



MEMORANDUM

TO: CITY COUNCIL

**FROM: WHITNEY McDONALD, CITY MANAGER
TIMOTHY CARMEL, CITY ATTORNEY
BILL ROBESON, ASSISTANT CITY MANAGER/PUBLIC WORKS DIRECTOR
NICOLE VALENTINE, ADMINISTRATIVE SERVICES DIRECTOR**

**SUBJECT: SUPPLEMENTAL INFORMATION
AGENDA ITEM 9.a. – SEPTEMBER 28, 2021 CITY COUNCIL MEETING
CONSIDERATION OF APPROVAL OF A RESOLUTION DECLARING A
STAGE 1 WATER SHORTAGE EMERGENCY**

DATE: SEPTEMBER 28, 2021

The original staff report published for this item includes the following table providing the calculations used to determine the reductions proposed for Single Family Residential Water Customers as follows:

Single Family Residential Water Customers					
2020 Customers by Tier	Total Customers	Percentage	Total Units	% Reduction	usage after Reduction
0-9 units	1,998	33%	65,005	0%	65,005
10-18 units	1,998	33%	163,649	10%	147,284
19 + units	2,120	34%	412,567	20%	330,054
Total	6,115	100%	641,221	10%	542,343

This table does not identify the calculations used to determine the proposed reductions for other customer types, including Multi-Family Residential and Irrigation Meter Customers. Upon further review, staff determined that, when factoring in the proposed reductions for all customer types, the current proposal would actually result in a total water use reduction of 14%, as shown in Table A below:

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TABLE A

Single Family Residential Water Customers

2020 Customers by Tier	Total Customers	Percentage	Total Units	% Reduction	Usage after Reduction
0-9 units	1,998	33%	65,005	0%	65,005
10-18 units	1,998	33%	163,649	10%	147,284
19 + units	2,120	34%	412,567	20%	330,054
Total	6,115	100%	641,221	15%	542,343

Customer Type	2020 Usage	% Reduction	Usage after Reduction
SFR	641,221	15%	542,343
MFR	99,494	10%	89,545
Commercial	110,000	0%	110,000
Irrigation meter	79,289	25%	59,467
Total	930,004	14%	801,354

Target Overall Total	930,004	10%	837,004
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However, as identified in the original staff report, staff is recommending that the City seek a 10% overall reduction in water use, consistent with the 10% reduction in Lopez Reservoir deliveries required under the Low Reservoir Response Plan. With this additional information, staff recommends modifying the reduction amounts included in the Stage 1 Water Shortage Emergency Declaration Resolution to obtain a total water use reduction that is closer to 10%. Staff's revised recommendation is to require a 7% reduction for Single-Family Residential Customer using between 10-18 units of water, a 14% reduction for Single-Family Residential Customers using more than 19 units, and a 20% reduction for Irrigation Meter Customers.

The calculations used to arrive at this revised recommendation is shown in Table B below:

TABLE B

Single Family Residential Water Customers

2020 Customers by Tier	Total Customers	Percentage	Total Units	% Reduction	Usage after Reduction
0-9 units	1,998	33%	65,005	0%	65,005
10-18 units	1,998	33%	163,649	7%	152,194
19 + units	2,120	34%	412,567	14%	354,808
Total	6,115	100%	641,221	11%	572,006

Customer Type	2020 Usage	% Reduction	Usage after Reduction
SFR	641,221	11%	572,006
MFR	99,494	10%	89,545
Commercial	110,000	0%	110,000
Irrigation meter	79,289	20%	63,431
Total	930,004	10%	834,982

Target Overall Total	930,004	10%	837,004
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The modified recommendations are identified in highlighted grey above.

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A revised exhibit to the proposed Resolution setting forth the new recommended reductions is included as Attachment 1 to this supplemental report. A red-lined version is provided as well (Attachment 2) to show the changes made in the exhibit that was included with the original staff report.

Attachments:

1. Revised Exhibit A to the proposed Resolution (clean)
2. Revised Exhibit A to the proposed Resolution (redline)

cc: City Attorney
City Clerk
City Website (or public review binder)

EXHIBIT "A"**CITY OF ARROYO GRANDE RESOLUTION _____
DECLARATION OF A STAGE 1 WATER SHORTAGE EMERGENCY****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 year prior to the adoption of this Resolution.

B. COMMERCIAL CUSTOMERS

All commercial customers with irrigation meter accounts shall reduce water use by 20% 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 9 units or less, residential customers with bi-monthly usage of 10 to 18 units shall be required to reduce consumption by 7% from the amount of usage of the assigned Baseline Water Amount. Customers whose bi-monthly usage is 9 units or less shall not increase their usage above the amount of their assigned Baseline Water Amount.

2. All residential customers with bi-monthly usage of 19 units or more shall be required to reduce consumption by 14% 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.

In accordance with Arroyo Grande Municipal Code Section 13.07.030(A), 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 increasing 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.

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, and customers whose bi-monthly use is 9 units or less and whose use increases above the amount of their assigned Baseline Water Amount:

- 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.

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.

EXHIBIT "A"**CITY OF ARROYO GRANDE RESOLUTION _____
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B. COMMERCIAL CUSTOMERS

All commercial customers with irrigation meter accounts shall reduce water use by ~~25~~20% 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 9 units or less, residential customers with bi-monthly usage of 10 to 18 units shall be required to reduce consumption by ~~10~~7% from the amount of usage of the assigned Baseline Water Amount. Customers whose bi-monthly usage is 9 units or less shall not increase their usage above the amount of their assigned Baseline Water Amount.

2. All residential customers with bi-monthly usage of 19 units or more shall be required to reduce consumption by ~~20~~14% 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.

In accordance with Arroyo Grande Municipal Code Section 13.07.030(A), 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.

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