



CITY COUNCIL AGENDA REPORT

DATE: 2/6/2014

AGENDA OF: 2/11/2014

DEPARTMENT: Water

SUBJECT: 2014 Drought Response Actions (WT)

RECOMMENDATION: That the Santa Cruz City Council: 1) receive information from staff in the form of an oral presentation on current water supply conditions and on recommended actions for reducing water use in 2014; 2) discuss possible actions to respond to the water supply situation and direct staff, as appropriate; and, 3) by motion, schedule a public hearing for either February 18, or February 25, 2014 to consider adopting a resolution declaring a Stage 3 Water Shortage Emergency.

BACKGROUND: On January 28, 2014, City Council adopted a resolution declaring a state of drought and called for a voluntary 20 percent reduction in water use by all City water customers, consistent with Governor Brown's recent actions at the state level.

Prior to this action, a special study session had been scheduled for February 11, 2014 to present current water conditions (see Initial Water Supply Outlook, attached) to the City Council and to review the framework for future emergency water cutbacks, if needed, as laid out in the City's Water Shortage Contingency Plan. The goal of the planned study session was to provide Councilmembers with an opportunity to delve into more detail about the water supply situation and discuss steps the City could take in the future to respond.

DISCUSSION: At the January 28th meeting, City Council clearly expressed its interest in taking early action to respond to the developing drought by adopting and implementing additional measures from the City's Water Shortage Contingency Plan. Additionally, Council asked that the planned February 11, 2014 study session be restructured to provide them with an opportunity to receive the mid-winter water supply status report prepared by staff and to discuss and provide direction on measures to be implemented now.

Following Council's direction, Water Department staff developed a proposal for additional conservation measures to be implemented now, which was presented to the Water Commission at its February 3, 2014 meeting. The staff proposal recommended moving from Stage 1 of the Water Shortage Contingency Plan (in effect since April 2013) to Stage 2, and included the following specific measures:

- Continue Stage 1 measures, including continuing to enforce water waste;
- Restrict landscape irrigation to designated dates and times – one day/week;

- Require large landscape users to adhere to reduced water budgets;
- Prohibit exterior washing of structures and dwellings;
- Explore working with regional water suppliers to develop Commercial, Industrial and Institutional water audit programs using an outside service provider; and
- Prohibit landscaping in new development (defer to after drought emergency is over).

Water Department staff developed this recommendation based on the key criterion that any mandatory measures adopted should be enforceable. Measures in the City's Water Shortage Contingency Plan for later stages require the ability to use the utility billing system to levy excess charges for water use above allocated water budgets. This has been under development since November, but is not yet fully operable.

The Water Shortage Contingency Plan was designed using data from prior shortages and droughts. That data demonstrated that historically, drought happens during the dry summer and fall seasons. Because of this, much of the savings built into Stage 2 restrictions comes from restricted landscape irrigation. Though some customers may be irrigating their yards during this dry winter, Water staff acknowledged that the savings implied for Stage 2 may not be as applicable in a winter drought and therefore, could send a confusing message to the public.

Community comments and Water Commission concerns about the staff proposal focused on the need for a clear message identifying the actions the community can take now, and to set the stage for actions that may be needed in the future, should the drought continue. Ultimately, the Water Commission voted to recommend that the City Council move to Stage 3 of the Water Supply Contingency Plan, which involves instituting water rationing for residential customers. The Water Supply Contingency Plan identifies the demand reduction goal of Stage 3 as being between 15% and 25%. Because of this demand reduction target, the Water Commission also found moving to Stage 3 now would be more compatible with the 20% reduction goal the City Council adopted in its resolution on January 28th.

The Water Commission's recommendation acknowledged that full implementation of Stage 3 is not feasible immediately due to the necessary lead times for notifying customers and modifying the utility billing system and format to accommodate rationing. The Water Commission recommended that implementation of Stage 3 measures be phased in with a goal of having the program fully implemented by no later than May 1, 2014.

The Water Commission reasoned that a phased implementation would serve to prepare customers with clear water consumption targets, as well as suggested tools and water use reduction strategies. In addition, the phased implementation gives water users time to familiarize themselves with anticipated cutback levels before any excess use charges for exceeding allotments take effect in May. This phased implementation would also provide added time to help ensure success of significant outreach and coordination efforts with key groups including residential customers, large users, businesses, public agencies and institutions, neighborhood organizations, and those most affected by water shortage. Phasing implementation also gives the City the flexibility to scale back if water conditions improve between now and April, or to intensify the level of cutback if record dry conditions that the City is currently experiencing continue.

Finally, as staff worked to develop proposed actions for Water Commission and City Council consideration, the public hearing provisions of California Water Code Section 352 were

identified as a requirement to be satisfied prior to Council action. This Water Code provision requires the City Council to hold a properly noticed public hearing prior to taking action to declare a water shortage emergency. Stage 3 of the 2009 Water Shortage Contingency Plan is identified as a Water Shortage Emergency.

Staff recommends that at the City Council's February 11th meeting it define the specifics of a proposal to be considered at a public hearing at either its regularly scheduled February 25, 2014 meeting or, if it chooses to proceed more quickly, at a special Council meeting on February 18, 2014. Staff has taken steps to publish the notice of the public hearing so that the Council can act as quickly as February 18th if it chooses.

The Water Shortage Contingency Plan and other information about water conservation and drought conditions can be found online at: www.cityofsantacruz.com/drought.

FISCAL IMPACT: There is no quantifiable fiscal impact at this time. Water Department staff is beginning to identify costs associated with a phased implementation of Stage 3 water restrictions. Within the FY 2014 budget, staff is analyzing opportunities to redirect existing funds for these purposes. Staff has already begun discussions with other City departments to develop a working understanding of additional resources will be needed in this fiscal year for an accelerated drought response and to prepare for increased costs. The Water Department will need to return to Council to allocate new funds from Water's Enterprise Fund as necessary.

Prepared by:
Toby Goddard
Administrative Services
Manager

Submitted by:
Rosemary Menard
Water Director

Approved by:
Martin Bernal
City Manager

ATTACHMENTS:
Initial Water Supply Outlook, January