

Posting Language

Recommend approval to issue incentives during Fiscal Year 2023-2024 for alternative onsite water reuse systems for new commercial and multi-family developments under Austin Water's new regulatory framework in the total aggregate amount of \$1,000,000 and not to exceed \$500,000 for each project subject to funding availability.

Lead Department

Austin Water

Client Department

Austin Water Assistant Director of Environmental, Planning and Development Services, Kevin Critendon

Fiscal Note

Funding is available in the Fiscal Year 2023-2024 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 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.

September 30, 2021 - City Council voted to reauthorize the Pilot Incentive Program for Onsite Water Reuse Systems for Fiscal Year 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 on a 10-1 vote.

September 29, 2022 - City Council voted to reauthorize the Pilot Incentive Program for Onsite Water Reuse Systems for Fiscal Year 2023 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.

Council Committee, Boards and Commission Action

October 11, 2023 - To be reviewed by the Water & Wastewater Commission

October 17, 2023 - To be reviewed by the Resource Management Commission

Additional Backup Information

A recommendation in the 2018 Water Forward Plan (Plan) approved by 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 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 2021 was adopted by city council on April 22, 2021. 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. To that end, the incentive program is being reconfigured to also apply to projects less than 250,000 square feet. Future phases of the Water Forward Plan implementation may include onsite water reuse system requirements for projects with less than 250,000 square feet gross floor area.

The requested authorization will allow Austin Water (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 2024 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.

To date, AW has approved a total of \$750,000 in incentives for two projects for an estimated water savings of 15.8 million gallons per year. Information gathered through the application process has been helpful in the development of the future mandatory installation requirement as well as providing operational insight to staff. Several other proposed development projects that are less than 250,000 square feet gross floor area have expressed an interest in the Pilot Incentive Program as a cost mitigation strategy to the installation of onsite water reuse systems.

As per current practice, AW staff will continue to provide the requested quarterly reports 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 \$72,000 in the incentive amount, the monthly report will also include measures installed, expected savings and potable water offsets, and other relevant data.