



Agenda Item No. _____

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CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

ITEM 9

AGENDA DATE: April 14, 2015

TO: Mayor and Councilmembers

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

SUBJECT: Potential Stage Three Drought Condition Response Measures

RECOMMENDATION:

That Council receive a presentation and provide direction to staff on the potential Stage Three Drought Condition modified conservation target, water use regulations, and development restrictions.

EXECUTIVE SUMMARY

The City has been increasingly active in responding to record drought conditions over the past several years. The current Stage Two Drought Condition (Stage Two) has been in effect since May 2014, and has included City water use regulations and expanded public information. The State of California has also adopted regulations that affect how the City continues to respond to the drought. All indications are that the current water year will end the driest four-year period on record for Santa Barbara County. In response, in May of 2015, staff expects to recommend adoption of a Stage Three Drought Condition (Stage Three) and approval of a contract to reactivate the City's Charles E. Meyer Desalination Facility (Desai Plant). This report discusses the City's water conservation target and potential drought measures related to water use regulations, and development restrictions that could be used in a phased response during Stage Three.

DISCUSSION:

On February 11, 2014, Council adopted Resolution No. 14-009, declaring a Stage One Drought Condition in the midst of a potential third consecutive dry year. On May 20, 2014, with no improvement in water supply during the last half of the rainy season, Council adopted Resolution No. 14-027, declaring Stage Two. Consistent with the City's Water Shortage Contingency Plan and the 2011 Long Term Water Supply Plan, these actions triggered the following Stage Two responses:

- An increase in public information efforts to alert the public about the drought status and extraordinary conservation measures needed;
- Establishment of a water use reduction goal for City customers, which was increased to 20 percent, based on state-wide drought conditions and record low rainfall;
- Implementation of Stage Two water use regulations;
- Adoption of drought water rates, based on added costs of water supplies and anticipated water use reductions;
- Pursuit of water purchases to replace depleted surface water supplies; and
- Initiation of preliminary design and solicitation of Design/Build/Operate proposals for the reactivation of the City's Desai Plant.

In response, the community has achieved cumulative water savings in excess of the 20 percent target. The conservation target has consistently been met since Summer 2014, when drought water rates took effect. It is anticipated that proposed water rates for Fiscal Year 2016 will continue to incentivize further conservation.

It is now almost certain that the current water year will complete the driest four-year period on record, as measured by rainfall in the upper Santa Ynez River watershed, where the City's primary water supplies originate. As described in recent Council presentations, this will put significant additional strain on the City's water supplies. Accordingly, an inter-departmental staff team has been considering a range of options for possible action by Council to manage water use, should it be necessary to adopt Stage Three. We have met with the Water Commission for input on updated water use regulations and with the Planning Commission to discuss potential development restrictions. Primary considerations include understanding the context of the water demand associated with new water rates and the potential water savings that may be achieved through various actions.

This report discusses the City's water conservation target and potential actions that could be used in a phased approach under Stage Three, including water use regulations and development restrictions.

Water Conservation Target

The City's Long Term Water Supply Plan includes a policy to plan for short-term demand reductions of 15 percent from extraordinary customer conservation measures during severe droughts. These reductions are in addition to ongoing long-term efforts to improve water use efficiency. The policy recognizes that such reductions are a cost-effective way to stretch limited supplies and reduce the significant water supply costs associated with the drought response. The 15 percent value was based on a consensus that a reduction of nearly 50 percent during the previous severe drought resulted in unacceptable hardships. It was also acknowledged that conservation efforts since the last drought have likely reduced the ability to cut back during current and future droughts.

When Stage One was declared, a voluntary water use reduction target of 20 percent was established, partly for consistency with the Governor's statewide 20 percent target, and also in recognition that the current water year had started out well below average in rainfall, with the potential to result in the driest three-year period on record, which in fact occurred. Given the extremely dry conditions in recent months, staff expects to recommend increasing the water conservation target to 25 percent upon declaration of Stage Three. Given new regulations and anticipated Fiscal Year 2016 rate changes, this is a realistic target and will help efforts to procure adequate water supplies. Because the Fiscal Year 2016 water rate analysis was based on a 20 percent reduction in water use, the financial impacts of increased water conservation up to 25 percent will need to be addressed. Staff will discuss anticipated revenue loss and financial impacts during the Council presentation.

Water Use Regulations

The current Stage Two water use regulations are summarized as follows:

- Running water for irrigation requires a self-closing nozzle.
- Running water for cleaning is generally limited to the use of a pressure washer for preventive maintenance or correction of health and safety hazards.
- Irrigation by any means is generally limited to the hours of 6:00 PM to 8:00 AM for automatic systems, and 4:00 PM to 10:30 AM for manual systems, including hand-held hoses.
- Vehicle and boat washing is limited to commercial facilities with water recycling equipment or a hose with self-closing nozzle.
- Water use in fountains is limited to those that are indoor, on residential property, less than 25 square feet in surface area, or home to aquatic life as of the date of adoption.
- Swimming pools are required to be covered when not in use and may be drained by only one third, except as authorized for necessary repairs.
- Hotels, motels, restaurants, and other hospitality establishments are required to post a notice of the drought condition; restaurants must serve water only on request.

Enforcement has been on a complaint basis, where staff responds to instances of potential violations as they are reported or observed in the course of daily field activities. The community has responded well to the water use regulations, presumably in recognition of the severity of the current drought.

On March 17, 2015, the State Water Resources Control Board (State Water Board) updated the statewide water use regulations that were originally adopted on July 15, 2014. Key elements include a requirement to limit irrigation to no more than two days per week, and a blanket prohibition on the application of potable water to sidewalks, except where necessary to address an immediate health and safety need. The new regulations were developed on short notice, with less than a week to respond to proposed changes. Staff submitted comments expressing concern that the two-day-

per-week limitation could undo long standing efforts to educate water users on how to irrigate in response to plant needs, using real-time weather data and smart irrigation controllers. Staff also recommended that meeting the State's conservation target should be considered an alternative method of compliance with the regulations. Unfortunately, the regulations were adopted without these changes. Staff has submitted a request for State approval for exemption from the two-day-per-week watering limitation. The State regulations provide such an exemption for water suppliers whose rate structures comply with the California Water Code definition of an "allocation-based water conservation rate structure." Staff is currently awaiting response from the State Water Board.

Because of the community's success in meeting the conservation target, staff believes only minor changes to the Stage Two regulations are needed at this time, in addition to changes related to the State's new regulations:

- Use of running water would be allowed to pressure wash awnings, windows, and signs no more frequently than once every three months, and building surfaces once every twelve months; and
- The fountain restriction would be expanded to include residential fountains in excess of 25 square feet.

As shown on the attached "Stage Three Drought Phased Response Options," there are a number of additional regulations that can be used if the conservation target is not met. The ongoing success in meeting the water conservation target also means staff will recommend that the current complaint-based approach to enforcement continue during the first phase of the City's Stage Three response.

Development Restrictions

In December 2014, Council directed staff to discuss potential development restrictions with the Planning Commission and the public, in order to inform Council's decision on these potential development restrictions.

On February 12, 2015, the Planning Commission discussed potential drought-related development restrictions (refer to Attachment 1 – Planning Commission Staff Report). Outreach to the public and affected property owners/applicants was done in advance of the meeting. The Planning Commission's review focused on the following:

- Landscape deferral (voluntary and mandatory);
- Suspension of building permits for new pools;
- Suspension of building permits for projects with net new water use; and
- Zoning Ordinance Amendments to support water conservation.

The Planning Commission's general consensus was that the City should:

- Move forward with a mandatory landscape plant deferral as soon as possible;

- Implement a suspension on permits for new pools, understanding that this measure would be largely symbolic, but would more consistently regulate new pools and existing pools;
- Not implement a suspension on permits for projects with net new water use because the water savings benefit would be much less than the impact to the economy; and
- Move forward with Zoning Ordinance Amendments to support water conservation.

The Planning Commission suggested that if a suspension on building permits for projects with net new water use were implemented, the suspension should only apply to projects that have yet to be submitted for review by the Community Development Department's Planning Division. It was suggested that, when an applicant submits a project application, the applicant should be informed of any potential drought-related development restrictions. The applicant can then make an informed decision of whether or not to move forward with their project. Some Commissioners suggested creating options for projects with a "large" net new water demand to offset their new demand. (Refer to Attachment 2 for the Planning Commission Minutes).

Although the Planning Commission was very supportive of a Mandatory Landscape Deferral Program for new development, staff is concerned that this would require a significant amount of staff time to develop and enforce, yet the actual water savings would be minimal (refer to Attachment 1 for information on estimated water savings). Staff has since been considering a ban on the installation of plants that are not water wise (as defined in the City's Landscape Design Standards for Water Conservation) in new development projects as a simplified alternative to a Landscape Deferral Program. Such a ban would address the most water-intensive aspect of any new landscape installation, given that the City's existing Landscape Design Standards For Water Conservation require water-wise landscapes. Additionally, since the Planning Commission's review, the Governor issued Executive Order B-29-15, which prohibits irrigation with potable water outside newly constructed buildings unless by drip or microspray systems. Staff would include this restriction in the proposed development restrictions.

The City is the permitting agency for new groundwater wells within the City limits. The local groundwater basins within the City limits include Storage Units I and III of the Santa Barbara Basin, and portions of the Foothill Basin. The City relies on groundwater supply to meet public health and safety needs during droughts. Therefore, the City has an interest to manage the public resource. While a formalized groundwater management agency has not yet been established for the local groundwater basins, the City has authority to establish rules through its police powers. To protect and preserve remaining groundwater supply for public health and safety, staff is recommending adoption of a temporary drought ordinance that suspends approval of new well permits for properties that have feasible access to the City's municipal water system.

In summary, staff is recommending the following development restrictions be imposed as part of any Stage Three Declaration:

- Voluntary Landscape Deferral
- Mandatory deferral of the installation of new turf or high water-use plants
- Suspension on the issuance of building permits for new swimming pools
- Suspension on the issuance of permits for new wells
- Enforcement of Executive Order restricting irrigation for new buildings

Staff is proposing that these development restrictions be applicable to any project that has not submitted for a building permit as of the date of the Stage Three Declaration.

With regard to Zoning Ordinance Amendments to support water conservation, staff will continue to work on these; however, they would not be included as part of any Stage Three Drought Declaration.

Conclusion

Following a presentation on the potential Stage Three response options (refer to Attachment 3), staff will request input from Council, with the goal of incorporating Council's input into a recommended Stage Three Drought Resolution for adoption in May 2015.

ATTACHMENT: 1. Stage Three Drought Phased Response Options

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