ITEM: ACTION ITEM

11. CONSIDER ADOPTION OF RESOLUTION NO. 2026-11 – ESTABLISH A TIME-LIMITED MULTI-FAMILY RESIDENTIAL SITES COMMON LAUNDRY ROOM AMNESTY AND REBATE PROGRAM

Meeting Date:	**October 19, 2026**	**Budgeted:**	**Yes**
From:	**David J. Stoldt, General Manager**	**Program/ Line Item No.:**	**Water Conservation and Rebates**
Prepared By:	**Mollie Wooden**	**Cost Estimate:**	**$535,500 over two years**

General Counsel Review: To be completed
Committee Recommendation: The Water Demand Committee reviewed this item on October 1, 2026, and recommended approval. The Finance and Administration Committee reviewed this item on October 12, 2026, and recommended approval.
CEQA Compliance: This action does not constitute a project as defined by the California Environmental Quality Act Guidelines section 15378.

SUMMARY: Ordinance No. 178, adopted in 2017, required Multi-Family Residential Sites and Common Interest Developments with four or more Dwelling Units to meet specified water-efficiency standards by January 1, 2019, including a requirement for High Efficiency Clothes Washers (HEWs) in Common Laundry Rooms. Common Laundry Rooms provide excellent opportunities for water conservation because the frequency of use for each Clothes Washer is much greater than in-home machines. Most older coin-operated Clothes Washers have a Water Factor rating of 12 to 14, using 35-45 gallons per load. Newer water efficiency models have a Water Factor rating of 4.3 or less, using less than 18 gallons per load.

Staff selected the City of Monterey as the first Jurisdiction for focused inspection and enforcement of the requirements. Of 370 known Multi-Family Residential Sites, 219 were inspected and 71 failed. Sixty-five Sites had a noncompliant Clothes Washer: Fifty-two of those were owner-owned, and the remainder were rented through a third party.

Measure	Result
Known Multi-Family Residential Sites	370
Sites inspected	219
Sites that failed inspection	71
Sites that failed for a noncompliant HEW	65
Owner-owned noncompliant Clothes Washers	52

The District's goal is to achieve compliance with water conservation requirements while ensuring that required retrofits are completed and water savings are realized. Under the District's standard enforcement process, a Notice of Non-Compliance is recorded on the property title after repeated written notifications to the property owner. Once recorded, the Notice remains in place until the property changes ownership, the owner applies for a Water Permit, or the District takes further legal action to achieve compliance. Rather than relying solely on enforcement measures that may not result in completed retrofits or water savings, staff has determined that offering compliance incentives through Rebates would be a more effective approach to encouraging property owners to complete the required retrofits and achieving the intended water savings.

It should be noted that, when Ordinance No. 178 was adopted, letters were mailed to Multi-Family Residential Site property owners and managers outlining the requirements and compliance deadline. The letters also provided information about available Rebate opportunities, including $1,000 Rebate per Clothes Washer. These were offered through the compliance deadline. Rebates are no longer available once a retrofit becomes mandatory, which these did in 2019.

Staff recommend support for a time-limited Multi-Family Residential Sites Common Laundry Room Amnesty and Rebate Program to achieve the required retrofits and realize real water savings.

DISCUSSION: Staff propose a time-limited amnesty and rebate program providing a $750 Rebate per qualifying HEW, limited to four Clothes Washers per Site.

Sites with more than 4 Clothes Washers may request additional Rebates for additional qualifying Clothes Washers, subject to General Manager approval. Approval is necessary to ensure not one site monopolizes a majority of the funding. Along with General Manager approval the Applicant shall agree to have a deed restriction recorded on the title of the property allowing public access to water use records prior to issuance of a Rebate and would be subject to fees for deed preparation, review and recordation for the Applicant as applicable. This deed restriction would allow Staff to monitor reduced consumption directly related to this program. Correcting the 65 known HEW failures in the City of Monterey would reduce consumption by approximately 50% per load of laundry.

The Board has previously authorized a highly successful Amnesty Program that resulted in closure of 84 percent of non-compliant Water Permits. Resolution No. 2024-13 authorized a one-time amnesty through September 30, 2025, for a defined class of older open Water Permits. It temporarily suspended selected applications, Capacity Fee, plan-stamping, water-use calculation, and enforcement-fee rules so owners could close permits that might otherwise remain open indefinitely.

The proposed time-limited Common Laundry Room Amnesty and Rebate Program would follow the basic structure of Resolution No. 2024-13 by defining an eligible class, setting a fixed deadline, temporarily waiving specified charges, and requiring compliance as a condition of relief. Unlike Resolution No. 2024-13, this program would help fund physical retrofits. Staff are proposing a $750 rebate based on the following criteria: Enrollment would close December 31, 2028, subject to availability of funds, with early termination if the program materially affects availability of other Rebates.

Program Element	Proposed Requirement
Eligible Site	A Multi-Family Residential Site or Common Interest Development with four or more Dwelling Units and a noncompliant Clothes Washer in a Common Laundry Room. Property should be served by California American Water (Cal-Am).
Eligible Applicant	The property owner or an Applicant with written authorization from the current property owner or property manager, consistent with Rule 141-E-4. (See below)
Rebate	$750 per qualifying HEW, limited to four Clothes Washers per Site. An additional Rebate(s) may be available given General Manager approval and deed restriction. Rebate shall not exceed the actual cost of the appliance.
Amnesty	Waiver of designated lien-removal, reinspection, or administrative charges arising from the disclosed Clothes Washer violation. Qualification for Rebate for mandatory retrofit.
Payment	Installation documentation and a passing final District inspection of the entire Site is required before payment.
Funding	Budgeted funds for Rebate program. First come, first served subject to available funds through Cal-Am's 2027-29 General Rate Case. Monitor for impact on availability of Rebates for other devices and consider closing program if needed. Rebates for non-Cal-Am customers are available from District funds.

FISCAL IMPACT

The City of Monterey trial provides the basis for estimating District-wide costs for a time-limited Common Laundry Room Amnesty and Rebate Program. Of approximately 1,700 Multi-Family Residential Sites, staff assume 70 percent, or 1,190 Sites, will be inspected. At a projected 30 percent HEW failure rate, 357 Sites may qualify. With an average of two Clothes Washers per Site and a $750 Rebate, the projected two-year cost is $535,500, or $267,750 per year if every eligible Site applied.

Planning Assumption	Amount
Estimated Multi-Family Residential Sites in the District	1,700
Expected inspection participation	70%
Expected inspections	1,190
Projected HEW failure rate	30%
Projected eligible Sites	357
Average Clothes Washers per Site	2
Projected Rebates	714
Rebate amount	$750
Two-year projected cost	$535,500
Average annual cost	$267,750

Rebates for eligible Sites served by Cal-Am would be funded through Cal-Am's $1.1 million, three-year conservation budget.

Rebates for eligible Sites within the District that are not served by Cal-Am would be funded through the District's separate Rebate budget. If needed, staff may propose a budget increase during the mid-year budget review.

Staff anticipates that the proposed program can be funded within the existing Cal-Am and District Rebate budgets. Participation in the existing Rebate Program has declined as more Sites are equipped with efficient appliances. Ordinance No. 201 also reduced the amounts offered for several Rebates. These trends are expected to reduce overall Rebate expenditures, leaving funds available to support the proposed program.

PROGRAM CONTROLS

- Staff shall confirm Cal-Am reimbursement before implementing the program. Funding for non-Cal-Am customers will be from the District budget for Rebates. Rebates will be issued after verification of compliance and after funding is received from Cal-Am.

- Limit each Site to four HEWs per Site unless Applicant obtains General Manager approval and agrees to have a deed restriction recorded on the title of the property allowing public access to water use records prior to issuance of a Rebate. Rebate is not more than actual eligible cost.

- Report enrollment, inspections, HEWs installed, funds reserved, funds paid, and estimated water savings to the Board periodically.

- Analyze reports when program reaches 50% of anticipated Rebate funds allocated to establish the effect on the rest of the Rebate program.

- Seek Board approval for early termination if the program materially affects other Rebates.

RECOMMENDATION: The Finance and Administration Committee recommends that the Board adopt a Common Laundry Room Amnesty and Rebate Program and Resolution 2026-11. The Rebate would be a maximum of $750 per qualifying HEW limited to four HEWs per Site unless Site obtains General Manager approval and deed restriction for any additional Rebate and the Rebate is not more than actual eligible cost with applications due December 31, 2028.

EXHIBIT

11-A Draft Resolution No. 2026-11

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