## Variance Request Form for Marina Coast Water District

$\qquad$
$\qquad$

## PART A - APPLICANT INFORMATION

Requested Variance (include District Code Section) 3.36 .030 (w) (2) (a)
Date of Submittal of Variance Request_1/3/18
Has applicant applied for the same or similar variance previously? ■YES $\mathbb{X N O} \quad \square U N K N O W N$ If YES, to above, please provide details $\qquad$

## Request:

Name of Applicant (Contact) _ Paul Tran for CHISPA, Inc.
Applicant Relationship to Owner Owner
Billing Name (if different from above)
Street/Mailing Address for Variance 295 Main St., Ste. 100 City_Salinas_State_CA Zip 93901
Street/Mailing Address for Billing (if different)__City___State__Z_Z___
Daytime Phone Number_ (831) 757-6251 x119
Fax Number_ (831) 757-8025
PART B - BASIS OF VARIANCE REQUEST

1. The strict application of the code would result in unfair or unequal treatment, undue hardship, or an emergency condition exists which requires that the variance be granted; and,
2. Granting the variance will not cause a significant adverse effect on the water supply or on service to other persons served by the district; and,
3. The variance is in the best interests of the district.

This variance request may only be based on the above conditions. Please briefly describe the basis of your request and provide documentation of need in Part C. If further space is required in the completion of this form, provide a note of such and attach supporting documentation with application.
See attached.
$\qquad$
$\qquad$
$\qquad$
$\qquad$
$\qquad$
$\qquad$
$\qquad$
$\qquad$
$\qquad$
$\qquad$

## PART C - EVIDENCE TO SUPPORT VARIANCE

Provide documentation to support you request. Documentation should concisely prove the need for a variance. Please list documents below and attach copies with your application. Original records will not be returned.
See attached.
$\qquad$
$\qquad$
$\qquad$
$\qquad$

## PART D - REQUESTED ACTION

What specific action are you requesting that the Board take?

## See attached.

$\qquad$
$\qquad$


I have contacted the owner and he has given his permission to process this application, or I am the property owner.

Applicant:
Applicant's Name: Paul Tran for CHISPA, Inc.


## PART D - GENERAL MANAGER'S RECOMMENDATION (for internal use by Marina

 Coast Water District)Having fully considered the above application for variance, I find that the Application has NOT proven by clear and convincing evidence that the requirements of Section 2.08 Variances have been met. Based on the foregoing, a VARIANCE IS NOT RECOMMENDED.
$\square \quad$ Having fully considered the above application for variance, I find that the Applicant has proven by clear and convincing evidence that the requirements of Section 2.08 Variances have been met. Based on the foregoing, a VARIANCE IS RECOMMENEDED.

This request will be on the Marina Coast Water District Board agenda currently scheduled for $\qquad$ January 22, 2018. Please call the District to confirm this date.

Explanation

$\qquad$

$\qquad$
$\qquad$
Explant
$\qquad$


Signature of District General Manager


## Junsay Oaks Variance Request

Evidence must be provided to support the following:

1) The strict application of the code would result in unfair or unequal treatment, undue hardship, or an emergency condition exists which requires that the variance be granted; AND
a. The applicant claims undue hardship that monthly water charges will be higher if the units were individually metered versus master metered. It appears accurate that the monthly service charge would go down if the individual meters were replaced by a single master meter and the master meter charge spread across all units, however, since this is a single meter serving 48 units, it is likely that its rate for water usage will be in the higher tier each month, the cost of which will likely more than offset both the savings on the monthly fixed meter charge and the annual costs to maintain the individual backflow devices. There is insufficient evidence to prove that the overall water bill and annual cost to maintain the backflow devices would be less per month per customer. Further, there is no evidence to show that the "low income housing" tenants have financial hardships that significantly differ from those in the wider community in paying their monthly water bill as a result of this Ordinance.
b. The Applicant draws MCWD's attention to new state law that requires each new water service to be measured and permits the measurement to be by individual meters or submeters, as defined. MCWD is aware of the new law that permits submetering, which would be installed, owned, operated, and maintained by the Owner of this new development. MCWD's Ordinance does not discuss submetering, but instead requires "Newly Constructed Multi-Family dwelling units...will be metered individually", which is different than submetering as the individual meters are MCWD supplied, owned, and maintained. The new law exempts low income housing, but this new law does not preclude MCWD from continuing to enforce its current Ordinance. The applicant claims the new law exempts low income housing because "California has recognized that metering costs place an undue burden on low-income housing"; however, there is no supporting evidence provided to support this claim which appears to be the interpretation of the applicant. MCWD is unconvinced that the Ordinance requiring all newly constructed multifamily dwelling units to be metered individually, whether the housing be low income or not, is an "undue burden" on the tenants of low-income housing and there is no evidence provided that new laws or statements made by the State have made this conclusion.
2) Granting the variance will not cause a significant adverse effect on the water supply or on service to other persons served by the district; AND
a. The evidence provided is convincing that this will not cause a significant adverse effect on the WATER SUPPLY or on SERVICE TO OTHER PERSONS served by the District.
3) The variance is in the best interest of the District.
a. MCWD is convinced that the new law permitting submetering could achieve the same outcome in terms of gaining measurement on water use where it historically was not or could not be tracked, but presents new issues if it is intended to replace individual metering in terms of access to meters, management of meter maintenance, quality control of Owner supplied materials, ability to shutoff individual units without affecting other units, conflicts over discrepancy in reads from the Master meter and the submeters, and enabling direct customer relationship and support to the District. The applicant contemplates a license agreement to allow "unfettered access" to the meters and a recorded agreement to address these concerns. The license and recorded agreement may be sufficient to address all of the above concerns and would serve as evidence of that fact, and the applicant has generally recognized some provisions that must be included in an agreement, but until that has been completed, the evidence is lacking that this is in the best interest of the District.
b. There is no evidence to show that this request is significantly different and unique from past variance requests seeking approval to not have to individually meter (or potential future requests for similar type projects). The only difference offered in this application is that the project is "low income". The District is convinced approval of this variance based on the evidence provided will impair the District's ability to consistently apply its Ordinance for individual meters and this approval may result in complaints and reconsideration from past "rejected" variances that the District has treated them "unfairly". MCWD is unconvinced with the evidence provided that this request is in the best interest of the District in preserving the Districts integrity and ability to implement its Ordinances.
c. The applicant claims this is in the best interest of the District because it would have less infrastructure to own and maintain. The evidence is unconvincing that it is better to have the District rely on the owners' infrastructure (meters, pipes, valves, etc.) which would be installed, operated, and maintained by the owner instead of the District owning and maintaining its own infrastructure, a practice that is consistent with District standards for quality of material, installation, and maintenance management practices District-wide.

I recommend that conditional approval of the variance be granted. It is granted on the condition that 1) the applicant provide sufficient supporting evidence that low income housing tenant's (customers) will suffer "undue hardship" as a result of the Ordinance; AND, 2) the MCWD Board approves the necessary Agreement(s) that addresses all the District's issues and concerns over submetering in a way that this can be determined to be in the best interest of the District preserving the Districts integrity and ability to consistently implement its Ordinances. The District recognizes that there may not be agreement(s) and sufficient evidence acceptable to the District that meets the conditions required for a variance to be granted. At this point, I am not recommending denying the variance request to provide the applicant an additional opportunity to resolve these issues because I believe it may be possible, but is simply not supported in this request. If the conditions have not been met sooner, it is recommended that this conditional approval expire following the regular Board Meeting on April 16, 2018.

## Variance Request <br> Junsay Oaks <br> CHISPA, Inc.

## PART B - BASIS OF VARIANCE REQUEST

CHISPA is requesting a variance to MCWD Water Code section 3.36.030. W. Metering. 2. New Construction. a. that states "Newly constructed multi-family dwelling units, including condominiums, and detached dwelling units will be metered individually ...."

Finding 1. The strict application of the code would result in undue hardship for Iow income housing.

Finding 1 may be made because the strict application of the MCWD Water Code in this case creates an undue hardship for low-income tenants who would face higher than needed costs and utility bills. The intent of the MCWD Water Code can be met by a reasonable alternative to strict application of the Code.

## Undue Hardship:

CHISPA asks the Marina Coast Water District (MCWD) determine that the strict application of MCWD Water Code Chapter 3.36.030.W Metering to CHISPA's Junsay Oaks Project would result in undue hardship for the families who need low-income housing.

MCWD's determination should be informed by new State law that took effect January 1, 2018. California Water Code sections 537-537.5 were adopted in 2016, to take effect January 1,2018 . These sections generally adopt statewide the metering policy for water conservation that MCWD adopted some years ago, with some significant differences. Section 537.1 provides that,
"(a) Each water purveyor that sells, leases, rents, furnishes, or delivers water service to a newly constructed multiunit residential structure or newly constructed mixed-use residential and commercial structure for which an application for a water connection, or more than one connection, is submitted after January 1 , 2018, shall require a measurement of the quantity of water supplied to each individual residential dwelling unit as a condition of new water service. The measurement may be by individual water meters or submeters. (Emphasis added)
(b) Unless the water purveyor or local government is operating under an ordinance or regulation requiring individual metering, the owner shall be required to install and read submeters, unless the water purveyor agrees to install and read individual meters."

Thus, state law recognizes submeters as a valid means of measuring water use to multiunit residential structures

More significantly, the new law provides in section 537 that, "(a) The structures in all of the following categories shall be exempt from this article:
(1) Low-income housing. (Emphasis added).

The State of California has recognized that metering costs place an undue burden on low-income housing. The new law completely exempts low-income housing from the state law, leaving to local jurisdictions the option to continue enforcing pre-existing ordinances adopted prior to January 1, 2013.

The Junsay Oaks project consists of 47 one-bedroom one-bath apartments leased to low income seniors. The project also includes a community room and tenant laundry room. Forty-eight individual MCWD meters with backflow prevention devices for each individual apartment (as well as the community and laundry room) would add substantial construction, maintenance, and administration costs for low-income housing.

Forty-eight individual back-flow devices (including excavation, installation of saddle, tubing, meter setter, pipe, fittings, appurtenances and trench backfilling) would add approximately $\$ 226,999$ to the cost of the project. The difference in monthly water charges, would be about $\$ 20$ per unit ( $\$ 960$ total), the difference between $\$ 21.71 /$ month fixed rate cost per resident for 48 meters compared to one 2" meter for the property resulting in $\$ 1.75 /$ month per user. The additional cost would be an undue hardship on the low-income residents.

## Meeting the Intent of the MCWD Water Code:

Consistent with the new state law, the intent of MCWD's Water Code can be met in a way that relieves the undue burden on low-income housing residents.

The Junsay Oaks development can be serviced by one master MCWD meter and one backflow prevention device at De Forest Rd. along with 48 private sub-meters on the exterior of the building to allocate and track the actual water use and cost to individual apartments, and thereby meet the intent of the MCWD Code of 1 meter for each dwelling unit. Sub-meters will be located in exterior cabinets for ease of access to CHISPA and district staff. Unfettered access will be provided to MCWD staff by virtue of a license. Sub-meters could also be capable of remote reading for ease of data collection. Sub-meters will be maintained by CHISPA. A recorded agreement between

MCWD and CHISPA will provide terms and conditions to enforce the intent of MCWD's water conservation and operational objectives. The intent of MCWD's current standard . A recorded agreement would contain the following provisions, and others that may be identified by MCWD and CHISPA in drafting the agreement:

- MCWD right of access to each submeter to permit inspection and review of each sub-meter.
- Schedule for the project owner to supply submeter reading data to MCWD
- Schedule for the project owner to test and recertify the submeters.
- MCWD option to assume ownership and control of the sub-meters in the event the project owner fails, after reasonable notice and opportunity to be heard, to comply with the terms of the recorded Agreement.
- Remedy and process for MCWD in the event the project owner fails to pay its full water charges.
- Schedule for MCWD representatives to meet with project tenants as a group.

Finding 2. Granting the variance will not cause a significant adverse effect on the water supply or on service to the other persons served by the District.

The City of Marina has accepted the projects water use estimate prepared within the adopted environmental assessment and entitlement for the project. The project will not require more water than the estimate provided and accepted by the City of Marina whether the variance is accepted or rejected by the MCWD. Since CHISPA owns and manages other affordable senior apartments in the area, we have found that seniors use less water than the average user. Water consumption will not change with the approval of this variance. Moreover, private sub-metering is proposed, so there is still a means to check water use on an individual unit basis. This meets the intent of the MCWD individual meter requirement (water conservation), even though the project is exempt by state law.

Irrigation use will be with a standard meter and backflow prevention device as a separate connection to the public main at De Forest Rd, consistent with district policy.

Regular tenant (noticed) meetings (with CHISPA and MCWD conservation staff) will be conducted annually to review water consumption and provide water conservation measures. Water consumption reports will be provided to the tenants every six months illustrating how their water consumption compares to the average user in the apartment building to encourage water conservation. Tenants who conserve water will be rewarded by property management. Tenant contact information for each unit/sub-meter will be provided to District staff if requested to provide a mechanism for direct MCWD correspondence to the tenant.

Remedies for not meeting with tenants or paying the water bill could include notices from the District and administrative fines.

MCWD placed significant weight in considering Mid Pen Housing's previous University Villages project on the potential for the housing to be converted to private, unrestricted residential use. Section 537(a)(1) of the new state law has a different focus:
(1) Low-income housing. For purposes of this paragraph, "low-income housing" means a residential building financed with low-income housing tax credits, taxexempt mortgage revenue bonds, general obligation bonds, or local, state, or federal loans or grants, for which the rents of the occupants in lower income households, as defined in Section 50079.5 of the Health and Safety Code, do not exceed rents prescribed by deed restrictions or regulatory agreements pursuant to the terms of the financing or financial assistance, and for which not less than 90 percent of the dwelling units within the building are designated for occupancy by lower income households, as defined in Section 50079.5 of the Health and Safety Code.

The financing and development approvals for the Junsay Oaks project will meet the requirements of section 537 (a)(1) and will require the project to be used for low-income senior housing for not less than 55 years. CHISPA will own and operate the Junsay Oaks Senior Apartments post construction. Also, CHISPA expects that in implementing the variance, the proposed conditions utilized for the project will allow it to meet all intended purposes of the MCWD Water Code, and exceed State law. There will not be an adverse effect on the water supply or on service to other persons served by the District.

Finding 2 can be made because granting of the variance will not cause a significant adverse effect on the water supply or on service to other persons served by the District since the project will not require more water than the estimate provided and accepted by the City of Marina. Additionally, water consumption will be monitored and will not change.

Finding 3. The variance is in the best interest of the District.
The variance is in the best interest of the District because it will decrease the infrastructure owned by MCWD and the obligation to maintain the infrastructure, while providing the enforceable right through a recorded agreement with conditions and restrictions for MCWD to assume control of elements of the Junsay Oaks water infrastructure if necessary to enforce and meet the intent of the MCWD Code.

Allowing one master meter and backflow prevention device at De Forest Rd. substantially decreases the infrastructure owned by the District.

Additionally, allowing one master meter and backflow prevention device (BFP) at De Forest Rd compared to 48 separate meters and BFPs will result in an efficient use of a tight, steep, and constricted parcel, less infrastructure for the District to own and maintain, as well as less administrative costs.

A reduced pressure backflow prevention device will be installed immediately downstream of the MCWD water meter at the De Forest Rd right-of-way. This will mark the end of MCWD infrastructure and will provide protection of the public water system from the private uses.

The terms and conditions in a recorded agreement will establish the requirements and guidelines for this type of low-income project, so that all low-income housing applicants may be treated fairly and relieved of hardship under state law and the MCWD Code.

Finding 3 can be made because the variance is in the best interest of the District. There will be less infrastructure for the district to own and maintain while meeting the intent of the current law and providing an equal and safe water system to its customers.

## PART C - EVIDENCE TO SUPPORT VARIANCE

- Exhibit A - Site plan showing the MCWD meter and private sub-meter locations
- Exhibit B - Sections 537-537.5 of the California Water Code


## PART D - REQUESTED ACTION

CHISPA requests that the MCWD Board of Directors instruct MCWD staff to disregard district Water Code section 3.36.030. W. Metering. 2. New Construction. a. for the Junsay Oaks Senior Apartment project so that the project would be allowed to have one master MCWD meter and one backflow prevention device at De Forest Road and 48 private sub-meters within 2 exterior cabinets on the proposed building.





Califanmia
LEGISLATIVE INFORMATION


## WATER CODE - WAT <br> DIVISION 1. GENERAL STATE POWERS OVER WATER [100-540] (Division 1 enacted by Stats. 1943, Ch. 368.) CHAPTER 8. Water Measurement [500-537.5] (Chapter 8 added by Stats. 1991, Ch. 407, Sec. 2.)

ARTICLE 5. Multiunit Structures [537-537.5] (Article 5 added by Stats. 2016, Ch. 623, Sec. 5. )
537. (a) The structures in all of the following categories shall be exempt from this article:
(1) Low-income housing. For purposes of this paragraph, "low-income housing" means a residential building financed with low-income housing tax credits, tax-exempt mortgage revenue bonds, general obligation bonds, or local, state, or federal loans or grants, for which the rents of the occupants in lower income households, as defined in Section 50079.5 of the Health and Safety Code, do not exceed rents prescribed by deed restrictions or regulatory agreements pursuant to the terms of the financing or financial assistance, and for which not less than 90 percent of the dwelling units within the building are designated for occupancy by lower income households, as defined in Section 50079.5 of the Health and Safety Code.
(2) Housing at a place of education, as defined in Section 202 of the California Building Standards Code (Title 24 of the California Code of Regulations).
(3) Long-term health care facilities, as defined in Section 1418 of the Health and Safety Code.
(4) Time-share property, as defined in subdivision (aa) of Section 11212 of the Business and Professions Code.
(5) Residential care facilities for the elderly, as defined in Section 1569.2 of the Health and Safety Code.
(b) A submeter used to measure water supplied to an individual residential unit that is required pursuant to this chapter shall be of a type approved pursuant to Section 12500.5 of the Business and Professions Code, and shall be installed and operated in compliance with regulations established pursuant to Section 12107 of the Business and Professions Code.
(Added by Stats. 2016, Ch. 623, Sec. 5. Effective January 1, 2017. Section operative January 1, 2018, pursuant to Section 537.5.)
537.1. (a) Each water purveyor that sells, leases, rents, furnishes, or delivers water service to a newly constructed multiunit residential structure or newly constructed mixed-use residential and commercial structure for which an application for a water connection, or more than one connection, is submitted after January 1, 2018, shall require a measurement of the quantity of water supplied to each individual residential dwelling unit as a condition of new water service. The measurement may be by individual water meters or submeters.
(b) Unless the water purveyor or local government is operating under an ordinance or regulation requiring individual metering, the owner shall be required to install and read submeters, unless the water purveyor agrees to install and read individual meters.
(c) (1) The owner of the structure shall install submeters that comply with all laws and regulations governing the approval of submeter types or the installation, maintenance, reading, billing, and testing of submeters, including, but not limited to, the California Plumbing Code.
(2) This subdivision does not require a water purveyor to fund or assume responsibility for ensuring compliance with any law or regulation governing the approval of submeter types or the installation, maintenance, reading, billing, and testing of submeters and associated onsite plumbing.
(3) Installation of submeters shall be performed by one of the following:
(A) A contractor licensed by the Contractors' State License Board who employs at least one journey person who has graduated from a state-approved apprenticeship program.
(B) A registered service agency that has registered with the Department of Food and Agriculture.
(d) A water purveyor shall not impose an additional capacity or connection fee or charge for a submeter that is installed by the owner, or his or her agent.
(e) This section shall remain operative until the date on which the California Building Standards Commission includes standards in the California Building Standards Code that conform to this article.
(Added by Stats. 2016, Ch. 623, Sec. 5. Effective January 1, 2017. Section operative January 1, 2018, pursuant to Section 537.5. Inoperative on date prescribed by its own provisions.)
537.2. (a) A final occupancy permit for a building shall not be denied by a local building official if water submeters or meters have not been installed for each residential unit as required by this chapter if the building owner can demonstrate either of the following:
(1) Water submeters have been ordered and were delayed by the manufacturer.
(2) Water submeters for the building were submitted to a county sealer and are awaiting approval for use.
(b) After issuance of the occupancy permit, the owner shall demonstrate that the submeters are installed in the building within 120 days of approval by the county sealer.
(Added by Stats. 2016, Ch. 623, Sec. 5. Effective January 1, 2017. Section operative January 1, 2018, pursuant to Section 537.5.)
537.3. (a) This article does not preclude or preempt an ordinance or regulation that regulates the approval of submeter types or the installation, maintenance, reading, billing, or testing of submeters and associated onsite plumbing if the ordinance or regulation was adopted prior to January 1, 2013.
(b) It is the intent of the Legislature to preclude the adoption, and preempt the operation, of an ordinance or regulation adopted after January 1, 2013, that regulates the types of approved submeters, their installation, maintenance, reading, billing, and testing, and associated onsite plumbing.
(c) This article does not restrict the existing authority of a water purveyor, city, county, city and county, or other local agency to adopt and implement a program to promote water conservation that includes the installation of water meters and submeters, as required pursuant to subdivision (a) of Section 537.1, if the program is at least as stringent as the requirements of this article.
(Added by Stats. 2016, Ch. 623, Sec. 5. Effective January 1, 2017. Section operative January 1, 2018, pursuant to Section 537.5.)
537.4. It is the intent of the Legislature that this article should not be construed to impose costs on any local government agency, except to the extent that the local government agency is a water purveyor.
(Added by Stats. 2016, Ch. 623, Sec. 5. Effective January 1, 2017. Section operative January 1, 2018, pursuant to Section 537.5.)
537.5. This article shall become operative on January 1, 2018.
(Added by Stats. 2016, Ch. 623, Sec. 5. Effective January 1, 2017. Note: Delayed operative applies to Article 5, commencing with Section 537.)

