



MEMORANDUM

TO: CITY COUNCIL

**FROM: TERESA MCCLISH, COMMUNITY DEVELOPMENT DIRECTOR
GEOFF ENGLISH, PUBLIC WORKS DIRECTOR
DAVID HIRSCH, ASSISTANT CITY ATTORNEY**

**SUBJECT: CONSIDERATION OF A RESOLUTION TO AMEND THE STAGE 1
WATER SHORTAGE EMERGENCY PROVISIONS TO IMPLEMENT
ADDITIONAL RESTRICTIONS INCLUDING THE PROHIBITION OF NEW
WATER CONNECTIONS WHEN SPECIFIED WATER CONDITIONS ARE
DETERMINED TO EXIST**

DATE: NOVEMBER 22, 2016

RECOMMENDATION:

It is recommended the City Council adopt a Resolution amending Exhibit A of Resolution 4659 relating to triggering conditions that will implement additional restrictions during the declared Stage 1 Water Shortage Emergency (Stage "1B") in order to protect the health, safety and welfare of the citizens of the City.

IMPACT ON FINANCIAL AND PERSONNEL RESOURCES:

There is no anticipated financial impact related to adoption of the proposed Resolution; however, there will be financial impacts to the Water and Sewer Funds if additional water use restrictions are implemented. The exact amount of these impacts will depend upon the timing and duration of the required reductions, as well as customer compliance with the requirements. There may also be an indirect economic impact should specified conditions exist that precipitate a prohibition on new water connections.

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.

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 COUNCIL

CONSIDERATION TO AMEND THE STAGE I WATER SHORTAGE EMERGENCY PROVISIONS TO IMPLEMENT ADDITIONAL RESTRICTIONS WHEN SPECIFIED WATER CONDITIONS ARE DETERMINED TO EXIST

NOVEMBER 22, 2016

PAGE 2

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 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.

Recent City Council Actions

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, is being enforced and is summarized in the attached notice to residents (Attachment 1). 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 August 23, 2016, the City Council directed staff to place on a future City Council agenda, the consideration of refined water supply condition "triggers" that will prompt implementation of the next steps for further reductions to the use of the City's water supply. Council subsequently requested additional conservation measures to be included.

On October 11, 2016, the City Council directed staff to prepare a Resolution that would modify Stage 1 (Resolution 4659) to include triggers for additional water use restrictions. The Council also directed staff to include in the revisions to Stage 1 a modification to Section B of Exhibit A (Resolution 4659) requiring commercial customers with irrigation meter accounts to further reduce from 25% to 50%. Lastly, the Council

**CITY COUNCIL
 CONSIDERATION TO AMEND THE STAGE I WATER SHORTAGE EMERGENCY
 PROVISIONS TO IMPLEMENT ADDITIONAL RESTRICTIONS WHEN SPECIFIED
 WATER CONDITIONS ARE DETERMINED TO EXIST
 NOVEMBER 22, 2016
 PAGE 3**

approved moving forward with a water offset program to be effective during a prohibition on new service connections.

On October 25, 2016, the City Council adopted Resolution No. 4764 revising the Stage 1 water emergency restrictions to increase mandatory conservation for 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 seasonal rainfall has not been sufficient to date to restore the two primary water sources, Lopez Reservoir (Lopez) and groundwater, to pre-drought levels. Staff has previously calculated that based on the current condition of its water sources, the City has adequate water supply to meet the anticipated demand through April 1, 2018. The City Council has directed that this two-year water supply and demand look-ahead be reviewed twice annually. The next projected revision is scheduled for late Spring 2017, following the annual winter storms.

Current and Projected Water Supply – Acre Feet per Water Year (AFY)				
Water Supply Sources	Entitlement	2015/16 Actual Use	2016/17 Projected Use	2017/18 Projected Use
Groundwater – Santa Maria Groundwater Basin	1,323	43	150	220
Groundwater- Pismo Formation	200	44	120	150
County of San Luis Obispo Lopez Reservoir Project	2,290	2,152	1,830*	1,830*
TOTAL	3,813	2,239	2,100	2,200

*- Based on 20% reduction to municipal deliveries

In an effort to conserve future water supplies, the City Council has adopted mandatory water conservation through the declaration of a Stage 1 Water Shortage Emergency. Stage 1 Water Shortage restrictions which are currently in effect are the following:

- Tiered water use restrictions for residential customers between 0% to 30%.
- Mandatory 50% water use reduction for commercial customers with dedicated irrigation meters.

Water Supply Condition Triggers

On October 11, 2016, the City Council voted to modify the current Stage 1 Water Shortage Emergency Resolution, so that any one of the following events would trigger additional water use restrictions (Stage 1B):

CITY COUNCIL

CONSIDERATION TO AMEND THE STAGE I WATER SHORTAGE EMERGENCY PROVISIONS TO IMPLEMENT ADDITIONAL RESTRICTIONS WHEN SPECIFIED WATER CONDITIONS ARE DETERMINED TO EXIST

NOVEMBER 22, 2016

PAGE 4

- 1) Interruption to local water deliveries, water delivery system or State mandated reductions.
- 2) Lopez Reservoir level at or below 10,000 AF.
- 3) Six quarterly continuous monitoring events of Sentry well water level readings in the Santa Maria Groundwater Basin below the deep well index trigger level of 7.5 feet in conjunction with Lopez supply reduction of 20% or indications of sea water intrusion are detected. (Note: this is based on the opinion of the Northern Cities Management Area Hydrogeological consulting firm, GSI, relative to the potential impacts with sustained low groundwater levels.)

The Council also voted to include provisions for triggers to exit Stage 1B when the Lopez Reservoir reaches 15,000 AF or the City Council makes a finding that the additional water use restrictions are no longer needed to preserve the City's continued water supply.

Additional Restrictions

When any or all of the adopted trigger conditions exist, then the following additional water use restrictions would be implemented:

1. Building restrictions - prohibition on new water service connections for any project that doesn't have a building permit at the time the prohibition is implemented.
2. Prohibition on private vehicle washing.
3. Further reduce overall irrigation of City-owned non-sports field turf areas to 25% of the 2015 use.
4. Increase the mandatory water use reductions for residential water customers by 5% for each of the three water rate tiers.

Regarding building restrictions, as proposed, all projects may be continued to be processed, however, building permits would not be issued for projects that include a new water service connection on a vacant lot. In addition, as proposed, all projects that already have a water connection would be allowed to change use or remodel, including an upgrade to an existing meter. Attachment 2 includes a list of current projects in process that include new water connections for reference.

Consistency with the UWMP

The above stated triggers and additional restrictions are reflected in the proposed Resolution. It is important to note, that upon a recent review of the City's Urban Water Management Plan (UWMP), the State of California Department of Water Resources (DWR) determined that the City's Water Shortage Contingency Plan (WSCP) within the UWMP does not meet their interpretation of the State criteria for UWMP's. Specifically, the DWR has determined that the Plan does not provide an outline of the specific water supply conditions that are applicable to each stage of the WSCP. This requirement

CITY COUNCIL

CONSIDERATION TO AMEND THE STAGE I WATER SHORTAGE EMERGENCY PROVISIONS TO IMPLEMENT ADDITIONAL RESTRICTIONS WHEN SPECIFIED WATER CONDITIONS ARE DETERMINED TO EXIST

NOVEMBER 22, 2016

PAGE 5

coincides with the concept of having triggers. The DWR also is requiring that the stages of actions (i.e. triggers) and demand reduction measure be presented in more than two (2) stages as established in the current WSCP. As a result, modifications to the WSCP are being prepared based on three (3) stages as outlined in Attachment 3. The modified WSCP will be incorporated into an updated UWMP that will be presented to the City Council for review and adoption in January, 2017.

Vesting Maps

At the City Council meeting on October 11, 2016, it was indicated that the prohibition on new water connections on vacant lots would apply to subdivisions without a vesting tentative map or to projects that do not have a building permit issued once the Stage IB water supply conditions are triggered. Subsequent research by the City Attorney's Office, however, concluded that the restriction could apply to vesting maps. In this respect, it should be noted that vesting map status does not automatically guarantee an exemption for a moratorium under State law, and additional requirements can be imposed based upon health and safety needs (reference Government Code Section 66498.1(c)(1)). Therefore, since the City Council had directed staff to prepare the most restrictive approach with regard to building restrictions, as drafted in the proposed Resolution, the new connection prohibition would apply to vesting maps as well as development agreements. Language has been included in the Resolution to provide a finding to address the health and safety requirement in Government Code Section 66498.1(c)(1).

From a policy standpoint, the City Council could still decide to exempt developments with vesting maps and/or development agreements, given the expense and investment involved in such projects, and the underlying policies relating to providing certain vested rights when using vesting maps or negotiating development agreements.

Alternatives for Application of Building Restrictions

The City Council may choose to modify the proposed building restrictions or to approve the restrictions as currently crafted.

Should the City Council wish to modify the time and method for application of the building restrictions upon the triggering conditions, other than at the time of building permit issuance, then the following options may be considered:

At the time of a certified Stage 1B water supply condition, a prohibition on new water service connections would apply to all projects unless:

- A building application has been accepted for plan check; or
- A planning permit approval/entitlement has been issued; or
- A planning application has been deemed complete for processing.

CITY COUNCIL

CONSIDERATION TO AMEND THE STAGE I WATER SHORTAGE EMERGENCY PROVISIONS TO IMPLEMENT ADDITIONAL RESTRICTIONS WHEN SPECIFIED WATER CONDITIONS ARE DETERMINED TO EXIST

NOVEMBER 22, 2016

PAGE 6

Additionally, the prohibition could apply to an upgraded water connection for redevelopments but only such that water demand will be less than or equal to the existing water demand.

Water Offset Program

Additionally, the City Council approved moving forward with a water use offset program, which would be effective during a prohibition on new water service connections that would allow new connections to the water system.

As previously reported, there are several possibilities for offset programs that may be customized to permanently save water by retrofitting existing facilities. It should be emphasized that the City has for many years required in-lieu fees intended to generally offset new water use at a 1:1 ratio. This program has been demonstrated over time to be effective in demand reduction concurrent with new development through implementation of the City's water conservation programs. Implementing a more robust off-set policy will help ensure adequate savings are achieved to offset the demand of new development during severe water shortage conditions. In addition to an adequate offset ratio, it is important to ensure that on-site and off-site water efficiency measures are permanent. In the event of a Stage 1B water supply condition, the intent would be to ensure no impact to water supply through water neutral development. This may be in the form of minimizing water demand through water saving on-site requirements; and either through funding or direct undertaking, reducing demand offsite. An additional option is to allow the purchase or transfer of a new permanent water supply. A review of the evolution of offset programs suggests that successful programs provide several options that allow for changing markets and conditions. In this regard, offsets would be customized in an applicant's proposal and required to be verified by the City in advance of approval. It is recommended that the City use a third party consultant, funded by the applicant, to verify the validity of the proposed program.

While from a legal standpoint, offsets are required to relate to the impacts of a project, ratios of more than 1:1 are frequently utilized by agencies due to such factors as demand variation and potential underestimation, water savings fixtures lose efficiency with wear and tear over time, water savings devices may be removed by property owners, and related factors. Accordingly, included in the proposed Resolution is an exemption from the prohibition on new water service connections for projects that achieve offsets of 1:1.5 through the payment of fees as currently required and 1) the purchase of new permanent water supply through an approved contract, and/or 2) the retrofit of allowed off-site conservation measures derived from the table below, the installation of which is certified by the Public Works Department. Further, onsite development must include all water applicable measures. Smaller projects, of less than four residential units or less than 5,000 sq. feet of commercial space, may have the

CITY COUNCIL

CONSIDERATION TO AMEND THE STAGE I WATER SHORTAGE EMERGENCY PROVISIONS TO IMPLEMENT ADDITIONAL RESTRICTIONS WHEN SPECIFIED WATER CONDITIONS ARE DETERMINED TO EXIST

NOVEMBER 22, 2016

PAGE 7

option of achieving the required ratio by paying fees; however, implementation of this option will require further action by the City Council to properly establish such a fee.

Eligible conservation retrofits are included in Attachment 4 and summarized below:

- Air-cooled ice machines
- Soil moisture sensors
- Water efficient commercial washing machines
- Greywater systems
- Rain barrel system installations
- Water efficient commercial dishwashers
- Turf replacement

With regard to the purchase of a new water supply, such a proposal would require a contract approved by the City Council. It is unlikely that such an option would be exercised; however, there may be future opportunities through water exchanges.

ALTERNATIVES:

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

1. Adopt the Resolution amending Exhibit A of Resolution 4659 relating to triggering conditions that will implement additional restrictions during the declared State 1 Water Shortage Emergency (Stage "1B");
2. Direct staff to modify the triggers and or additional water use restrictions;
3. Provide other direction to staff.

ENVIRONMENTAL REVIEW:

No environmental review is required for this item.

PUBLIC NOTIFICATION AND COMMENTS:

A public hearing notice was published in The Tribune on November 16, 2016. The Agenda was posted at City Hall and on the City's website in accordance with Government Code Section 54954.2.

ATTACHMENTS:

1. Notice to Residents
2. Applications currently in the permit queue
3. Water Shortage Contingency Plan- Demand Reduction and Trigger table
4. Eligible conservation/offset options for City water offset program

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ARROYO GRANDE AMENDING EXHIBIT A OF RESOLUTION 4659 RELATING TO TRIGGERING CONDITIONS THAT WILL IMPLEMENT ADDITIONAL RESTRICTIONS DURING THE DECLARED STAGE 1 WATER SHORTAGE EMERGENCY (“STAGE 1B”) WHEN SPECIFIED WATER CONDITIONS ARE DETERMINED TO EXIST, IN ORDER TO PROTECT THE HEALTH, SAFETY AND WELFARE OF THE CITIZENS OF THE CITY

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 (AGMC) relating to Emergency Water Shortage Restrictions and Regulations; and

WHEREAS, after holding a noticed public hearing in accordance with the requirements of Water Code Section 350, et seq and the AGMC, on May 26, 2015 the City Council adopted Resolution 4659 declaring a Stage 1 Water Shortage Emergency in accordance with Water Code Section 350 and AGMC Section 13.07.030, 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 continues to experience historic drought conditions, which are negatively impacting the City’s limited water supply which 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, Water Code Section 353 provides that when a water shortage emergency has been declared by the governing body, it shall adopt necessary regulations and restrictions on the delivery and consumption of water, and pursuant to Water Code Section 356 such regulations and restrictions may include denying applications for new and additional service connections; and

**RESOLUTION NO.
PAGE 2**

WHEREAS, given the continuing concerns regarding the ongoing severe drought's impact on the City's limited water supply, the City Council has determined that it is necessary and appropriate to modify the regulations and restrictions on the delivery and consumption of water to provide that if certain specified water supply conditions are determined to exist (hereinafter referred to as "Triggering Conditions"), that additional restrictions on water use will need to be immediately implemented, including denying new and additional water service connections for projects that do not participate in a water demand offset program, while the water shortage emergency conditions continue to exist, in order to protect the health, safety and welfare of the citizens of the City of Arroyo Grande; and

WHEREAS, the City Council desires to provide that such a water demand offset program provide for water savings that offsets a development project's water demand by a ratio of 1:1.5 and finds and determines that requiring an offset of estimated water demand in a ratio somewhat higher than estimated use is prudent and appropriate since water demand varies and is always being based upon estimates and therefore future demand could potentially be underestimated, water savings fixtures lose efficiency with wear and tear over time, and water savings devices may be removed by property owners.

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 finds and determines that failure to adopt and impose additional restrictions on water use and deny new or additional water service connections, as set forth herein, would place the community in a condition that is dangerous to the health and safety of its citizens, due to the severe impact on the City's water supply if it is determined that specified water supply conditions exist.

Based upon this determination, 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 the Triggering Conditions that, when the specified water supply conditions have been determined to exist, will result in the imposition of additional restrictions on water use and denial of new or additional water service connections for projects that do not participate in a water demand offset program, until it has been determined that the water shortage emergency conditions no longer exist and as otherwise set forth in Exhibit A, in order to protect the health, safety and welfare of the citizens of the City of Arroyo Grande (for

**RESOLUTION NO.
PAGE 3**

purposes of convenience these additional restrictions shall be referred to as "Stage 1B").

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 November, 2016.

**RESOLUTION NO.
PAGE 4**

JIM HILL, MAYOR

ATTEST:

KELLY WETMORE, CITY CLERK

APPROVED AS TO CONTENT:

ROBERT MCFALL, INTERIM CITY MANAGER

APPROVED AS TO FORM:

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 ADDITIONAL STAGE 1B RESTRICTIONS IF CERTAIN SPECIFIED WATER SUPPLY CONDITIONS ("TRIGGERING CONDITIONS") ARE DETERMINED TO EXIST

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% 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.

E. ADDITIONAL STAGE 1B RESTRICTIONS IF SPECIFIED WATER SUPPLY CONDITIONS ("TRIGGERING CONDITIONS") ARE DETERMINED TO EXIST

1. The purpose of this Section is to establish that if any one of the following water supply Triggering Conditions are determined to exist, the additional water use restrictions contained herein shall immediately be imposed (for purposes of convenience these additional restrictions shall be referred to as "Stage 1B"):

- a. The interruption of local water deliveries, the water delivery system or additional State mandated reductions in water use.
- b. The water level at the Lopez Reservoir is at or below 10,000 acre feet.
- c. There have been six quarterly continuous events of sentry well level readings in the Santa Maria Ground Water Basin below the deep well index trigger level of 7.5 feet, in conjunction with Lopez supply reductions of 20%, or indications of sea water intrusion are detected.

In the event that any of the foregoing Triggering Conditions are determined to exist, the Public Works Director and City Manager shall Certify to its existence, immediately notify the City Council of such determination, post the Certification of the existence of the condition on the City website, and make additional notifications to alert the public that the additional Stage 1B restrictions contained herein are being implemented.

2. Upon Certification that a Triggering Condition exists, the following additional Stage 1B regulations and restrictions shall immediately apply:

a. Washing of private vehicles shall be prohibited except at commercial car wash facilities.

b. Irrigation of City-owned non-sports field turf areas shall be reduced to 25% of the water used for such irrigation in 2015.

c. The Required Residential Customer Water Reductions set forth in Section C, above, shall be increased by five (5) percent for each of the three water rate Tiers.

d. There shall be no new or additional water connections for any project that does not have a building permit at the time of the Certification that a Triggering Condition exists. Notwithstanding this restriction, development projects may continue to be processed, however, no new building permits shall be issued.

e. The restriction on new or additional water connections shall not apply to any project that participates in the City's approved water demand offset program by providing water savings that offset their project's water demand by a ratio of 1: 1.5. This shall be determined on a case-by-case basis by City staff, and can be achieved through payment of the City's Water Neutralization Fee, combined with either 1) the purchase of new permanent water supply through an approved contract, and/or 2) the retrofit of off-site facilities by use of allowed conservation measures derived from the table below, the installation of which is certified by the Public Works Department. In addition, onsite development must include all applicable water efficiency measures and requirements. Smaller projects, of less than four residential units or less than 5,000 sq. feet of commercial space, may have the option of achieving the required ratio by paying fees, which fees may be established by resolution of the City Council after following applicable procedures for establishing such fees.

Eligible Conservation Measure	Estimated Cost	Offset Potential	References
Air-cooled Ice Machine	\$10,000 (10 units)	Approximately 100 gallons per 100 pounds of ice	http://www.ocwatersmart.com/ice
Soil Moisture Sensor	\$1,750 (50 units)	Up to 20% of current irrigation demand	http://socalwatersmart.com/commercial/?page_id=4865
Water Efficient Commercial Washing Machine	\$6,000 (30 units)	15,000 - 30,000 gallons per year per unit depending on use 25-40% average annual savings	http://www.ebmud.com/water-and-drought/conservation-and-rebates/commercial/rebates/commercial-clothes-washer-rebates/

Eligible Conservation Measure	Estimated Cost	Offset Potential	References
Greywater Can be used for: 1. Laundry (no building permit required) 2. Shower (building permit required) 3. Bathroom Sink (building permit required)	\$4,500 (30 connections)	Savings potential of approximately 17 gallons per person per day. Average of 14,500 gallons saved per household per year	http://www.valleywater.org/GraywaterRebate.aspx http://www.soquelcreekwater.org/conserving-water/rebates/graywater-landscape http://greywateraction.org/wp-content/uploads/2014/12/GW_Study_revised-2013.pdf
Rain Barrel	\$5,000 (100 units)	623 gallons per inch of rain per 1,000 sqft of roof. $\text{Harvested Water (Gal)} = \text{Catchment Area (sqft)} \times \text{Rainfall Depth (inch)} \times \text{Conversion Factor (0.623)}$	http://www.socalwatersmart.com/qualifyingproducts/rain-barrels/
Water Efficient Commercial Dishwasher	\$10,000 (10 units)	60,000 - 100,000 gallons per year per unit depending on use 25% average annual savings	http://www.montereywaterinfo.org/NonResidential.html http://www.allianceforwaterefficiency.org/commercial_dishwash_intro.aspx
Turf Replacement	\$4.75 SF	18 gallons per year per square foot of turf removed	

3. The foregoing Stage 1B additional regulations and restrictions contained in this Section shall no longer apply upon Certification by the Public Works Director and the City Manager that the water level at the Lopez Reservoir is at or above 15,000 acre feet and none of the other Triggering Conditions exist, or upon a determination by the City Council that these additional water use regulations and restrictions are no longer necessary to protect the City's water supply.



CITY OF
ARROYO GRANDE
CALIFORNIA

Current resident
Arroyo Grande, CA 93420

Stage 1 Water Emergency: 2016 Update

Dear Valued Water Customer,

Thank you for your continued conservation of water as we face one of the worst droughts in recent history. At the August 23, 2016, Arroyo Grande City Council meeting, the Council recognized that many customers have achieved the goal of reducing their consumption. To show appreciation, the City Council approved a resetting of all account history regarding warning and penalty events for each customer to zero (providing all customers a fresh start) effective September 4, 2016. The drought is still a critical issue and continued conservation is very important due to the low levels of water at Lake Lopez. The Stage 1 Water emergency and approved mandatory water conservation measure is an ongoing effort that is in effect until the City Council ends this measure.

As a reminder, your maximum allowable usage in water units is shown below:

Account Number:

Future Billing Dates ¹	Baseline Historic Usage from 2014 in Units ²	Maximum Allowable Usage in Water Units ³
January	18	17
February	-	-
March	17	16
April	-	-
May	22	18
June	-	-
July	21	17
August	-	-
September	23	19
October	-	-
November	18	17
December	-	-

1 - Water meters are read every-other month; therefore, the bill you receive on the 3rd of the billing month will reflect usage from the previous two months.

2 - Units: one unit of consumption equals 100 cubic feet or 748 gallons of water.

3 - Based on historic 2014 usage. This is the customer's maximum water usage without incurring a penalty. Users are encouraged to use less than the maximum allowed.

Please retain this letter as an easy reference to review when you receive your future billings.

Do I Really Have to Reduce My Water Usage?

Yes. Tier 0 water customers are not required to reduce water usage, but reductions are encouraged. Tier 1 through 3 water users are required to reduce consumption to less than or equal to your maximum allowable water usage. Water usage in excess of your maximum allowable water usage will result in a monetary penalty. Compliance and working together to reduce water consumption is in everyone’s best interest.

What does a Stage 1 Water Emergency Mean?

A Stage 1 Water Emergency means we all need to reduce the amount of water we use. The three main components of this emergency include: 1) Baseline water amount based on 2014 use is assigned to each residential customer; 2) residential customers are required to reduce consumption by a certain percentage (see table below); and 3) enforcement provisions that include increasingly significant financial penalties to ensure that the scarce and irreplaceable commodity of water is equitably distributed and is conserved.

Category	Usage Range (Units)	Reduction Percentage
Tier 0	0 – 9	0%
Tier 1	10 – 18	10%
Tier 2	19 – 36	20%
Tier 3	More than 36	30%

What are the Overallotment Penalty Events?

The Arroyo Grande Municipal Code provides that the Stage 1 Water Shortage Emergency includes provisions for the imposition of mandatory penalties. The following mandatory financial penalties will be levied on all water users who fail to reduce consumption in the percentages required:

- First Overallotment penalty: Written notice of violation
- Second Overallotment penalty: \$ 50
- Third Overallotment penalty: \$ 100
- Subsequent \$ 200

Customers who incur penalties may receive a \$50.00 credit by attending a minimum two-hour session of Water Conservation School. The option to have penalties waived by attending Water Conservation School is available only one-time for any customer who has incurred penalties. To register for water school please visit <http://www.arroyogrande.org/562/Water-School-Registration>.

Need Help Saving Water?

The City of Arroyo Grande has several programs, including water audits, which can help you conserve water. For information on the City’s programs and tips on how to save water please visit www.thinkh2onow.com or call the City’s Water Conservation Hotline at (805) 473-5487.



My Historic Water Usage Doesn’t Reflect My Water Needs. How Do I Change My Baseline?

For unusual circumstances, the Arroyo Grande Municipal Code Section contains procedures for adjustments of the baseline. If you would like more information regarding the adjustment procedure, please call the Water Conservation Hotline at (805) 473-5487 or visit the City’s website at www.arroyogrande.org/148/water-conservation for further instructions.

Want to Learn More?

- Water Reduction Tips: www.thinkh2onow.com
- Stage 1 Water Shortage Emergency: www.arroyogrande.org/148/water-conservation

Thank you for your participation in helping conserve water. Your actions today will sustain our community through one of the worst droughts in California history.

Sincerely,

City of Arroyo Grande
Department of Administrative Services

ATTACHMENT 2 DEVELOPMENT QUEUE

Planning Permits

Permit No.	Address	Description	Status
VTTM 16-002/CUP 16-	382 S. Halcyon Road	19 lot multifamily residential	Incomplete
TPM 16-001	330 S. Halcyon Road	3 lot mixed-use subdivision	Incomplete
CUP 16-005	1495 El Camino Real	2 unit mixed-use development	Incomplete
TPM 14-001	383 Alder Street	4 lot single family subdivision	Incomplete
SP 15-001	E. Cherry Ave/Traffic	Cherry Ave. Specific Plan	In Process
	1177 Ash Street	4 lot multifamily subdivision	In Process
	Corbett Canyon Road	11 lot single family subdivision	In Process
CUP 16-003	227 S. Halcyon Road	Office and 2 residential units	In Process
VTTM 16-001	Rodeo/Grace Lane	7 lot single family subdivision	In Process
ACUP 15-001	Oak Park/James Way	70 room assisted living and	Approved
PPR 15-013	159 Brisco Road	4 multifamily residential units	Approved
CUP 15-009	995 E. Grand Avenue	Warehouse Storage Building	Approved
PPR 15-017	Paulding Circle	2 mixed use buildings	Approved
TPM 15-002/PUD 15-	189 Brisco Road	4 lot multifamily residential	Approved
CUP 15-007	325 E. Branch Street	54 room hotel	Approved
VTTM 01-001	La Canada	Tract 1998 - 15 lot single family	Approved
ARCH 16-015	1029 Ash Street	Lot 7 Architectural Review	Map Finald
ARCH 16-014	1029 Ash Street	Lot 4 Architectural Review	Map Finald
ARCH 16-012	Cherry Creek	Lot 23 Architectural Review	Map Finald
ARCH 16-011	Cherry Creek	Lot 25 Architectural Review	Map Finald
ARCH 16-010	1029 Ash Street	Lot 1 Architectural Review	Map Finald
GPA 14-001	Heights at Vista Del	22 lot single family subdivision	Map Finald

***Yellow highlighting denotes vesting map or development agreement

Building Permits

Permit No.	Address	Description	Status
BLD 16-000152	850 Fair Oaks	45,000 sq. ft. medical office	Plan Check
BLD 16-000522	306 Short Street	Single family residence with	Plan Check
BLD 16-000333	314 Short Street	Single family residence with	Plan Check
BLD 16-000211	1517 Elderberry	New single family residence	Plan Check
BLD 16-000435	1516 Elderberry	New single family residence	Plan Check
BLD 16-000466	1525 Elderberry	New single family residence	Plan Check
BLD 16-000467	1561 Elderberry	New single family residence	Plan Check
BLD 16-000468	1555 Elderberry	New single family residence	Plan Check
BLD 16-000469	1524 Elderberry	New single family residence	Plan Check
BLD 16-000470	1551 Elderberry	New single family residence	Plan Check
BLD 16-000471	1559 Elderberry	New single family residence	Plan Check
BLD 16-000472	1529 Elderberry	New single family residence	Plan Check

BLD 16-000473	1563 Elderberry	New single family residence	Plan Check
BLD 16-000474	1521 Elderberry	New single family residence	Plan Check
BLD 16-000475	1543 Elderberry	New single family residence	Plan Check
BLD 16-000476	1537 Elderberry	New single family residence	Plan Check
BLD 16-000477	1510 Elderberry	New single family residence	Plan Check
BLD 16-000478	1533 Elderberry	New single family residence	Plan Check
BLD 16-000479	1515 Elderberry	New single family residence	Plan Check
BLD 16-000486	1578 Elderberry	New single family residence	Plan Check
BLD 16-000487	1530 Elderberry	New single family residence	Plan Check
BLD 16-000488	1501 Elderberry	New single family residence	Plan Check
BLD 16-000489	1593 Elderberry	New single family residence	Plan Check
BLD 16-000490	1550 Elderberry	New single family residence	Plan Check
BLD 16-000491	1590 Elderberry	New single family residence	Plan Check
BLD 16-000492	1586 Elderberry	New single family residence	Plan Check
BLD 16-000493	1568 Elderberry	New single family residence	Plan Check
BLD 16-000494	1598 Elderberry	New single family residence	Plan Check
BLD 16-000495	1572 Elderberry	New single family residence	Plan Check
BLD 16-000496	1560 Elderberry	New single family residence	Plan Check
BLD 16-000497	1558 Elderberry	New single family residence	Plan Check
BLD 16-000499	1502 Elderberry	New single family residence	Plan Check
BLD 16-000500	1511 Elderberry	New single family residence	Plan Check
BLD 16-000501	1509 Elderberry	New single family residence	Plan Check
BLD 16-000502	1506 Elderberry	New single family residence	Plan Check
BLD 16-000503	1589 Elderberry	New single family residence	Plan Check
BLD 16-000319	300 Via Las Aguilas	New single family residence	Plan Check
BLD 16-000276	312 Myrtle Drive	New single family residence	Plan Check
BLD 16-000201	567 Crown Hill	Single family dwelling with	Plan Check
BLD 15-000366	145 Ralph Beck Lane	New single family residence	Plan Check
BLD 15-000073	701 White Court	Single family dwelling with	Plan Check
BLD 15-000074	711 White Court	Single family dwelling with	Plan Check
BLD 15-000387	196 Ralph Beck Lane	New Single family residence	Issued; under construction
BLD 15-000370	180 Ralph Beck Lane	New Single family residence	Issued; under construction
BLD 15-000368	150 Ralph Beck Lane	New Single family residence	Issued; under construction
BLD 15-000371	136 Ralph Beck Lane	New Single family residence	Issued; under construction
BLD 15-000367	122 Ralph Beck Lane	New Single family residence	Issued; under construction
BLD 15-000375	104 Ralph Beck Lane	New Single family residence	Issued; under construction
BLD 15-000374	127 Ralph Beck Lane	New Single family residence	Issued; under construction
BLD 15-000376	111 Ralph Beck Lane	New Single family residence	Issued; under construction
BLD 15-000372	195 Ralph Beck Lane	New Single family residence	Issued; under construction
BLD 15-000369	168 Ralph Beck Lane	New Single family residence	Issued; no inspections
BLD 14-000346	534 Callie Cuervo	New single family residence	Issued; no inspections
***Yellow highlighting denotes vesting map or development agreement			

Water Shortage Emergency Stages of Action Summary Table - DRAFT

Proposed Stage	Potential Supply Conditions	% Supply Reduction Range	Water Use Reduction Measure Options	Water Use Restriction Option Category	Category Criteria	Water Use	Water Use	
						Reduction Target	Savings as % of City Demand	
None			Chapter 13.05 AGMC	All		0%		
1	- Lopez Reservoir <15,000 AF in storage; and/or - 6 quarterly continuous events of sentry well level readings below the deep well index trigger level of 7.5 feet; and/or - Mandatory SWRCB water use reduction	0-10%	Dedicated Irrigation Water Use Restrictions (Chapter 13.07.050-13.07.060 AGMC)	Dedicated Irrigation	Any units	25%	0-10%	
			Household Water Use Allocation Restrictions (Chapter 13.07.030.A AGMC)	Residential "Tier 0"	0-10 units	0%		
				Residential Tier 1	11-18 units	10%		
				Residential Tier 2	19-36 units	20%		
				Residential Tier 3	37 + units	30%		
2	- Lopez Reservoir <10,000 AF in storage; and/or - 6 quarterly continuous events of sentry well level readings below the deep well index trigger level of 7.5 feet; and/or - Mandatory SWRCB water use reduction	11-35%	Dedicated Irrigation Water Use Restrictions (Chapter 13.07.050-13.07.060 AGMC)	Dedicated Irrigation	Any units	50%	11-35%	
			Household Water Use Allocation Restrictions (Chapter 13.07.030.B AGMC)	Residential "Tier 0"	0-10 units	0%		
				Residential Tier 1	11-18 units	15%		
				Residential Tier 2	19-36 units	25%		
				Residential Tier 3	37 + units	35%		
				Additional Water Use Allocation Restrictions	No private vehicle washing	All		N/A
					One day per week outdoor watering for residential properties	All		N/A
					Building restrictions	All		N/A
3	- Lopez Reservoir <5,000 AF in storage; and/or - SMGB seawater intrusion; and/or - Catastrophic or emergency supply interruption	>36%, 50% & >50%	Dedicated Irrigation Water Use Restrictions (Chapter 13.07.050-13.07.060 AGMC)	Dedicated Irrigation	Any Units	100%	>36%, 50% & >50%	
			Chapter 13.07.030.C AGMC	Residential	0-10 units	50%		
					11-22 units	50%		
					23-33 units	50%		

ATTACHMENT 4

Eligible Conservation Measure/Retrofit Options for City Water Off-set Program

Eligible Conservation Measure	Estimated Cost	Offset Potential	References
Air-cooled Ice Machine	\$10,000 (10 units)	Approximately 100 gallons per 100 pounds of ice	http://www.ocwatersmart.com/ice
Soil Moisture Sensor	\$1,750 (50 units)	Up to 20% of current irrigation demand	http://socialwatersmart.com/commercial/?page_id=4865
Water Efficient Commercial Washing Machine	\$6,000 (30 units)	15,000 - 30,000 gallons per year per unit depending on use 25-40% average annual savings	http://www.ebmud.com/water-and-drought/conservation-and-rebates/commercial/rebates/commercial-clothes-washer-rebates/
Greywater Can be used for: 1. Laundry (no building permit required) 2. Shower (building permit required) 3. Bathroom Sink (building permit required)	\$4,500 (30 connections)	Savings potential of approximately 17 gallons per person per day. Average of 14,500 gallons saved per household per year	http://www.valleywater.org/GraywaterRebate.aspx http://www.soquelcreekwater.org/conserving-water/rebates/graywater-landscape http://greywateraction.org/wp-content/uploads/2014/12/GW_Study_revised-2013.pdf
Rain Barrel	\$5,000 (100 units)	623 gallons per inch of rain per 1,000 sqft of roof. Harvested Water (Gal) = Catchment Area (sqft) X Rainfall Depth (inch) X Conversion Factor (0.623)	http://www.socialwatersmart.com/qualifyingproducts/rain-barrels/
Water Efficient Commercial Dishwasher	\$10,000 (10 units)	60,000 - 100,000 gallons per year per unit depending on use 25% average annual savings	http://www.montereywaterinfo.org/NonResidential.html http://www.allianceforwaterefficiency.org/commercial_dishwash_intro.aspx
Turf Replacement	\$4.75 SF	18 gallons per year per square foot of turf removed	