



**March 7, 2024**

## Questions and Answers Report



Mayor Kirk Watson

Council Member Natasha Harper-Madison, District 1

Council Member Vanessa Fuentes, District 2

Council Member José Velásquez, District 3

Council Member Josè “Chito” Vela, District 4

Council Member Ryan Alter, District 5

Council Member Mackenzie Kelly, District 6

Mayor Pro Tem Leslie Pool, District 7

Council Member Paige Ellis, District 8

Council Member Zohaib “Zo” Qadri, District 9

Council Member Alison Alter, District 10

*The City Council Questions and Answers Report was derived from a need to provide City Council Members an opportunity to solicit clarifying information from City Departments as it relates to requests for council action. After a City Council Regular Meeting agenda has been published, Council Members will have the opportunity to ask questions of departments via the City Manager's Agenda Office. This process continues until 5:00 p.m. the Tuesday before the Council meeting. The final report is distributed at noon to City Council the Wednesday before the council meeting.*

## QUESTIONS FROM COUNCIL

### Item 3 and 4

**Item 3:** Approve an ordinance amending City Code Chapter 15-13 (Regulation of Onsite Water Reuse Systems) to establish development project requirements and clarify onsite water reuse regulations.

**Item 4:** Approve a resolution authorizing Austin Water to continue a pilot program and issue incentives on a pilot basis during Fiscal Year 2023-2024 for alternative onsite water reuse systems and reclaimed water connections for new commercial, mixed use and multi-family developments in the total amount of \$5,600,000, not to exceed \$500,000 for each project.

### COUNCIL MEMBER ALISON ALTER'S OFFICE

1) Please describe the steps that Austin Water has been taking to enroll new CAP-eligible customers.

Austin Water (AW) provides residential and multi-family Customer Assistance Program (CAP) programs for our most vulnerable low-income customers. The City of Austin Utilities, managed by Austin Energy (AE), administers CAP for AW and all City utilities. AW's CAP enrollment differs from AE's due to differences in service territory and master metering of AW multi-family customer accounts. AW has partnered with AE to support the CAP expansion goals outlined in Resolution 20221201-046 adopted by Council on, December 1, 2022, and has seen an encouraging uptick in participating CAP customers similar to AE.

#### Customer Assistance Program:

The CAP provides assistance to qualifying low-income and disadvantaged residential and multifamily customers within AW's service territory. AW has partnered with AE to support the CAP expansion goals outlined in Resolution 20221201-046 adopted by Council on, December 1, 2022, and has seen a significant increase in CAP participants as AE implements program expansion efforts. CAP program enrollment has increased from 29,134 participants in Q1 2023 to 51,414 in Q1 2024, an overall 76% increase year over year.

The table below shows the FY 2024 quarter ending totals for AW CAP participants.

CAP Participants	FY 2023 - Q1	FY 2024 - Q1	YOY % Increase
Residential	12,431	20,021	61%
Multifamily	16,703	31,393	88%
Totals	29,134	51,414	76%

The existing Community Benefit Charge (CBC) surcharge of \$0.15 per 1,000 gallons water and wastewater service funds the CAP program. Additional information regarding CAP program expansion and implementation efforts is detailed in AE's July 27, 2023, memo to Council.

<https://services.austintexas.gov/edims/pio/document.cfm?id=412611>

### **Items 3, 4, and 37**

**Item 3:** Approve an ordinance amending City Code Chapter 15-13 (Regulation of Onsite Water Reuse Systems) to establish development project requirements and clarify onsite water reuse regulations.

**Item 4:** Approve a resolution authorizing Austin Water to continue a pilot program and issue incentives on a pilot basis during Fiscal Year 2023-2024 for alternative onsite water reuse systems and reclaimed water connections for new commercial, mixed use and multi-family developments in the total amount of \$5,600,000, not to exceed \$500,000 for each project.

**Item 37:** Conduct a public hearing and consider an ordinance amending City Code Chapter 25-9 (Water and Wastewater) relating to clarifying requirements for water conservation in the implementation of the Water Forward Plan, including distances for the Reclaimed Water Connection requirement, clarifying definitions, and modifying variances including adding certain affordable housing exemptions for Reclaimed Water Connections and Onsite Water Reuse requirements; and waiving the requirement in City Code Section 25-1-502 (Amendment Review) for Planning Commission review of Land Development Code amendments.

COUNCIL MEMBER ALISON ALTER – WORK SESSION

- 1) *How will the fee in lieu to support the reclaimed system expansion interplay with the GoPurple incentives that Austin Water is offering?*

See [attached](#).

### **Items 4, 27 and 30**

**Item 4:** Approve a resolution authorizing Austin Water to continue a pilot program and issue incentives on a pilot basis during Fiscal Year 2023-2024 for alternative onsite water reuse systems and reclaimed water connections for new commercial, mixed use and multi-family developments in the total amount of \$5,600,000, not to exceed \$500,000 for each project.

**Item 27:** Conduct a public hearing to receive input on community needs for the City's Fiscal Year 2024-2029 Consolidated Plan that will be submitted to the U.S. Department of Housing and Urban Development as part of the City's application for federal funding.

**Item 30:** Conduct a public hearing and approve an ordinance amending Exhibit A to the Fiscal Year 2023-2024 City Fee and Fine Ordinance (Ordinance No. 20230816-007) to add a dedicated GoPurple component of \$0.15 cents per thousand gallons to Austin Water's water utility and wastewater utility community benefit charges to support reuse strategies in the Water Forward plan; and amending the Fiscal Year 2023-2024 Austin Water Community Benefit Charge Special Revenue Fund (Ordinance No. 20230816-008) to increase revenue and appropriations by \$4,100,000 and the Fiscal Year 2023-2024 Austin Water Operating Funds (Ordinance No. 20230816-008) to increase transfers in and appropriations by \$4,100,000 for reuse strategies in the Water Forward plan.

COUNCIL MEMBER JOSE "CHITO" VELA'S OFFICE

*1) What percentage of the total cost of installing dual plumbing and connecting to the system will the proposed incentives cover on an average project? On a mid rise project with several hundred units?*

Austin Water's estimate of the net cost to install dual plumbing and connect to the centralized reclaimed system for a mid-rise project greater than 250,000 square feet with 225 housing units is as follows:

- \$4,400 per unit of housing without incentives
- \$3,842 per unit of housing with incentives for market-rate housing; the incentive covers 13% of the cost
- \$2,647 per unit of housing with incentives for affordable housing qualified under Section 25-9-412(E); the incentive covers 40% of the cost

Austin Water's estimate of the net cost to install dual plumbing and an onsite water reuse system for a mid-rise project greater than 250,000 square feet with 225 housing units is as follows:

- \$7,100 per unit of housing without incentives
- \$3,733 per unit of housing with incentives for market-rate and affordable housing qualified under Section 25-9-412(E); the incentive covers 47% of the cost

While these estimates were derived from a mid-rise project greater than 250,000 square feet with 225 housing units, it should be noted that a larger building with several hundred units would have even lower costs/unit.

The fee in lieu cost for a mid-rise project greater than 250,000 square feet with 225 housing units ranges from \$535 to \$1,071 per housing unit, depending on the diameter of pipe required to serve the development. In addition, the developer will be responsible for the cost to install dual plumbing in the building and make the site ready to connect to the centralized reclaimed system.

*2) How does the yearly overall budget for incentives compare to the total additional costs on new apartments subject to these rules in an average year?*

AW expects annual budget requirements for the GoPurple Program of approximately \$10.4 million, beginning in FY25. Future budgetary requirements will be reevaluated annually. AW will bring any necessary adjustments to the City Council for reauthorization as part of the yearly review. While AW cannot determine future construction costs across the market, AW can confirm there would be immediate cost savings for each unit in their water and wastewater bills through implementation of onsite water reuse or reclaimed connections. As AW gains experience with the pilot incentives, we will make adjustments and report back annually on funding and expenses related to the GoPurple Program.

*3) What have been the major funding sources for previous expansions of the reclaimed water system?*

The primary funding sources for development and expansion of the reclaimed water system were funded with a combination of cash and debt financing, including Texas Water Development Board funding totaling \$11.0 million dollars since 2017. In addition, the Water Utility Operating Fund is budgeted to provide a \$6.5 million subsidy to the Reclaimed Water

Utility Operating Fund to cover approximately 64% of annual operating and debt service costs for the reclaimed system, while reclaimed revenues cover approximately 36% of annual costs.

*4) What is a typical cost for connecting 250 ft or 500 ft to a reclaimed water line?*

Typical costs for installing reclaimed water lines can vary based on a number of factors, including the pipe size required to serve the development. Austin Water tracks the cost of installing water lines and updates that cost data on a regular basis. Based on over 200 projects distributed across our service area, comprising over 1.1 million linear feet of water line installations, Austin Water has estimated the average cost to install a reclaimed water line of 500 feet, as shown in the table below. These documented costs provide the basis for the proposed amount of the fee in lieu of onsite water reuse systems that Austin Water will propose for Council's consideration on March 21.

Area	Pipe Diameter	\$/inch-foot	Cost Per Linear Foot	Linear Feet	Resulting Fee in Lieu
Citywide	6 inch	\$40.16	\$240.96	x 500'	= \$120,480.00
Citywide	8 inch	\$40.16	\$321.28	x 500'	= \$160,640.00
Citywide	12 inch	\$40.16	\$481.92	x 500'	= \$240,960.00

*5) How do we ensure fairness and equity between projects that happen to be close to the maximum distance from a reclaimed line to where connecting to a reclaimed water line is required (250 ft from a small development or 500 ft from a large development) compared to a project where a reclaimed water line is already very close to their property line?*

To ensure fairness and equity among development projects required to connect to the reclaimed water system, every project located within 250 linear feet (LF) of the reclaimed water is responsible to pay for first 250 feet of the system extension (except for housing developments that meet affordability criteria). AW's proposed incentive programs will reduce the burden on projects required to connect to the reclaimed water system that are located further from the existing reclaimed water mains by cost participating in the system extension to those developments that between 250 and 500 LF. For more details, refer to the incentives table.

*6) According to an answer given at the Planning Commission, reclaimed water rates are around 65% of the cost of potable water. Could Austin Water charge higher rates for reclaimed water in the future as a way to pay back capital costs for public reclaimed water lines or incentives to install reclaimed water systems?*

Austin Water's current reclaimed water rates are set below potable water rates to provide an incentive to use reclaimed water instead of potable water, where available. As part of Austin Water's ongoing cost of service study, the cost of reclaimed water and the corresponding rates are being evaluated. AW expects to propose changes to its reclaimed rate structure during the FY25 budget, while continuing to provide an incentive to connect.

## Item 14

Approve an ordinance amending the Fiscal Year 2023-2024 Austin Public Health Department Operating Budget Special Revenue Fund (Ordinance No. 20230816-008) to accept and appropriate \$300,000 in additional grant funds from United Way for Greater Austin for the Texas Family Connects Program.

COUNCIL MEMBER ALISON ALTER'S OFFICE

*1) How many families does the Family Connects program serve each year?*

Family Connects has served on average 900 clients per year and has seen a steady increase since its inception, seeing over 1,000 in 2023. With the addition of prenatal referrals, we anticipate an increase in our annual visits.

## Item 30

Conduct a public hearing and approve an ordinance amending Exhibit A to the Fiscal Year 2023-2024 City Fee and Fine Ordinance (Ordinance No. 20230816-007) to add a dedicated GoPurple component of \$0.15 cents per thousand gallons to Austin Water's water utility and wastewater utility community benefit charges to support reuse strategies in the Water Forward plan; and amending the Fiscal Year 2023-2024 Austin Water Community Benefit Charge Special Revenue Fund (Ordinance No. 20230816-008) to increase revenue and appropriations by \$4,100,000 and the Fiscal Year 2023-2024 Austin Water Operating Funds (Ordinance No. 20230816-008) to increase transfers in and appropriations by \$4,100,000 for reuse strategies in the Water Forward plan.

COUNCIL MEMBER ALISON ALTER'S OFFICE

*1) Please provide an overview of Austin Water rate increases / decreases over the last 10 years*

Austin Water's rate increases/decreases over the last 10 years are shown in the table below:

Fiscal Year (FY)	Combined Rate Increase
FY15	8.1%
FY16	4.9%
FY17	3.7%
FY18	-4.8%
FY19	0.0%
FY20	0.0%
FY21	0.0%
FY22	0.0%
FY23	0.0%
FY24	3.3%

# GO PURPLE Reuse Requirements



Development Type	Current Requirements (Effective 12/01/2021)	Proposed Requirements (Effective 04/01/2024)
<b>Small</b> (Less than 250,000 square feet)	<ul style="list-style-type: none"> <li>Water Benchmarking</li> <li>Connect to centralized reclaimed water within 250 feet</li> </ul>	No change
<b>Large</b> (≥250,000 square feet) without multifamily component	<ul style="list-style-type: none"> <li>Water Benchmarking</li> <li>Connect to centralized reclaimed water within 500 feet</li> </ul>	<ul style="list-style-type: none"> <li>Water Benchmarking</li> <li>Connect to centralized reclaimed water within 500 feet</li> </ul> <p>OR</p> <ul style="list-style-type: none"> <li>Install an onsite water reuse system</li> </ul>
<b>Large</b> (≥250,000 square feet) with multifamily component  <i>Exclude projects accredited for Affordability Unlocked or State Law Income Housing Tax Credit</i>	<ul style="list-style-type: none"> <li>Water Benchmarking</li> <li>Connect to centralized reclaimed water within 250 feet</li> </ul>	<ul style="list-style-type: none"> <li>Water Benchmarking</li> <li>Connect to centralized reclaimed water within 500 feet</li> </ul> <p>OR</p> <ul style="list-style-type: none"> <li>Install an onsite water reuse system</li> </ul> <p>OR</p> <ul style="list-style-type: none"> <li>Install dual plumbing, make ready to connect to centralized reclaimed water, and pay a fee to support reclaimed system expansion, for developments greater than 500 feet from centralized reclaimed water</li> </ul>



# GO PURPLE Incentives for developments connecting to Centralized Reclaimed System



Development Type	Distance to Centralized Reclaimed System	Cost Sharing	AW Funded Expedited Building Permit Review	Assistance with PACE Program
Incentive Amount		Up to \$500,000 per project	Up to \$36,000 per project	Up to cost of energy/ water efficiency project
<b>Small</b> (Less than 250,000 square feet)	Less than 250 Feet	Developer Pays 100% of first 250 Feet	No	Yes
	251-500 Feet	AW Pays 100% of 251-500 Feet	Yes	Yes
	More Than 500 Feet	AW evaluates projects case-by-case and brings customer-specific agreements to City Council	Yes	Yes
<b>Large</b> (≥250,000 square feet) without multifamily component	Less than 250 Feet	Developer Pays 100% of first 250 Feet	No	Yes
	251-500 Feet	AW Pays 50% of 251-500 Feet	Yes	Yes
	More Than 500 Feet	AW evaluates projects case-by-case and brings customer-specific agreements to City Council	Yes	Yes
<b>Large</b> (≥250,000 square feet) with multifamily component	Less than 250 Feet	Developer Pays 100% of first 250 Feet	No	Yes
	251-500 Feet	AW Pays 50% of 251-500 Feet	Yes	Yes
	More Than 500 Feet	AW evaluates projects case-by-case and brings customer-specific agreements to City Council	Yes	Yes
<b>Large</b> (≥250,000 square feet) with multifamily-- Certified Affordable, Exempt From Requirements, with Voluntary Dual Plumbing	Less than 250 Feet	AW Pays 100% of first 250 Feet	Yes	Yes
	251-500 Feet	AW Pays 100% of 251-500 Feet	Yes	Yes
	More Than 500 Feet	AW evaluates projects case-by-case and brings customer-specific agreements to City Council	Yes	Yes



# GO PURPLE Incentives for developments implementing Onsite Water Reuse Systems (OWRS)



Development Type	Pilot Incentives Eligibility	Eligibility for Capacity Charge Adjustments	AW Funded Expedited Building Permit Review	Assistance with PACE Program
Incentive Amount	Up to \$500,000 per project	Up to \$7,528 per year per project	Up to \$36,000 per project	Up to cost of energy/ water efficiency project
<b>Small</b> (Less than 250,000)	Yes, for Voluntary OWRS	Yes, for OWRS that Pass Annual Inspections	Yes	Yes
<b>Large</b> (≥250,000 square feet) without multifamily component	Yes, if meets program criteria for Above and Beyond Project	Yes, for OWRS that Pass Annual Inspections	Yes	Yes
<b>Large</b> (≥250,000 square feet) with multifamily component	Yes, if meets program criteria for Above and Beyond Project	Yes, for OWRS that Pass Annual Inspections	Yes	Yes
<b>Large</b> (≥250,000 square feet) with multifamily--Certified Affordable and Exempt From Requirements	Yes, for Voluntary OWRS	Yes, for OWRS that Pass Annual Inspections	Yes	Yes

## GO PURPLE Incentives for developments that **Dual Plumb buildings, make ready to connect to Centralized Reclaimed, and pay fee\*** in lieu of OWRS

**\*fee will be equivalent to the cost to install 500 feet of reclaimed pipeline**

Development Type	Pilot Incentives Eligibility for OWRS	Eligibility for Capacity Charge Adjustments for OWRS	Cost Sharing for Reclaimed Connections	AW Funded Expedited Building Permit Review	Assistance with PACE Program
Incentive Amount	Not Applicable	Not Applicable	Not Applicable	Up to \$36,000 per project	Up to cost of energy/ water efficiency project
<b>Large</b> (≥250,000 square feet) with multifamily component	Not Applicable	Not Applicable	Not Applicable	No	Yes