ITEM 9

Agenda Item No. 11

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CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: October 14, 2014

TO: Mayor and Councilmembers

FROM: Water Resources Division, Public Works Department
Planning Division, Community Development Department

SUBJECT: Stage Two Drought Update

RECOMMENDATION:

That Council receive an update on the status of the current drought.

DISCUSSION:

On February 11, 2014, Council declared a Stage One Drought and asked customers to reduce water use by 20 percent. Staff was requested to keep Council informed and report back monthly with a status update on the City's water supplies, conservation efforts, and current work efforts. On May 20, 2014, Council declared a Stage Two Drought in response to a continued water shortage forecasted for next year, and the slow responsiveness of the community to the need to reduce water usage by 20 percent. This report will cover the following items:

- *Water Supply Outlook*
- *Drought Response Capital Projects*
- *Conservation Efforts*
- *Potential Drought Development Resolutions*

The water supply outlook remains unchanged from the September 16, 2014 drought update presentation. There is no significant rain projected in the coming months, and staff continues to work on securing additional supplemental water, accelerate drought related capital projects, and sustain a strong message for extraordinary conservation. The most recent water conservation numbers for July and August show that the community is successfully meeting the 20 percent reduction in water use. Staff is hopeful that, with the current regulations (adopted May 20, 2014) and the drought water rates that went into effect on July 1, 2014, the community will continue to meet the reduction target.

Staff is moving forward with the design and construction of capital work to assist with water supply during the drought. This includes the acceleration of groundwater well replacements and projects that use poor quality groundwater in place of potable water for irrigation. This includes the Corporation Yard Well, the Vera Cruz Well, and the City Hall Well, which will augment the City's drinking water supplies; and the Valle Verde Well, which will be connected directly to the City's recycled water system.

Staff has increased the water conservation outreach program through an enhanced drought media campaign: additional targeted outreach, including increased weekly messaging through social media, online news outlets, and industry contacts; presentations to community and industry groups; additional printed materials with drought messaging; targeted utility bill messaging; drought signage at City facilities; and additional trainings and workshops.

Potential Drought Development Resolutions

Per the City's adopted Water Shortage Contingency Plan, Council should consider regulations on water use and suspension of permit approvals during Stage Two and Stage Three Drought Conditions. The City is currently in a Stage Two Drought Condition, with water use regulations in effect. Questions have been raised by staff, the public, and the local development community regarding potential restrictions/limitations that may be placed on permitting or construction of new development during the current drought conditions.

In preparation for continued dry conditions or worsening water supply outlook, the following is an initial discussion of the potential for regulatory actions that may become necessary with a Stage Three Drought Condition, as well as additional Stage Two drought restrictions to be considered now. The options were developed through discussions among the staff of the Water Resources Division, Planning Division, Building & Safety Division, and the City Attorney's Office. Staff believes that this is important to be considered in light of a number of factors, including the amount of net new water demand likely to be associated with new development, options for regulations, and effects on the local economy.

<u>Water Demand from New Development</u>

Development restrictions need to be considered in the context of how much water use could potentially be saved.

The General Plan Update process (2005-2011) included an assessment of planned growth over the 20-year planning period (2010-2030) for environmental review purposes. As identified in the *Plan Santa Barbara* Final Environmental Impact Report (FEIR), the growth assumptions analyzed for the period of 2010-2030 included approximately 2,800 new residential units and 2 million square feet of nonresidential development within City limits over the 20-year period. This additional growth was estimated to increase long-term citywide water demand by a cumulative total of 791

acre feet per year (AFY) to 14,791 AFY by the year 2030, which represents a 5.5-percent increase over existing normal year demand (14,300 AFY).

As part of the update of the of the City's Long-Term Water Supply Plan (LTWSP), recommended in the FEIR, the Water Conservation Technical Analysis projected that new demand would be offset by the savings from updated plumbing codes and appliance standards, and additional cost effective conservation measures to be incorporated into the City's Water Conservation Program. The effects of this projection on Gross Water Use (potable only) are shown in the Attachment.

Planning Division staff has reviewed completed construction projects in the City over the last ten years (as determined by issuance of a Certificate of Occupancy) and found that an average of 28 AFY of new water demand went online annually during the period of 2004 to 2013 (the range is from 8 to 55 AFY). This average represents annual increases equal to 0.24 percent of the annual drought supply projections of 11,440 AFY for the next three years (80 percent of normal year demand of 14,300 AFY). For the remaining three-year drought-planning period, the total estimated for new water demand from new development (assuming 28 AFY over three years) would be less than 0.75 percent of the annual supply projections.

For comparison purposes, the FEIR projected an average of 40 AFY of annual new water demand for in-city development (based on 140 new dwelling units and 100,000 square feet of new non-residential developments per year, per the *Plan Santa Barbara* growth assumptions noted above). This would represent higher estimated annual increases equal to 0.35 percent of the annual drought supply projections of 11,440 AFY, or an increase of about 1.05 percent over the next three years.

NET NEW WATER USE FROM DEVELOPMENT		
	Estimated (per Plan Santa Barbara FEIR)	**Actual** (average over last 10 years)
Acre Feet Per Year (AFY)	40 AFY	28 AFY
Annual Increase	0.35 percent	0.24 percent
percent of total Drought Water Supply (11,440 AFY) over next 3 years	1.05 percent	0.75 percent

As of July 2014, all of the pending (submitted, but not approved) and approved (approved, but no building permit issued) projects would result in 153.23 AFY of net new water use. These numbers represent projects in various stages of the process that have been submitted over many years. This information is provided for context – even if all of the projects currently in the pipeline were approved and built in the next year, it would represent just 1.3 percent of the annual drought water supply projection of 11,440 AFY (1.07 percent of normal year demand).

Development Restrictions

While the demand from new development is a very small portion of overall system demands, a drought emergency might warrant suspension of projects that would add any new demand to the system. During severe drought, extraordinary conservation is required of existing users, and demand from new development is a concern when existing customers are required to significantly cut back on water usage. This can also be a public perception issue with regard to the seriousness of the water shortage because all new demand adds to the problem, regardless of the amount. It is also important to balance the need for water conservation through possible restrictions on new development with a desire to not unduly impact an important sector of the local economy (e.g., contractors, architects) that have already been struggling for the past five years.

Relative to development restrictions, staff has considered actions that could be taken in a phased approach in response to drought conditions. There have been a number of inquiries and interest by applicants to defer landscaping installation. The current code requirements for landscaping are based on water conservation models; however, the concern is the water use needed for plant establishment, even when they are drought tolerant. The first phase would involve partial building permit suspension related to new swimming pools and landscaping installation.

Staff suggests that landscape installation regulations address the following: all landscaping versus only net new water use; possible exemptions for erosion control on slopes; public health and safety; hardscape and irrigation installation; and use of interim groundcovers that do not require watering, where appropriate. Procedures to administer the limitations and ensure eventual completion of the landscaping after the drought would be developed as well. In addition, this phase could also include suspension of new/expanded/reclassified water meter approvals for requests that do not require an approved City Building Permit.

A second phase of development restrictions could be more aggressive, with a building permit suspension for projects that involve an increase in water demand, compared to existing conditions. Net new water use would be determined by calculating water use for the existing development and subtracting water use for the proposed use. Water use would be calculated using the 2009 Water Demand Factors, and not based on existing or historical water use. For this phase, staff has also considered potential exemptions for those projects that would result in a minimal increase in water demand, or those projects deemed important (e.g., affordable housing, governmental functions). Some or all of these exemptions could be considered, depending on the need to limit new development. This phase would be considered if water supply conditions worsen.

There is no correct or perfect solution, and the severity of the drought at the time the permit suspension is considered will likely dictate the timing and approach of drought regulations restricting development that Council will want to consider. The drought, while currently severe, is likely a temporary situation, and looking at the City's water

supplies long term, there is enough water to serve the new development anticipated by the General Plan, as described above. Suspending new development has economic ramifications that vary based on when in the process the project must be halted. Staff believes that it is appropriate to consider a phased approach with various options. Staff suggests that Council provide input and direction to return within 90 days with the appropriate resolution or ordinance package to establish landscape installation regulations.

ATTACHMENT: Gross & Per Capitia Water Use Chart

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