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CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: April 9, 2019

TO: Mayor and Councilmembers

FROM: Public Works Division, Public Works Department

SUBJECT: Declaration Of Stage One Water Supply Condition And Amendment To Legal Service Agreement For Water Rights Legal Services

RECOMMENDATION: That Council:

- A. That Council adopt, by reading of title only, a Resolution of the Council of the City of Santa Barbara Declaring a Stage One Water Supply Condition and Repealing Resolution No. 17-017; 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.

EXECUTIVE SUMMARY:

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 Emergency condition has been amended with appropriate conservation targets and water use regulations in response to supply conditions.

After a historic seven-year drought period, this year brought above-average rainfall that has improved the hydrologic condition, and the City's water supply forecasts show sufficient supply to fully meet demands through 2021. While water supply conditions have improved, conservation remains important to preserve water supplies for future dry years, and to help our water supplies fully recover from the cumulative impacts of the seven-year historic drought. Based on current and forecasted water supply conditions, staff recommends rescinding the Stage Three Drought Emergency resolution (see Attachment) and adopting a new resolution declaring a Stage One Water Supply Condition. The nomenclature has been updated to recognize that while the drought condition has improved, the City's water supplies will take time to recover fully from this historic drought.

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DISCUSSION:

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 recent seven-year historic drought resulted 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, which is currently in place. In accordance with the LTWSP, depleted surface water supplies were 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.

Thus far, the winter of 2018/2019 has been characterized by above-average rainfall, with rainfall at Gibraltar Reservoir currently measured at 143% of normal. The first major storm, which occurred mid-January, filled Gibraltar Reservoir, and the reservoir began spilling on January 17, 2019. That storm, in combination with several successive storms to date, resulted in inflows to Lake Cachuma as well. At the time of writing this report, Lake Cachuma storage is currently at 75 percent, and Gibraltar Reservoir is full and spilling. The most recent U.S. Drought Monitor shows much of California, including Santa Barbara County, is no longer experiencing drought conditions. While the immediate climate conditions have improved, the cumulative effect of the seven-year drought on the City's water supplies has been extreme, and it will take several years for some sources to fully recover.

The City's water supply planning approach considers whether there are enough water supplies to meet demands for the next three years. The following is a brief status update on each of the City's water supplies, at the time of writing this report.

Status of Water Supply Sources	
Gibraltar Reservoir:	The City's reservoir filled and spilled on January 17 and is currently full. Diversions from the reservoir have begun but may be limited due to water quality concerns resulting from the Thomas Fire.
Groundwater:	The City relies on groundwater more heavily during droughts when surface water supplies are limited. In 2016, the City's groundwater basins reached historically low levels similar to 1992 (after the last major drought). The City has been "resting" the groundwater basins to let them recover; however, it could take 5-10 years before the basins are completely replenished, based on previous observation of water level and chloride data (caused by seawater intrusion) following the last major drought.
Cachuma Project:	Cachuma is the largest reservoir on the Santa Ynez River and serves as a key indicator for water supply conditions in the region. The

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	<p>reservoir is currently 75% full, but it is a shared resource with water stored belonging to other agencies, including downstream water rights. The initial annual water supply allocation from the Cachuma Project of 20% was recently increased to XX% of normal maximum amount. In the City’s three-year water supply planning period, Cachuma would need to be full and spilling in order to provide a full annual water supply allocation throughout the multi-year planning period. With Cachuma at 75% of storage capacity, reservoir levels are not sufficient to provide a full annual allocation throughout the City’s forecasted supply planning period. Therefore, reduced allocations may be possible in the next 1-2 years if dry hydrologic conditions return and Cachuma levels decline.</p>
<p>State Water:</p>	<p>The 2019 annual water allocation from the state was initially 35%, and has been increased to 70% of the maximum amount. The City’s current water debt is 3,600 AF resulting from critical supplemental water exchanges that were necessary during drought. The City may use its annual allocations or additional purchases to pay down its water debt.</p>
<p>Desalination:</p>	<p>The City’s desalination plant is currently operating, and has been operating since the summer of 2017, providing nearly one-third of the City’s current water demands.</p>
<p>Recycled Water:</p>	<p>The City’s upgraded tertiary recycled water plant has been meeting the majority of customer demands on the recycled water distribution system since November 2015 without the need for significant augmentation from other sources (e.g., non-potable groundwater or potable water). The plant was shut down periodically in summer 2018 due to unexpected pipe failures. Staff responded quickly with temporary emergency repairs, in order to allow the plant to continue to operate while a more permanent fix is developed.</p>

Full recovery of our water supplies will include replenishing the City’s groundwater basins, repayment of the City’s water debt owed (from prior State Water exchanges), and Gibraltar Reservoir water quality recovery from fire impacts. It is anticipated that full recovery will take several years. However, the City is well positioned to accelerate the recovery process with the City’s desalination plant in operation and continued conservation efforts from our community. Staff is also initiating a pilot study for artificial recharge of treated water into the City’s groundwater basins.

The City’s adopted Water Shortage Contingency Plan outlines the following stages of water supply conditions and identifies various actions to be considered during the water shortage conditions, including restrictions on water use. Several of the prohibitions on water use apply only to Stages Two and Three. However, under all circumstances, the City has a prohibition on Waste of Water, which includes excessive or unwarranted use of water, failure to repair leaks, and runoff from landscape irrigation.

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Stages of Water Shortage Contingency Plan		
<i>Stage</i>	<i>Percent Supply Reduction</i>	<i>Water Supply Condition</i>
Normal Supply	0%	Full Cachuma allocation is projected for the coming water year and there are not extraordinary shortages in other City supplies
Stage One	0%-15%	A reduced Cachuma allocation is projected for the coming water year, assuming continued dry weather; or an extraordinary reduction in other City supplies has been identified
Stage Two	15%-25%	Continuing conditions of average or less rainfall have resulted in continued decline in Cachuma storage following a reduction in entitlement; or an extraordinary reduction in other City supplies has been identified
Stage Three	25% or more	Cachuma supplies are projected to be exhausted during the coming water year; or a catastrophic interruption to City water supplies has occurred

Based on current and forecasted conditions, staff recommends that Council adopt a Stage One Water Supply Condition, with voluntary extraordinary conservation of 15 percent. With this action, prior drought water use regulations in effect under the Stage Three emergency will be lifted (see Attachment 1). However, conservation in the community has been very strong and continues to be important. The City's 12-month running average water conservation reduction at the end of February 2019 was 30 percent, compared to 2013 water demands. The City is grateful for our customers making conservation a way of life, which has been so important during the historic drought, and will continue to be important going forward. Assuming no significant changes to our water supply strategy, staff will return to Council next spring to reassess the water supply condition and adjust water conservation targets as necessary, depending on the hydrologic condition next year.

The Water Commission discussed the declaration of a Stage One Water Supply Condition at a special meeting on March 28, 2019 and voted **X-X** in support of staff's recommendation.

Revenues

Water rate revenue for Fiscal Year (FY) 2019, which includes revenue through February 2019, is projected to come in under budget by approximately \$1,200,000. Water use in Tiers 2 and 3 has been lower than expected in recent months.

The City's currently adopted multi-year water rates are for the three-year period from FY18-FY20. The rate study assumed drought conditions would improve by FY20, which is consistent with actual conditions. Staff will be initiating a rate study in summer 2019 for FY21-23 to reflect the changes in our water supply condition.

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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 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. There are sufficient appropriations in the Water Fund operating budget to cover the cost of the contract increase.

The Water Commission reviewed the legal services amendment at its regular meeting on February 21, 2019 and voted 4-0 in support of staff's recommendation for the contract increase.

PREPARED BY: Joshua Haggmark, Water Resources Manager/KD/js

SUBMITTED BY: Rebecca J. Bjork, Public Works Director

APPROVED BY: City Administrator's Office

ATTACHMENT: Adopted Resolution 17-017 for Stage Three Drought Emergency

RESOLUTION NO. 17-017

A RESOLUTION OF THE COUNCIL OF THE CITY OF
SANTA BARBARA ESTABLISHING A REVISED WATER
CONSERVATION TARGET AND UPDATED WATER USE
REGULATIONS EFFECTIVE DURING A STAGE THREE
DROUGHT EMERGENCY, AND REPEALING
RESOLUTION NO. 16-173

WHEREAS, the City of Santa Barbara, along with the rest of the State of California, has experienced the driest five-year period on record and such conditions have resulted in the depletion of surface water resources that are the City's primary water supply;

WHEREAS, the City's 2010 Urban Water Management Plan, which was updated in 2015, sets forth the City's Water Shortage Contingency Plan;

WHEREAS, pursuant to the Water Shortage Contingency Plan, on February 11, 2014, the City Council adopted resolution No. 14-009 declaring a Stage One Drought Condition and on May 20, 2014, the City Council adopted Resolution No. 14-027 declaring a Stage Two Drought Condition and imposing water use regulations;

WHEREAS, due to the continued lack of sufficient rainfall, on May 12, 2015, the City Council adopted Resolution No. 15-036 declaring a Stage Three Drought Condition, updating and augmenting water use regulations, and requiring a twenty-five percent (25%) reduction from calendar year 2013 normal citywide water use;

WHEREAS, on April 26, 2016, the City Council adopted Resolution No. 16-023 to increase the required citywide reduction from normal citywide water use to thirty-five percent (35%);

WHEREAS, on December 6, 2016, the City Council adopted Resolution No. 16-173 to increase the required citywide reduction from normal citywide calendar year 2013 water use to forty percent (40%) and to establish a lawn watering moratorium in response to continuing dry weather;

WHEREAS, while recent rainfall has been sufficient to make a modest improvement to the City's water supply and allow minor adjustments to current water use regulations, the drought remains severe and concern remains regarding entitlement limits from Lake Cachuma, depleted groundwater resources, and the potential return of dry weather during the current and subsequent years, thereby making it necessary to continue to conserve existing water supplies to protect the public health, safety and welfare if the current drought continues

WHEREAS, the Water Shortage Contingency Plan provides that, when the City determines that the water supply for the current or impending water year is projected to be more than 10 percent below projected normal demand, a Stage Three Water Shortage

Emergency shall be declared, and such conditions continue to exist;

WHEREAS, Santa Barbara Municipal Code Section 14.20.215 provides for the establishment, by resolution of the City Council, of water use rules and regulations necessary to restrict and regulate the use of water provided by the City's water distribution system during drought, and provides for exemptions to such regulations;

WHEREAS, it is the intent of the City Council to minimize inequities resulting from the implementation of water use regulations;

WHEREAS, on May 9, 2016, the Governor issued Executive Order B-37-16, Making Water Conservation a California Way of Life in California permanently prohibiting practices that waste potable water and extending emergency water conservation regulations through the end of January 2017;

WHEREAS, on February 8, 2017, the State Water Board adopted an emergency water conservation regulation to amend and extend the May 18, 2016 regulation that implemented Executive Order B-37-16;

WHEREAS, the City Council desires to preserve the substantial long-term investment in the community's trees and shrubs and to reserve the remaining amount of available irrigation water for use on trees and shrubs; and

WHEREAS, despite the elimination of the City's regulation prohibiting irrigation of lawns resulting from the adoption of this Resolution, customers of the City water system are urged to voluntarily forego lawn irrigation to the maximum extent feasible throughout the remainder of the drought.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SANTA BARBARA AS FOLLOWS:

SECTION 1. Since February 11, 2014, there has existed within the City of Santa Barbara a continually worsening Drought Condition, improving slightly with recent rainfall, such that a thirty percent (30%) water use reduction from normal citywide calendar year 2013 water use is now required, based on the City's projected water supply.

SECTION 2. For the protection of public health and safety, the following drought water use regulations regarding use of potable water from the City's water system are hereby established and shall remain in effect for the duration of the Stage Three Drought Emergency, unless repealed or modified by resolution of the City Council:

a. Except as otherwise prohibited by these regulations, any outdoor use of potable water through a hose, pipe, or faucet is permitted only if the water is delivered by use of a self-closing valve that requires operator pressure to activate the flow of water.

b. The outdoor use of potable water from a hose, pipe, or faucet (even if delivered by use of a self-closing valve as provided in Section 2 a) for the purpose of cleaning buildings, pavement, driveways, sidewalks, tile, wood, plastic, or other hard

surfaces is prohibited.

Exceptions:

- i. When such use is the only feasible means of correcting an immediate threat to health and safety.
- ii. In preparation for painting or sealing, provided that such washing occurs immediately prior to such painting or sealing.

Water used pursuant to the above exceptions shall be applied only by use of a pressure washer, mop, bucket, brush, and/or other tools to limit the use of running water to the minimum necessary. A pressure washer is defined herein to be equipment that boosts incoming water pressure for the purpose of enhancing cleaning capability and minimizing the amount of water used;

c. Outdoor irrigation of vegetation is prohibited, except between the hours of 6:00 p.m. and 8:00 a.m. of the following day if automatically controlled and between the hours of 4:00 p.m. and 10:30 a.m. of the following day if manually controlled. Irrigation by hand-held hose is subject to the self-closing valve provision of Section 2.a.

Exceptions:

- i. Irrigation accomplished by use of a water truck that delivers water by injection probe below mulch or below the soil surface;
- ii. Irrigation devices such as tree watering bags and other similar devices that release water at a slow rate for the purpose of watering trees.

d. Irrigation with potable water that causes runoff onto adjacent property, non-irrigated areas, private and public walkways, roadways, parking lots, or parking structures is prohibited.

e. Irrigation with potable water during and within 48 hours after measurable rainfall is prohibited. Measurable rainfall is defined as a $\frac{1}{4}$ of an inch or more of precipitation in a 24-hour period.

f. Irrigation of turf on public street medians with potable water is prohibited.

g. The issuance of permits for use of potable water from fire hydrants is suspended. Applicants shall be directed to apply for a permit to use recycled water.

h. Washing of vehicles and boats is prohibited except at commercial car washing facilities equipped with water recycling equipment, or by use of a hose, subject to the self-closing valve provision of Section 2.a. Operators of commercial car washing facilities shall post a notice in a conspicuous place advising the public as to whether their operations conform to water recycling requirements.

i. Use of water in any fountain or other decorative water feature is prohibited.

Exceptions: Fountains or other decorative water features that are equipped with a recirculation system are permitted under any of the following circumstances:

- i. At indoor locations;
- ii. On residential properties;
- iii. When total water surface area is less than or equal to twenty five (25) square feet;
- iv. Where, since the May 20, 2014 adoption of Stage Two regulations, aquatic life has existed in the fountain or decorative water feature.

j. Swimming pools and spas must have a cover that conforms to the size and shape of the pool or spa and acts as an effective barrier to evaporation. The cover shall be in place during periods when use of the pool is not reasonably expected to occur.

k. Draining and refilling a pool in excess of one third of the volume per year is prohibited, except as authorized by the Public Works Director based on evidence from qualified maintenance personnel that such further draining is required to make needed repairs, or to prevent equipment damage or voiding of warranties.

l. All restaurants and other eating and drinking establishments shall post, in a conspicuous place, a Notice of Drought Condition as approved by the Public Works Director and shall not serve water except upon specific request by a customer.

m. Operators of hotels, motels and other commercial establishments offering lodging shall post in each room a Notice of Drought Condition as approved by the Public Works Director. Operators of hotels and motels shall provide guests with the option of choosing not to have towels and linens laundered daily. The hotel or motel shall prominently display notice of this option in each guestroom using clear and easily understood language.

n. Operators of pools, exercise facilities, and other similar commercial establishments providing showering facilities shall promote limitation of showering time and post a Notice of Drought Condition as approved by the Public Works Director in a conspicuous place.

SECTION 3. Violation of any regulation in Section 2 of this Resolution is subject to the penalties and charges set forth in Santa Barbara Municipal Code Section 14.20.226.

SECTION 4. Resolution Number 16-173 is hereby repealed in its entirety and of no further force and effect.


RESOLUTION NO. 17-017

STATE OF CALIFORNIA)
)
COUNTY OF SANTA BARBARA) ss.
)
CITY OF SANTA BARBARA)


I HEREBY CERTIFY that the foregoing resolution was adopted by the Council of the City of Santa Barbara at a meeting held on March 21, 2017, by the following roll call vote:

- AYES: Councilmembers Gregg Hart, Frank Hotchkiss, Randy Rowse, Bendy White; Mayor Helene Schneider
- NOES: Councilmembers Jason Dominguez and Cathy Murillo
- ABSENT: None
- ABSTENTIONS: None

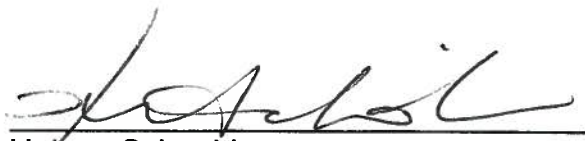
IN WITNESS WHEREOF, I have hereto set my hand and affixed the official seal of the City of Santa Barbara on March 22, 2017.



Sarah P. Gorman, CMC
City Clerk Services Manager



I HEREBY APPROVE the foregoing resolution on March 22, 2017.



Helene Schneider
Mayor