- Helping customers save water

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## **Operational Changes**

- Adjusting internally to shortages

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## **Restrictions & Prohibitions**

- Eliminating waste & minimizing non-essential uses

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## **Water allocations (rationing) Stages 5 - 8**

- Mandatory conservation for existing connections

Stage	Prohibition/Restriction	Existing Customers	New Constr
All Stages	Water Waste Ordinance	<b>X</b>	<b>X</b>
Stage 1	Hose shut off nozzles required	<b>X</b>	<b>X</b>
	Prohibit washing hard surfaces with hose	<b>X</b>	<b>X</b>
Stage 2	Restaurants serve water only on demand	<b>X</b>	
	Lodging linens washed only on request	<b>X</b>	
Stage 3	Prohibit power washing	<b>X</b>	<b>X</b>
	Limit hours of irrigation	<b>X</b>	<b>X</b>
Stage 4	Prohibit operation of ornamental features	<b>X</b>	

Stage	Prohibition/Restriction	Existing Customers	New Constr
Stage 5	Water allocations (rationing) (Stages 5-8)	<b>x</b>	
	Prohibit filling new pools	<b>x</b>	<b>x</b>
	Recycled water for construction dust control if avail	<b>x</b>	<b>x</b>
Stage 6	Prohibit filling/topping existing pools	<b>x</b>	
	Prohibit installing landscaping at new construction		<b>x</b>
Stage 7	Prohibit replanting landscapes at existing sites	<b>x</b>	
Stage 8	Prohibit all irrigation with potable water	<b>x</b>	<b>x</b>



# Severe Water Shortage Emergencies

## Water Allocations

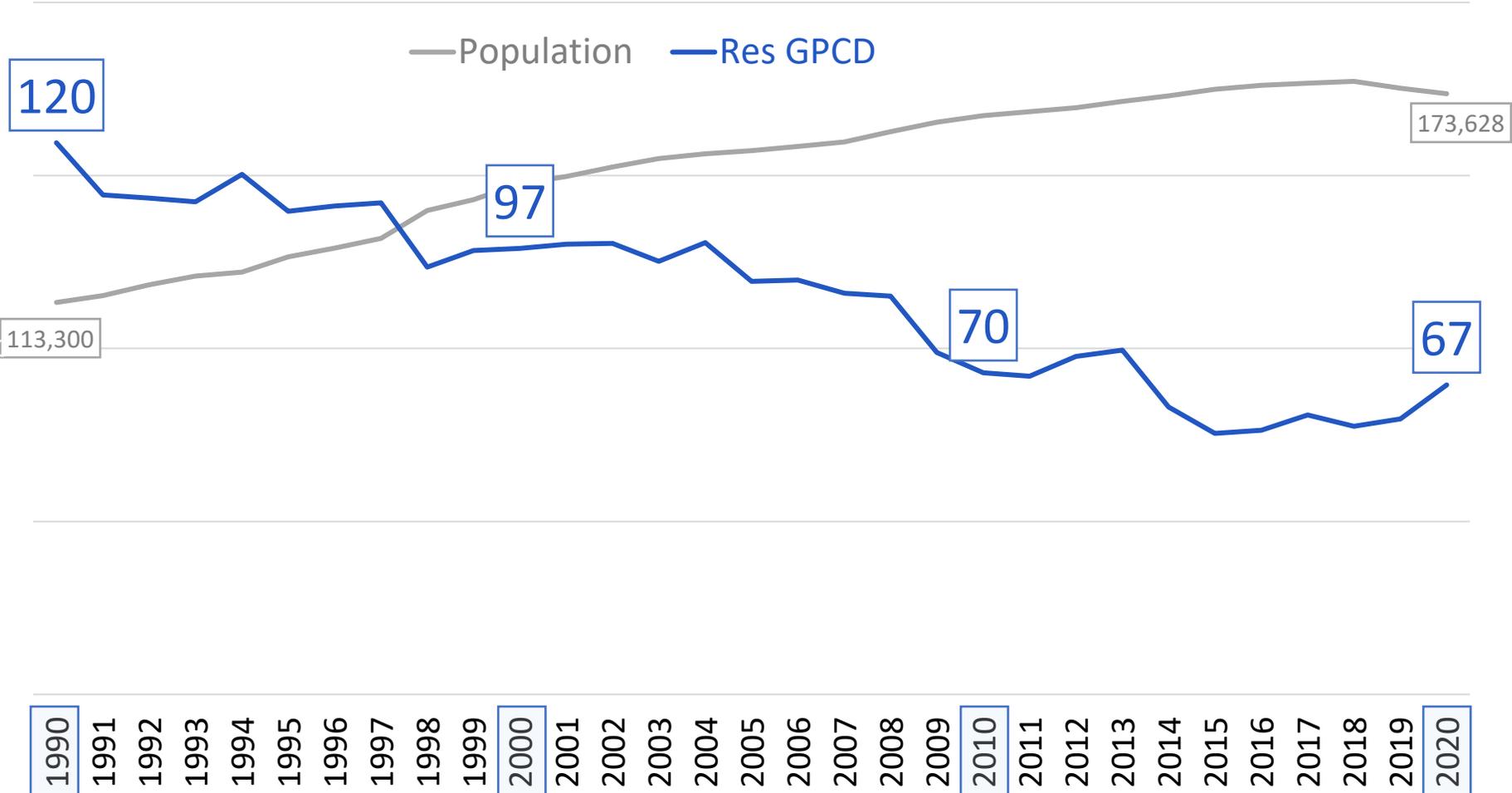
- Rationing limited supplies among existing customers
- Top priority: Health & safety
- Each water service must adhere to restrictive site-specific allocation.
- Violations subject to enforcement and Excess Use Penalty.
- No water available for new demand.

# Increase in water use efficiency by customers 1990-2020

53% increase in population

44% decrease in Residential GPCD\* (42% by 2010)

\* Residential GPCD - gallons of water sales to residential sector per capita per day



# Water Allocations – Stage 5

Sector	Stage 5	Average Percent Reduction in Water Use
Residential	40 gpcd + 2,000 gal/mo May-Oct	20-30% reduction
Commercial, Institutional, Industrial	85% cap	15% reduction
Health & Safety	95% cap	5% reduction
Irrigation services	40% of ET	54% reduction
<i>gpcd = gallons per capita per day</i> <i>ET – Evapotranspiration</i>		

# Water Allocations – Stage 6

Sector	Stage 6	Average Percent Reduction in Water Use
Residential	36 gpcd + 1,000 gal/mo May-Oct	30-40% reduction
Commercial, Institutional, Industrial	80% cap	20% reduction
Health & Safety	90% cap	10% reduction
Irrigation services	20% of ET	77% reduction
<i>gpcd = gallons per capita per day</i> <i>ET – Evapotranspiration</i>		

# Water Allocations – Stage 7

Sector	Stage 7	Average Percent Reduction in Water Use
Residential	32 gpcd	36-50% reduction
Commercial, Institutional, Industrial	75% cap	25% reduction
Health & Safety	85% cap	15% reduction
Irrigation services	10% of ET	88% reduction
<i>gpcd = gallons per capita per day</i> <i>ET – Evapotranspiration</i>		

# Water Allocations – Stage 8

Sector	Stage 8	Average Percent Reduction in Water Use
Residential	28 gpcd	45-55% reduction
Commercial, Institutional, Industrial	70% cap	30% reduction
Health & Safety	80% cap	20% reduction
Irrigation services	No allocation	100% reduction
<i>gpcd = gallons per capita per day</i> <i>ET – Evapotranspiration</i>		

# 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.



# Alternatives Considered

- Moratorium
  - Housing crisis & economic vitality
- Require developer to find new water supply
  - 2-3 years to permit public water supply
- Require developer to offset demand with water conservation projects in service area
  - Significant challenges to completing projects
  - Administrative cost recovery still needed
- Offset fee due at permit application
  - Projects may take years to build; fee due at time of impact is more reasonable *if shortage conditions exist*



# 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 need for housing and comply with State law.





# 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.*



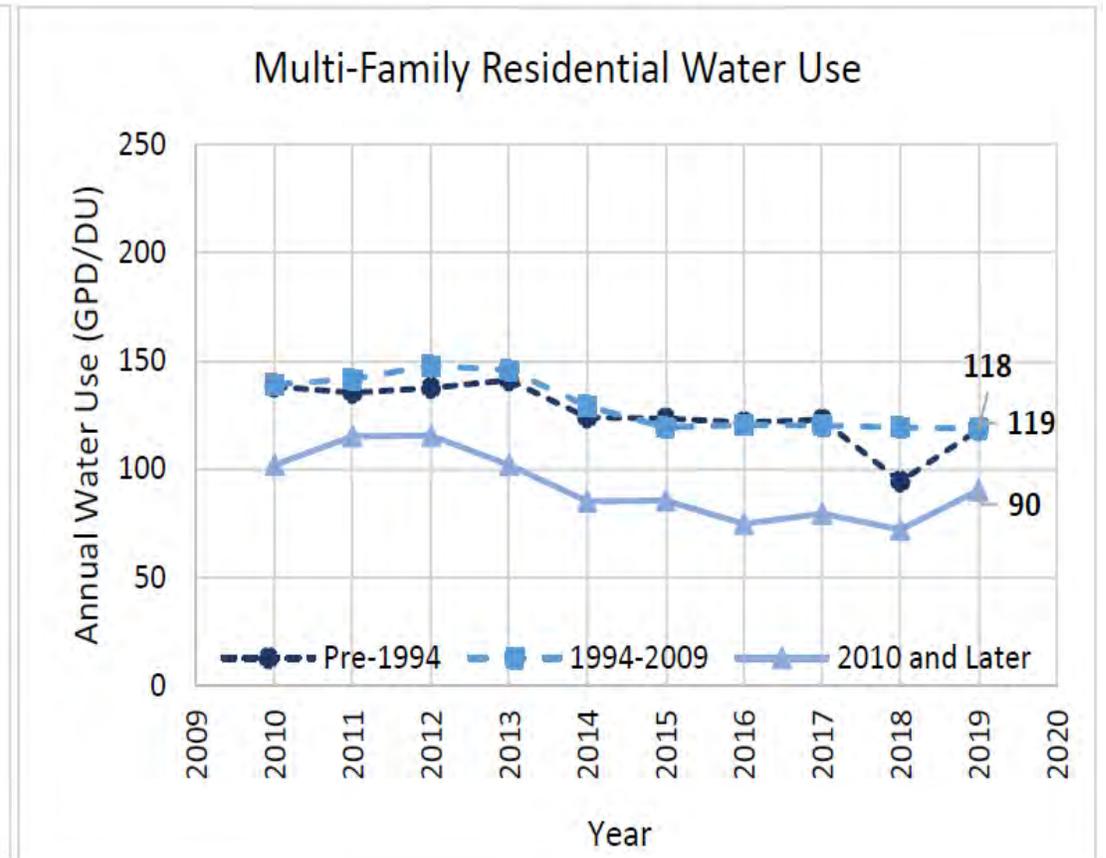
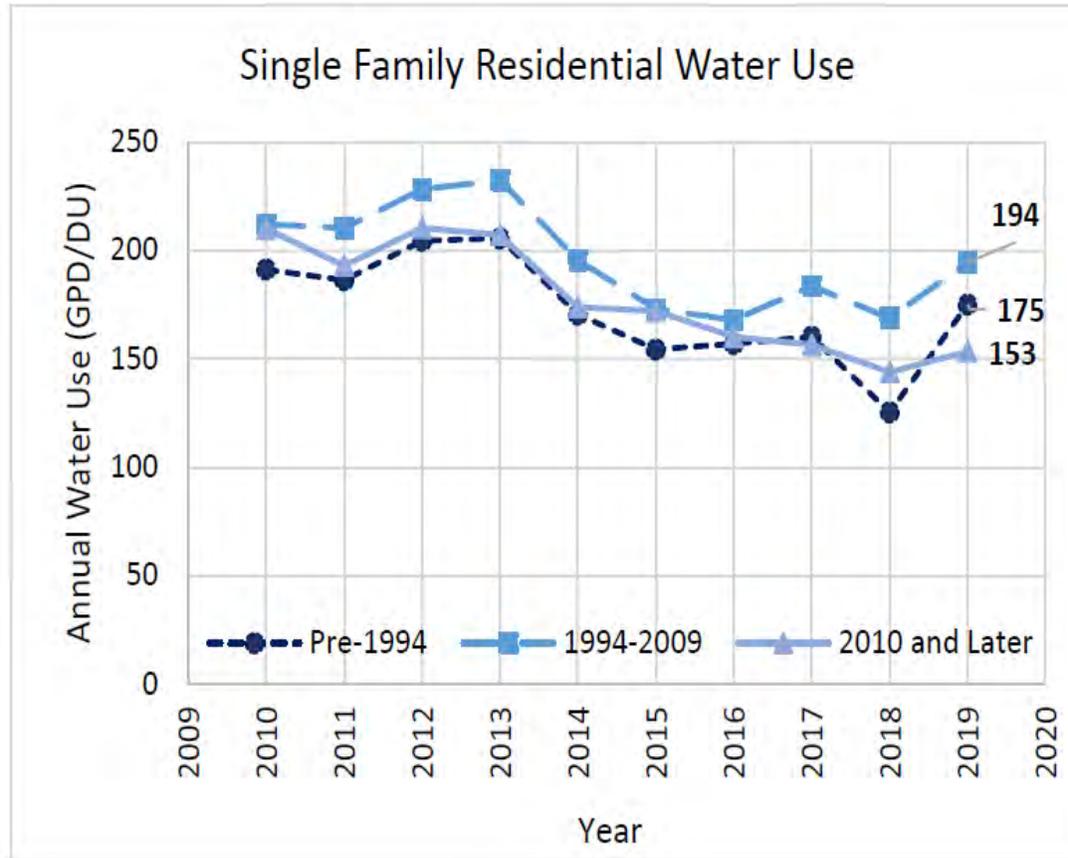
# Water Demand Offset Fee

- Due when requesting any type of occupancy or final inspection ...
  - *If there is a declared water shortage emergency requiring water allocations (rationing) at that time.*
- 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.



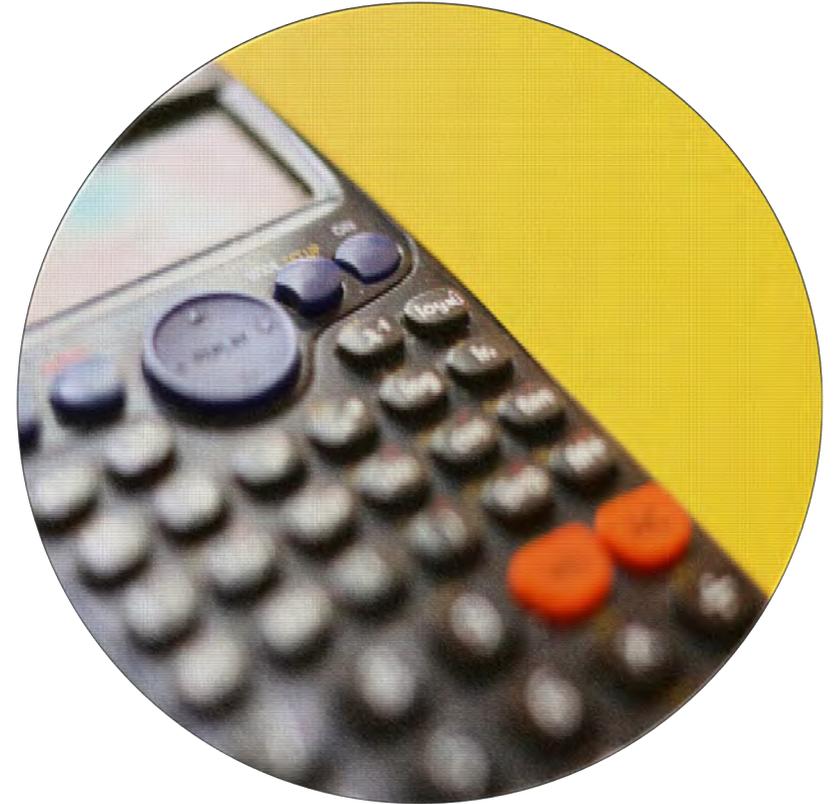
# Water Demand

- Residential water use by age of construction is similar each year (2009-2019).
- Multi-family sector prior to 2010 includes services with mixed use (irrigation and domestic).



# Water Demand Offset Fee 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.



# Alternatives to charging developers WDO fees

- **General Funds**

- Subsidize all or portion of WDO fees with General Funds.
- Could be limited to housing (affordable, low, and/or very low income).
- Could have geographic limits (e.g., downtown core).

- **Water Funds**

- Rate payer revenues
  - Proposition 218 prohibits use of ratepayer funds to subsidize other groups.
- Cell tower revenue
  - Currently being used to assist low-income customers in H2O program.
- Excess Use Penalties (water shortage Stages 5-8)
  - Not anticipated. Goal is to use progressive enforcement to help customers stay in compliance with water rationing requirements.

# 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

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 Santa Rosa Water that the Board of Public Utilities recommends that the City Council adopt the WDO Policy, the 2021 WDO Fee Study, and the WDO Fees and authorize the WDO 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).

# QUESTIONS

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