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CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: March 5, 2019

TO: Mayor and Councilmembers

FROM: Water Resources Division, Public Works Department

SUBJECT: Stage Three Drought Update And Amendment To Professional Service Agreement For Water Rights Legal Services

RECOMMENDATION:

- A. That Council receive an update on the status of the current drought, water supply outlook, and continuing conservation efforts; and
- B. Authorize the City Administrator to amend a professional services agreement with Bartkiewicz, Kronick & Shanahan, Contract No. 22,887, and increase the amount of the contract by \$100,000, for a total contract amount of \$300,000, for specialized water rights-related legal services.

DISCUSSION:

Drought Update

Council declared Stage One and Stage Two Drought Conditions on February 11, 2014 and May 20, 2014, respectively, as a result of unprecedented drought. On May 5, 2015, in response to the driest consecutive four-year period on record, Council declared a Stage Three Drought Emergency. Since then, the Stage Three Drought condition has been amended with appropriate conservation targets and water use regulations in response to current and forecasted supply conditions.

The City's 2011 Long Term Water Supply Plan (LTWSP) outlines the City's adopted water supply planning policies for managing the drought situation. The LTWSP planned for a 10-15 percent demand reduction during drought conditions. However, the current drought has been historic, resulting in drier conditions for a longer duration than previous drought periods on record. As a result, the City increased the required demand reductions to range up to 40 percent, on a temporary emergency basis, based on local water supply conditions. On March 21, 2017, the Stage Three Drought condition was amended to a City-wide water conservation target of 30 percent reduction in response to February 2017 rains, which filled Gibraltar Reservoir and increased storage in Lake Cachuma. Subsequent rainfall in January and March 2018 filled Gibraltar Reservoir again; however, the storms were not sufficient to noticeably increase storage in Lake Cachuma. Based on

current and forecasted supply conditions, the 30 percent water conservation target (as compared with 2013 pre-drought water demands) remains in effect.

The City recently wrapped up the driest consecutive seven-year period on record. The 2018 water year ended with rainfall well below average, despite the January storm that resulted in the debris flow in Montecito. In accordance with the LTWSP, depleted surface water supplies have been replaced with increased groundwater production, purchases of supplemental imported water, the reactivation of the Charles E. Meyer Desalination Plant in the spring of 2017, and extraordinary water conservation from the community.

This drought update will cover the following items:

- Water Supply Outlook/Weather Forecast
- Water Demands
- Conservation Efforts

Water Supply Outlook/Weather Forecast

A new water year began on October 1, 2018, marking the beginning of the eighth water year since Lake Cachuma last spilled in May 2011. Even though the water year officially starts in October, the City typically receives most of its rainfall from January through March. As with every new water year, the City's water supply planning charts have been updated to reflect actual water used during the previous 2018 water year (October 1, 2017–September 30, 2018), and the supply strategy has been extended one additional year, through 2021, for drought planning purposes. The projections show that the City's water demands can be met through 2020, using a combination of water from Lake Cachuma and the State Water Project, water stored in Gibraltar Reservoir, groundwater, desalination, recycled water, and extraordinary conservation that meets or exceeds the 30 percent water conservation target. Additional water shortages are anticipated in 2021, assuming no significant inflow to Gibraltar Reservoir and Lake Cachuma over the next three rainy seasons. Staff will reassess the water supply strategy in the spring of 2019 at the end of the rainy season and adjust conservation targets, as necessary, in order to provide sufficient supply through 2021.

The first major storm of the rainy season, which occurred mid-January, once again filled Gibraltar Reservoir, and the reservoir began spilling on January 17, 2019. That storm, in combination with the next major storm, which occurred at the end of January/early February, resulted in inflows to Lake Cachuma as well. However, much of the water that flowed into Lake Cachuma was allocated to downstream water rights holders, rather than to Lake Cachuma member units, including the City. At the time of writing this Report, Lake Cachuma storage is currently at 44 percent.

The National Oceanic and Atmospheric Administration (NOAA) forecasts a chance of a weak El Niño developing during the winter of 2019. Wetter, warmer weather is typically associated with El Niño events in Southern California. For our region, NOAA's forecast for February through April shows above-average temperatures with an equal chance for

above- or below-average precipitation. Given the unpredictable nature of El Niño and La Niña events, and the unprecedented nature of the current drought situation, the City is planning for continued drought conditions.

Water Demands

City-wide water demands during the drought have been below 10,000 acre-feet per year (AFY), compared with 14,600 AFY in 2013 (pre-drought) and 16,000 AFY in the 1980s (prior to the City's Water Conservation Program). Recent demands match the City's water use in 1958, when the population was only half of what it is today. The declining water use since the late 1980s is attributed to the City's long-term ongoing conservation programs, efficient plumbing codes, landscape design standards, and extraordinary conservation efforts during drought periods. Regarding demands from new development, new annual demands have averaged 26 AFY, which represents approximately 0.27 percent of the City's current total water demand and is below the anticipated demand of approximately 40 AFY annually in the City's General Plan Final Environmental Impact Report. Therefore, demand from new development continues to represent a minor impact on water supplies. The demand estimate is based on information provided in the General Plan Update Final Environmental Impact Report and City data on development over the last ten years. More information on water demands can be found at www.SantaBarbaraCA.gov/Drought.

Conservation Efforts

The City's water conservation reduction for the month of January was 26 percent, and the 12-month running average water conservation reduction at the end of January 2019 was 29 percent, compared to 2013 water demands. Conservation is measured based on the City's water production meters (not retail customer meters used for water billing). This approach is consistent with state reporting requirements for conservation, since production meters account for overall water loss occurring in the system. As part of the City's ongoing meter replacement program, several production meters were replaced in March and April 2018. Analysis conducted by staff indicates that while metered sales have remained consistent during the drought, the new production meters are registering greater production, reducing the City's water conservation percentage compared with previous years.

Legal Services

The City has required support from special counsel in water rights issues associated with water transfers, groundwater management, water rights from the Santa Ynez River and its tributaries, and related matters. The City has an existing Agreement No. 22,887 with Bartkiewicz, Kronick & Shanahan (BKS), which has specialized knowledge of the City's water issues. The original 2008 agreement with BKS was for \$100,000, and was later amended in 2014 to increase the contract amount by \$100,000 (for a total of \$200,000) in response to additional drought-related matters. Approximately \$53,000 remains in the existing contract. With the concurrence of the City Attorney, staff is requesting to increase

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the contract amount by an additional \$100,000, for a total of \$300,000, in order to continue working with BKS on ongoing matters related to the City's water rights from the Santa Ynez River and its tributaries. Additional special counsel services are necessary to support the City's continued work to implement its contractual rights to pass-through operations under the 1989 Upper Santa Ynez River Operations Agreement.

Revenues

Water revenues for Fiscal Year 2019, which includes revenues through January 2019, shows that revenues for metered sales are projected to be on target with the budget, with little variance.

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APPROVED BY: City Administrator's Office