



## MEMORANDUM

**TO: CITY COUNCIL**

**FROM: GEOFF ENGLISH, PUBLIC WORKS DIRECTOR**

**SUBJECT: CONSIDERATION OF ADOPTION OF A RESOLUTION REVISING THE STAGE 1 WATER EMERGENCY REGULATIONS TO INCREASE MANDATORY CONSERVATION FOR DEDICATED IRRIGATION METERS**

**DATE: OCTOBER 25, 2016**

### **RECOMMENDATION:**

It is recommended the City Council adopt a Resolution revising the Stage 1 water emergency restrictions to increase mandatory conservation for dedicated irrigation meters from 25% to 50%.

### **IMPACT ON FINANCIAL AND PERSONNEL RESOURCES:**

An undetermined amount of staff time will be expended notifying and responding to water customers with dedicated irrigation meters.

### **BACKGROUND:**

The City of Arroyo Grande continues to experience historic drought conditions. The drought conditions have negatively impacted the City's water supply and have necessitated State-wide water conservation requirements. The City Council has responded to the drought conditions and water supply reductions by implementing the City's Water Shortage Contingency Plan as outlined in the City's Urban Water Management Plan. The response has also included mandatory water use reductions on Arroyo Grande water customers.

On February 24, 2015, the City Council adopted Ordinance No. 669 establishing an emergency Water Shortage Contingency Plan by adding Chapter 13.07 to the Arroyo Grande Municipal Code ("AGMC") providing for Emergency Water Shortage Restrictions and Regulations, to be put in place in case mandatory water use restrictions became necessary to meet water demand and to address any potential negative impacts on the City's water supply. The Ordinance included two methodologies based upon two stages of water shortage emergency:

#### Stage 1 Water Shortage Emergency

A Stage 1 Water Shortage Emergency shall be declared when there have been impacts to the City's water supply and/or it has been determined that it is imminent that the water supply will be less than projected demand. All customers will then be required to reduce water usage by a percentage compared to the same billing period in a specified prior year, which will be established by Resolution. The amount of mandatory water use

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reduction established by the Resolution may be increased or decreased by adopting another Resolution as supply and demand conditions change.

#### Stage 2 Water Shortage Emergencies

A Stage 2 Water Shortage Emergency shall be declared when it has been determined that it is imminent that the water supply is or will be equal to or less than amounts determined necessary to meet basic minimum household health and safety requirements. Therefore, the purpose of Stage 2 requirements is to limit water usage to the minimum amount necessary for public health since the City will likely need to make arrangements for some type of emergency water supply deliveries.

On May 26, 2015, pursuant to the provisions in AGMC Section 13.07.030 and after holding a noticed public hearing in accordance with the requirements of Water Code Section 350, the City Council adopted Resolution 4659 declaring a Stage 1 Water Shortage Emergency and implementing reductions in water usage based upon historical use. The Stage 1 Water Shortage Emergency, as established by Resolution of the City Council, has been implemented and is being enforced. The actions by the City Council were enacted due to local water supply concerns and due to State of California mandated water conservation requirements for water purveyors.

On October 11, 2016, in response to the continued drought conditions and the need for additional water saving measures, the City Council, among other actions, directed City staff to bring back a Resolution increasing the mandatory water reduction for customers with dedicated irrigation meters from 25% to 50%.

#### **ANALYSIS OF ISSUES:**

The City's long term water supply continues to be of concern as the drought endures and the two primary water sources, Lopez Reservoir (Lopez) and groundwater, are diminishing. The extended drought has resulted in a reduction in deliveries of Lopez water. In anticipation of the Lopez Reservoir reaching the 10,000 Acre Foot (AF) level, in April of 2016, staff proactively reduced deliveries by 20 percent of the City's annual allotment. Additionally, the ongoing drought has negatively impacted groundwater levels. Based on current assumptions, the City's water supply is sufficient to meet the anticipated demand through April 1, 2018, however water supplies beyond that date are uncertain and measures taken now to reduce the City's water demand will assist in extending this limited water supply.

One way to achieve near-term water savings is to increase the mandatory water conservation requirement for dedicated irrigation meters. Resolution 4659, adopted on May 26, 2015, declared a Stage 1 Water Shortage Emergency and implemented reductions in water usage based upon historical use. The Resolution included an additional mandate that dedicated irrigation meters reduce water use by 25%. As a

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result, dedicated irrigation meter water use has been reduced overall by approximately 24% since the period of July 1, 2014 through June 30, 2015.

While water use from dedicated irrigation meters has been reduced, field observations indicate that a significant amount of turf remains in landscape and parkway medians in the City. Based on current water use statistics, an increase from 25% to 50% mandatory water use reductions would generate a savings of approximately 40 Acre Feet of water per year. This action will most likely result in the browning of landscaping in the targeted areas as well as the potential removal of some landscaping areas. The action will most likely also generate increased customer contact with City staff about the mandatory reduction, including but not limited to waivers of the mandate, requests for water audits and complaints.

Based on this information and the important need to further reduce water consumption, the City Council directed staff to bring back a Resolution for consideration that would amend the existing Stage 1 Water Shortage Emergency to increase the mandatory water reduction for customers with dedicated irrigation meters from 25% to 50%.

**ALTERNATIVES:**

The following alternatives are provided for the Council's consideration:

1. Approve the recommendation to adopt a Resolution revising the Stage 1 water emergency restrictions to increase mandatory conservation for dedicated irrigation meters from 25% to 50%;
2. Reduce or increase the amount of mandatory conservation required for dedicated irrigation meters;
3. Do not adopt the draft resolution and take no action at this time;
4. Provide other direction to staff.

**ENVIRONMENTAL REVIEW:**

No environmental review is required for this item.

**PUBLIC NOTIFICATION AND COMMENTS:**

The Agenda was posted at City Hall and on the City's website in accordance with Government Code Section 54954.2.

**RESOLUTION NO.**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ARROYO GRANDE AMENDING EXHIBIT A OF RESOLUTION 4659 RELATING TO REQUIRED REDUCTIONS FOR DEDICATED IRRIGATION METERS DURING THE DECLARED STAGE 1 WATER SHORTAGE EMERGENCY**

**WHEREAS**, on February 24, 2015 the City Council of the City of Arroyo Grande adopted Ordinance 669, adding Chapter 13.07 to the Arroyo Grande Municipal Code relating to Emergency Water Shortage Restrictions and Regulations; and

**WHEREAS**, in accordance with the provisions in AGMC Section 13.07.030 and after holding a noticed public hearing in accordance with the requirements of Water Code Section 350, et seq., on May 26, 2015 the City Council adopted Resolution 4659 declaring a Stage 1 Water Shortage Emergency and implementing reductions in water usage based upon Historical Use, and mandatory penalties for failing to meet water use requirements as set forth in Exhibit A of that Resolution; and

**WHEREAS**, on April 1, 2015, the Governor issued an Executive Order directing the imposition of restrictions on water suppliers to achieve a statewide 25 percent reduction in potable urban water usage through February 2016, and the implementing regulations adopted by the State Water Board mandated that the City of Arroyo Grande reduce its total potable water production by 28 percent for each month as compared to the amount of water used in the same month in 2013; and

**WHEREAS**, the City of Arroyo Grande has a limited water supply that consists of two primary sources: Lake Lopez and groundwater. The reservoir level at Lake Lopez was not significantly replenished during the 2015-16 rainy season and continues to decline, and there continue to be significant concerns regarding groundwater pumping and the potential for seawater intrusion; and

**WHEREAS**, given the continuing concerns regarding the City's limited water supply, the City Council has determined that requiring further reductions in water use by commercial customers with irrigation meters is necessary and appropriate.

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of Arroyo Grande does resolve, declare, determine, and order as follows

**SECTION 1.** The foregoing Recitals are true and correct and are incorporated herein.

**SECTION 2.** The City Council hereby adopts the attached amended Exhibit A, which amends Exhibit A of Resolution 4659, and is attached hereto and incorporated herein by reference. The amended Exhibit A sets forth required reductions by commercial

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customers with irrigations meters, increasing the required reduction from 25% to 50%. Commercial customers shall be subject to mandatory penalties for failing to meet required water use reductions, as provided in Exhibit A.

**SECTION 3.** All other water conservation rules, regulations, restrictions, definitions, enforcement procedures, violation provisions and appeal procedures, including but not limited to those contained in Arroyo Grande Municipal Code Section 13.05.030, shall remain in full force and effect.

**SECTION 4.** The adoption of this Resolution amending Exhibit A to Resolution 4659 is categorically exempt from the California Environmental Quality Act ("CEQA") pursuant to 15307 of the State CEQA Guidelines (Actions by Regulatory Agencies for Protection of Natural Resources.)

**SECTION 5.** If any section, subsection, sentence, clause, or phrase of this Resolution is for any reason held to be invalid, such determination shall not affect the validity of the remaining portions of this Resolution. The City Council hereby declares that it would have passed this Resolution and each and every section, subsection, sentence, clause, or phrase not declared invalid without regard to whether any portion of the Resolution would be subsequently declared invalid or unconstitutional.

**SECTION 6.** The restrictions and regulations adopted by Resolution 4659, and as amended herein, shall remain in effect for the duration of the Stage 1 Water Shortage Emergency, and until rescinded or modified by the City Council. This Resolution shall be effective immediately upon its adoption.

On motion of Council Member \_\_\_\_\_, seconded by Council Member \_\_\_\_\_,  
and by the following roll call vote, to wit:

**AYES:**  
**NOES:**  
**ABSENT:**

the foregoing Resolution was passed and adopted this \_\_\_\_\_ day of \_\_\_\_\_ 2016.

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**JIM HILL, MAYOR**

**ATTEST:**

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**KELLY WETMORE, CITY CLERK**

**APPROVED AS TO CONTENT:**

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**ROBERT MCFALL, INTERIM CITY MANAGER**

**APPROVED AS TO FORM:**

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**HEATHER K. WHITHAM, CITY ATTORNEY**

**EXHIBIT "A"**

**CITY OF ARROYO GRANDE RESOLUTION \_\_\_\_\_**

**RESOLUTION \_\_\_\_\_ AMENDING EXHIBIT A OF RESOLUTION 4659, WHICH  
DECLARED A STAGE 1 WATER SHORTAGE EMERGENCY, RELATING TO  
DEDICATED IRRIGATION METERS**

**A. ASSIGNMENT OF BASELINE WATER AMOUNT BASED UPON HISTORICAL  
USE**

All residential customers and commercial customers with irrigation meters will be assigned a Baseline Water Amount based upon their Historical Use, as further set forth herein. Except when adjusted in accordance with the provisions contained in Arroyo Grande Municipal Code Section 13.07.070 A or B, the Baseline Water Amount shall be based upon the amount of water used during the same billing period of the previous year prior to the adoption of- Resolution 4659.

**B. COMMERCIAL CUSTOMERS**

All commercial customers with irrigation meter accounts shall reduce water use by ~~50~~25% from the amount of usage of the assigned Baseline Water Amount. Failure to reduce water use by this required percentage shall result in the imposition of the mandatory financial penalties contained in Subsection D, herein.

**C. REQUIRED RESIDENTIAL CUSTOMER WATER REDUCTIONS**

1. Except for customers whose bi-monthly Baseline Water Amount is 10 units or less, residential customers in Tier 1 (bi-monthly usage of 0 to 18 units) shall be required to reduce consumption by 10% from the amount of usage of the assigned Baseline Water Amount. Customers whose bi-monthly use is 10 units or less shall not increase their usage above the amount of their assigned Baseline Water Amount.
2. All residential customers in Tier 2 (bi-monthly usage of 19 to 36 units) shall be required to reduce consumption by 20% from the amount of usage of the assigned Baseline Water Amount.
3. All residential Customers in Tier 3 (bi-monthly usage of 37 units or more) shall be required to reduce consumption 30% from the amount of usage of the assigned Baseline Water Amount.

Failure to reduce water use by the required percentage shall result in the imposition of the mandatory financial penalties contained in Subsection D, herein. No penalties shall be imposed on customers whose bi-monthly Baseline Water Amount is 10 units or less.

In accordance with Arroyo Grande Municipal Code Section 13.07.030, the City Council, may by resolution, increase the required percentage of reduction if it deems it necessary in order to achieve the projected amount of water savings established as necessary.

#### D. MANDATORY FINANCIAL PENALTIES

The purpose of the mandatory penalties assessed pursuant to this resolution is to assure compliance by the customer through the imposition of increasingly significant penalties so as to create a meaningful incentive to reduce water use. In acknowledgment of the fact that the City's water is scarce and irreplaceable commodity, the intent is to equitably distribute that commodity among Water Department customers and to assure that, to the extent feasible, City water is conserved and used only for purposes deemed necessary for public health and safety. Accordingly, the mandatory penalties contained herein are not to be construed as creating a "water pricing" structure pursuant to which customers may elect to pay for additional water at significantly higher rates.

For purposes of determining the number of violations (i.e. First Violation, Second Violation, etc.) that result in escalating monetary penalties, violations occurring prior to the effective date of Resolution 4756, amending the penalty provisions contained herein, shall not be considered.

The following mandatory financial penalties will be levied on all water users who fail to reduce consumption in the percentages required in Subsections B and C herein, provided that no penalties shall be levied on customers whose bi-monthly Baseline Water Amount is 10 units or less:

First Violation:           Written notice of violation and opportunity to correct violation.

Second Violation:       The City shall impose a penalty of \$50. Written notice shall be given to the owner by certified mail. The penalty will be billed to the customer on the regular water bill.

Third Violation:        A penalty of \$100. Written notice shall be given to the owner by certified mail. The fine will be billed to the customer on the regular water bill.

Subsequent Violations:   In addition to a penalty of \$200, continued violations may be subject to referral to the City Attorney for appropriate action, including but not limited to prosecution under the Arroyo Grande Municipal Code, as well as possible discontinuance of service.



Failure to pay: The City may discontinue water service to any customer who fails to pay penalties billed on the regular water bill. Service will be restored upon full payment of all outstanding balances and reconnection charges. A delinquent bill shall also be increased by penalty of ten (10) percent of the amount of delinquency.

Customers who incur penalties may have them waived by attending a minimum two hour session of Water Conservation School, which will be conducted by the City of Arroyo Grande. The option to have penalties waived by attending Water School shall be available only one time for any customer who has incurred their first monetary penalty under the provisions contained herein.

The foregoing penalties may also be modified or amended by the City Council as deemed necessary and appropriate based upon a determination of the severity of the Water Shortage Emergency.

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