



Date: November 27, 2012
To: Patrick H. West, City Manager
From: Amy J. Bodek, Director of Development Services
For: Chair and Members of the Environmental Committee
Subject: Citywide Water Submetering Ordinance

On September 6, 2012, the Board of Water Commissioners referred a proposed citywide water-submetering ordinance to the City Council (Exhibit A). Submetering is the practice of installing individual water meters "downstream" of a property's master meter, in order to track the water use of individual residential units.

On September 18, 2012, the City Council referred the item to the Environmental Committee for consideration (Exhibit B). The proposed ordinance would require the installation of submeters in individual units in new and/or existing multi-family residential buildings to encourage residents to conserve water. The installation of submeters would help building owners to allocate water costs based upon water consumption and would provide an incentive to multi-family residents to conserve water. The proposed ordinance is intended to address the expected impact of an imminent water supply shortage as the result of a statewide, multi-year drought, critically low levels in key state reservoirs and significant pumping restrictions on imported water supplies from the State Water Project.

A number of cities throughout the United States have adopted various kinds of municipal submetering ordinances and/or programs. One of the more recent and visible examples is the City of San Diego, which developed a comprehensive submetering program in 2010 that requires the installation of submeters in the individual units of specified new and existing developments (Exhibit C).

For developers, the cost of installing water submeters in new developments in San Diego has been estimated at up to two percent of the total construction cost for the required plumbing system and \$150 to \$300 per submetering unit. The cost of retrofitting existing multi-family buildings with submeters has not been extensively studied, but is predicted to be more costly than submeter installation in new developments.

The San Diego Ordinance contains language that generally requires the multi-family building owner be responsible for paying the water bill to their water purveyor and sets out specific language on how the building owner is to charge back the tenants for their portion of water usage. The City of San

Diego has multiple water utility companies unlike the City of Long Beach, which may require proscriptive procedures related to billing to be required in the Ordinance. Staff would advise against this option for the City of Long Beach.

Staff consulted with the Apartment Association regarding the proposed ordinance and was advised that although the association was in favor of requiring new construction multi-family units to install submeters, they believe that requiring existing multi-family unit owners to install submeters would be a financial burden. Staff supports this position and would further recommend that this issue be included in the upcoming triennial building code update, which is expected to begin in July 2013.

FISCAL IMPACT

All costs incurred by the City in permitting new submeters and plumbing systems are recovered through the collection of plan review and permit fees. These fees would be assessed as part of the development process and are dependent on the size and valuation of the project.

IT IS RECOMMENDED THAT THE COMMITTEE:

Receive and review staff recommendations and refer this item to the full City Council for consideration.

AJB:AR:TH

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Attachment(s): Exhibit A – Board of Water Commissioners letter
 Exhibit B – City Council letter
 Exhibit C – City of San Diego Water Submetering Ordinance



Long Beach Water Department
The Standard in Water Conservation &
Environmental Stewardship

Board of Water Commissioners

September 6, 2012 Board Meeting

KEVIN L. WATTIER, General Manager

Subject:

Recommendation to refer the consideration of a citywide water submetering ordinance to the Long Beach City Council, and request City Council refer the matter to city staff for consideration of inclusion of the ordinance in the City's upcoming triennial building code update

Executive Summary:

In 2007, Long Beach became the first city in California to implement mandatory citywide water conservation measures in order to mitigate the expected impact of an imminent water supply shortage that was the result of a statewide, multi-year drought, critically low levels in key state reservoirs and significant pumping restrictions on imported water supplies from the State Water Project. Since then, Long Beach residents and businesses have achieved sustained reductions in citywide water consumption levels.

In the previous five years, annual citywide water use in Long Beach has fluctuated between 15 and 20 percent below the city's historical 10-year average (FY '98 – FY '07). Today, Long Beach water customers use the same amount of water (annually) that was used in 1966, despite an increase in the city's population of approximately 100,000 residents. As a result, per capita water use in Long Beach has fallen to levels not seen since the end of World War II and is currently one of the lowest in California.

Much of the city's recent success is a direct result of substantial reductions in outdoor water use, which comprises 50 percent or more of a typical single-family household's total annual water use. While minimizing outdoor water use throughout the city will continue to be a priority, there are other ways in which the city can and should encourage its residents to use less water. One of these ways is to encourage multi-family residents to conserve water through the installation of water submeters in multi-family residential buildings.

Background

Water conservation remains the most cost-effective and timely solution for ensuring long-term water supply reliability. Much of the recent focus has been on achieving reductions in outdoor water consumption through the implementation of prohibitions on outdoor irrigation, extensive community outreach and customer incentives such as the Long Beach Lawn to Garden program.

Another solution that has the potential to provide additional water conservation savings, but has yet to be realized, is to install water submeters in individual units in multi-family residential buildings. In Long Beach, as well as in many other California cities, residents that live in multi-unit structures make up a large percentage of the overall population.

At this time, the vast majority of residents that live in multi-family buildings are unable to monitor their daily water consumption. Generally, multi-family buildings have one or more master meters that provide water to the entire building, but do not have meters that are located "downstream" from the master meter, which means that most buildings are unequipped to track the water usage of individual units. For most multi-family residents, instead of being charged for actual water use, the cost of water use is often included in the cost of rent, charged as a flat fee, or allocated in any number of other ways, such as on a per square foot basis. Allocating water costs utilizing one of these methods provides little incentive to multi-family residents to conserve water, since monthly water bills will essentially remain the same regardless of how much water is used.

Conversely, the installation of submeters on multi-family residential and mixed use buildings has been shown to encourage increased water conservation by making residents aware of the amount of water they are using and how much the water they use costs. This provides a perpetual price signal to multi-family residents and encourages them to use less water in order to reduce their cost of water.

Several studies have concluded that submeter installation results in water consumption reductions. One such study performed in 2004 showed water savings of 15.3% when comparing sub-metered properties with rental properties that do not bill water separately from rent ("in-rent" properties.) Another study done in 1999 showed water usage in sub-metered properties to be 18% to 39% less than in-rent properties.

State and Local Submetering Laws

There have been three recent attempts to enact state legislation that would require submetering in multi-family residential buildings in California. All three attempts were unsuccessful in passing out of the legislature and as a result, there is no current state submetering law.

On the other hand, a number of cities throughout the United States have adopted various kinds of municipal submetering ordinances and/or programs. One of the more recent and more visible examples is the City of San Diego, which developed a comprehensive submetering program in 2010 that requires the installation of submeters in the individual units of specified new and existing developments. Since the program's inception, more than 2,000 submeter permits have been requested through the city's Planning Division. The success of this program at generating long-term water use reductions for the City of San Diego will be closely analyzed in the coming years.

Fiscal Impacts

At this time, the potential fiscal impact to the City of Long Beach is unknown. In the City of San Diego, all inspection-related costs incurred by the City in permitting new submeters are recovered through the collection of plan review and permit fees.

For developers, the cost of installing water submeters in new developments in San Diego has been estimated at \$150 to \$300 per unit, dependent on the number of units and the layout of the potable water distribution system.

The cost of retrofitting existing multi-family buildings with submeters has not been extensively studied, but is predicted to be more costly than submeter installation in new developments.

Other Considerations

Nearly 50 percent of San Diego residents live in multi-family or mixed-use buildings. This number is expected to increase considerably in future years as the city continues to expand, with much of the focus on multi-family residential development. In Long Beach, approximately two-thirds of the city's dwelling units are located in multi-family or duplex properties. Because Long Beach is a relatively "built-out" city, it is unlikely to see as much new development in future years when compared to a city like San Diego. Nevertheless, multi-family properties in Long Beach use about 36 percent of the city's total annual water consumption and a great opportunity exists to reduce the water use in this segment of the city's population.

In San Diego, numerous committees, associations, interest groups and other stakeholders provided input throughout the process of creating and implementing the citywide water submetering ordinance. It is likely that there will similarly be an assortment of business, community and other stakeholder/interest groups located in and around Long Beach that will seek to provide input on any submetering ordinance that is under consideration.

Conclusion

Enacting a citywide ordinance that requires the installation of submeters in individual units in new and/or existing multi-family residential buildings will help to educate and inform a large and currently unreachable segment of the Long Beach population about how much water they actually use. It will shift the responsibility of paying for water from building owners to multi-family residents, serving as a permanent price signal for ongoing water use and providing a financial incentive for sustained water conservation efforts.

Board Options/Fiscal Impacts

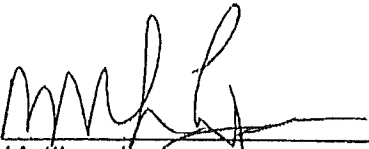
Option #1: Recommendation to refer the consideration of a citywide water submetering ordinance to the Long Beach City Council, and request City Council refer the matter to city staff for consideration of inclusion of the ordinance in the City's upcoming triennial building code update

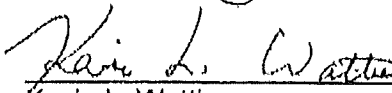
Fiscal Impact: Unknown

Option #2: Postpone recommendation to refer the consideration of a citywide water submetering ordinance to the Long Beach City Council to a later date

Staff Recommendation

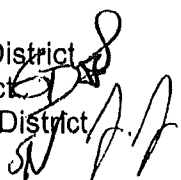
Option # 1


Matthew Lyons 8/30/12
Director, Planning & Conservation Date


Kevin L. Wattier 8/30/12
General Manager Date

R-15Dr. Suja Lowenthal
CouncilmemberCity of Long Beach
Many Unique Neighborhoods
One Great City**Memorandum****To:** Mayor and City Council

September 18, 2012

From: Suja Lowenthal, Second District
 Gary DeLong, Third District
 James Johnson, Seventh District
 Steve Neal, Ninth District
 
Subject: Submetering**REQUESTED ACTION:**

Request the City Council refer a recommendation from the Long Beach Water Commission to consider citywide water submetering to the Environmental Committee for further discussion before returning to the City Council.

BACKGROUND:

Long Beach has been a water industry leader for decades thanks to the guidance of its Commission and General Manager, diversifying water supply sources and encouraging conservation as an integral part of its overall supply portfolio. Nearly 38% of our water comes from local groundwater, over 40% is imported water purchased from the Metropolitan Water District and another 6% is tertiary treated reclaimed water. Conservation makes up much of the rest.

Using residential and commercial rebates, lawn, landscape and grey water incentive programs, a Water Waster hotline and mandatory restrictions on irrigation, the Long Beach Water Department has capably guided our City to its lowest water usage rate in (decades). In fact, "Long Beach water customers use the same amount of water (annually) that was used in 1966, despite an increase in the city's population of approximately 100,000 residents." (LBWD Report 9/6/12 Board Meeting) Cooperative efforts with LBUSD have already resulted in water conservation and fiscal savings, while current initiatives involving with our Parks, Recreation and Marine Department and the City Council's approval of a new utility billing system and Low Impact Development policies will further reduce our reliance on imported water and keep our customer billing rates among the lowest in California. These investments by the Water Department, City of Long Beach, residents and businesses in our water supply and conservation infrastructure result in real savings to customers.

On September 6, the Long Beach Water Commission recommended that the City Council consider a citywide water submetering ordinance that would be incorporated into the triennial

building code update. Submetering is the practice of installing individual water meters "downstream" of a property's master meter, in order to track the water use of individual residential units. Single family homes have dedicated meters, but multi-family residential properties typically have only one meter for several units, making it unfeasible to base actual billing on water consumption. Submetering encourages water users in multi-family dwellings to be more aware of their own water usage because they have a financial incentive. In addition, leaks may be addressed more quickly if the resident or Water Department is able to track usage month over month.

According to the Long Beach Water Department, San Diego, Santa Monica, Santa Barbara and Ventura have submetering programs and ordinances. In the case of San Diego, submeters must be installed in new multi-family developments with three or more dwellings; and existing multi-family dwellings with three or more units where the entire water supply piping is being replaced. Exceptions to the ordinance exist such as high rise buildings in which individual units are served by more than one cold riser and one hot riser system. There are also requirements for "submeter operators" to ensure that "customers" are provided with specific billing information such as how submeter bills are calculated, a description of administrative or late fees and the ordinance.

Nearly 36% of water usage in Long Beach can be attributed to multi-family properties. (LBWD Report 9/6/12 Board Meeting) As such, there is potential for greater conservation. Therefore, we ask our colleagues to refer this recommendation to our Environmental Committee to explore the possibilities for Long Beach and to gain input from stakeholders in the community before the City Council takes any action.

FISCAL IMPACT:

There is no fiscal impact.

ORDINANCE NUMBER O-_____ (NEW SERIES)

DATE OF FINAL PASSAGE _____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SAN DIEGO AMENDING CHAPTER 6, ARTICLE 7, DIVISION 1 OF THE MUNICIPAL CODE; AMENDING CHAPTER 6, ARTICLE 7 BY ADDING NEW DIVISION 6; AMENDING CHAPTER 14, ARTICLE 7, DIVISION 4 BY ADDING NEW SECTION 147.0410; ALL RELATING TO WATER SUBMETERING.

WHEREAS, the San Diego region is heavily reliant on imported water, importing as much as 90% of its water from outside the County; and

WHEREAS, increased water conservation is necessary to ensure sufficient water resources for current and future residents of the City of San Diego; and

WHEREAS, nearly 50% of the residents of the City of San Diego live in multi-family residential or mixed-use buildings where water consumption in each individual unit is not measured; and

WHEREAS, the cost of water and sewer service for multi-family residential and mixed-use buildings is often divided among the individual units without regard for the actual volume of water consumed in the unit; and

WHEREAS, charging individual residential units in multi-family residential and mixed-use buildings based on the actual amount of water consumed will create a financial incentive for residents of multi-family residential units to conserve water; NOW, THEREFORE,

BE IT ORDAINED, by the Council of the City of San Diego, as follows:

Section 1. That Chapter 6, Article 7, Division 1 of the San Diego Municipal Code is amended by amending Section 67.0102:

§67.0102 **Water System – Definitions**

The words and phrases used in this Article have the meanings set forth in this section.

Applicant through Fire Service Connection [No change in text.]

Fixed charges means the charges in the *master bill* that do not vary with the volume of water consumed.

Legal or Equitable Owner through Manager [No change in text.]

Master bill means the bill received by the *submeter operator* from the City of San Diego or other utility retailer.

Service Connection through Shut Off Valve [No change in text.]

Submeter means a device for recording the volume of water consumed in each residential unit in a multi-family residential property that is owned or operated by the *submeter operator*.

Submetered consumer means any person who receives water through a *submeter* and is responsible to pay a *submeter operator* for *utility services*.

Submeter operator means a *consumer* who has an account with the City of San Diego or other utility retailer for *utility service*, and owns or manages a multi-family residential building with a separate *submeter* for each residential unit.

Submeter system means any system for measurement of the volume of water consumed by the occupants of each individual residential unit through the use of water *submeters*.

Utility service means separately or in any combination, water service, sewer service, and storm water service.

Variable charges means the charges in the *master bill* that vary depending on the volume of water consumed.

Water System

[No change in text.]

Section 2. That Chapter 6, Article 7, Division 6 of the San Diego Municipal Code is created by adding Sections 67.0601 through 67.0608.

§67.0601 Purpose and Intent

This Division is adopted to encourage water conservation in multi-family residential and mixed-use buildings by requiring the use of water *submeters* for individual residential units. Billing individual residential units based on the actual amount of water consumed in the unit will create a financial incentive for residents of multi-family residential units to conserve water.

§67.0602 Application

- (a) This Division applies to multi-family residential and mixed-use buildings where *submeters* have been installed to measure water consumption by individual residential units. This Division does not apply to mobile home parks or to residential units designated as affordable housing pursuant to a recorded regulatory agreement with a governmental agency.
- (b) Nothing herein shall be construed to limit or alter any existing regulations related to testing and oversight of *submeters* by the California Department of Food and Agriculture, Division of Measurement Standards.

§67.0603 Submeter Billing

- (a) Every *submeter operator* shall bill each *submetered consumer* either monthly or bi-monthly for *utility service* based on water consumption recorded by the *submeters*.
- (b) The *submeter operator* shall bill each *submetered consumer* a portion of the *fixed charges*, calculated by dividing the total *fixed charges* equally among the total number of residential units and non-residential units without *submeters*, if any, which do not receive a separate *master bill*.
- (c) The *submeter operator* shall bill each *submetered consumer* for *variable charges* at the same rate charged in the *master bill*. In the event a *submeter* reading is unavailable, the *submeter operator* shall bill the *submetered consumer* based on a reasonable estimate of water consumption.
- (d) The *submeter operator* may charge an administrative fee for the actual third party costs of reading *submeters* and providing billing services, up to a maximum of \$4.00 per *submetered consumer* per month. The maximum administrative fee shall increase by \$0.25 on January 1, 2011 and by \$0.25 every three years thereafter.
- (e) The *submeter operator* may charge a *submetered consumer* a late fee not to exceed \$10.00 per billing cycle in the event that the utility bill is not paid in full prior to the due date, which shall be no less than 19 days following the date of mailing or delivery of the bill.

- (f) This Division shall not preclude a *submeter operator* from paying some or all of the cost of *utility service* for a *submetered consumer* as an incentive to attract or retain tenants. While such an incentive is in effect, the *submeter operator* shall continue to provide each *submetered consumer* with a monthly or bi-monthly *submeter* bill pursuant to this Division, reflecting a credit for the portion of the bill paid by the *submeter operator*.

§67.0604 Contents of Submeter Bills

All utility bills prepared by a *submeter operator* pursuant to this Division must include all of the following itemized information:

- (a) The total amount due, separated into *fixed charges* and *variable charges*.
- (b) The beginning and ending *submeter* readings with the dates of the *submeter* readings.
- (c) The total amount of the *master bill*, including the total *fixed charges* and the total *variable charges*.
- (d) Any administrative fees or late fees being charged.
- (e) A statement that the bill is not from the local utility.
- (f) The name of the local utility providing the *utility services*.
- (g) Name of the entity preparing the *submeter* bill.
- (h) A toll free telephone number for inquiries and questions.
- (i) In situations where *submeter* readings cannot be obtained, a statement that the bill was estimated. In no event shall a *submeter* reading be estimated for more than three consecutive months.
- (j) The date the bill is due.

- (k) Any past due amounts.

§67.0605 Rental Agreements

All rental agreements that require tenants to pay for *utility service* in a multi-family residential building with a *submeter system* shall contain all of the following information:

- (a) A description of any administrative fees or late fees that will be assessed.
- (b) The name of the *submeter* billing provider (if any) that will be providing the *submeter* billing service as of the time the rental agreement is signed.
- (c) A specific reference to this Article.
- (d) A description of how *submeter* bills are calculated, including how *fixed charges* and *variable charges* are apportioned in pursuant to Section 67.0603.

§67.0606 Records

Submeter owners shall retain the *master bill* and copies of all *submeter* bills for at least one year after the date of the bill, and make such records available at the request of a *submetered consumer* upon three business days notice, either electronically or on paper, in addition to information about the *submeter system* that will allow the individual *consumer* to verify his or her charges. Nothing herein is intended allow a *submetered consumer* to obtain a copy of a *submeter* bill of another *submetered consumer*.

§67.0607 Violations

It is unlawful to violate any mandatory provision of this Division. Any violation that continues over more than one billing period of the *master bill* is considered a separate violation for purposes of enforcement.

Section 3. That Chapter 14, Article 7, Division 4 of the San Diego Municipal Code is amended by adding Section 147.0410. This section shall not apply to applications for development received by the City prior to the effective date of this ordinance:

§147.0410 Water Submeters

- (a) Notwithstanding Section 147.0402, water *submeters* shall be installed in the following types of *development* to provide for the measurement of the volume of water used in each *dwelling unit*:
 - (1) New *multiple dwelling units* with three or more *dwelling units*.
 - (2) Existing *multiple dwelling units* with three or more *dwelling units* where the entire interior potable water supply piping is being replaced.
 - (i) This subsection does not apply to existing *multiple dwelling units* whose individual units are served by more than one cold water riser and one hot water riser system.
- (b) Every water *submeter* shall be installed in accordance with Title 4, Division 9 of the California Code of Regulations, and such that the primary indicator or remote reader may be easily accessed and read by the occupant of the *dwelling unit*, and read by the owner or manager of the *multiple dwelling unit* without entering the *dwelling unit*.

- (c) Water *submeters* installed pursuant to this Section must be certified for use for commercial purposes pursuant to Section 12500.5 of the California Business and Professions Code, or any subsequent amendments.
- (d) For *development of dwelling units* designated as affordable housing pursuant to a recorded regulatory agreement with a governmental agency, *dwelling units* shall be pre-plumbed for water submeters. The requirement of this Section to install a water *submeter* shall only apply when a *dwelling unit* is no longer designated as affordable housing.

Section 4. That a full reading of this ordinance is dispensed with prior to its passage, a written or printed copy having been available to the City Council and the public a day prior to its passage.

Section 5. That this ordinance shall take effect and be in force on June 1, 2010 from and after its final passage.

APPROVED: JAN I. GOLDSMITH, City Attorney

By



Mark M. Mercer
Deputy City Attorney

TCZ:MMM:ca
02/04/10
04/07/10 REV.
Or.Dept: Water
O-2010-43
MMS #9248

I hereby certify that the foregoing Ordinance was passed by the Council of the City of San Diego, at this meeting of _____.

ELIZABETH S. MALAND
City Clerk

By _____
Deputy City Clerk

Approved: _____
(date)

JERRY SANDERS, Mayor

Vetoed: _____
(date)

JERRY SANDERS, Mayor