



MEMORANDUM

TO: City Council

FROM: Whitney McDonald, City Manager
Bill Robeson, Assistant City Manager/Public Works Director

BY: Aleah Bergam, Management Analyst
Shane Taylor, Utilities Manager

SUBJECT: Consideration of a Resolution Rescinding the Declaration of a Stage 1 Water Shortage Emergency; and Make Findings that Rescinding the Declaration is Not Subject to CEQA

DATE: March 28, 2023

SUMMARY OF ACTION:

Adoption of the proposed Resolution rescinding the declaration of the Stage 1 Water Shortage Emergency will rescind the current emergency water shortage restrictions and penalties.

IMPACT ON FINANCIAL AND PERSONNEL RESOURCES:

Since the Stage 1 Water Shortage Declaration was adopted on October 12, 2021, the City has billed a total of \$460,800 in mandatory penalties associated with failing to meet required water use reductions. Approving the recommendation may result in additional water consumption, which will result in a minor increase in revenues in the Water and Sewer Funds. In addition, there will be a significant reduction in staff time spent on administering the emergency water shortage restrictions and penalties.

RECOMMENDATION:

1) Adopt a Resolution rescinding the declaration of the Stage 1 Water Shortage Emergency and related emergency water shortage restrictions and penalties; and 2) Make findings that adopting the Resolution rescinding the declaration of the Stage 1 Water Shortage Emergency is not a project subject to the California Environmental Quality Act ("CEQA") because it has no potential to result in either a direct, or reasonably foreseeable indirect, physical change in the environment. (State CEQA Guidelines, §§ 15060, subd. (b)(2)-(3), 15378). Alternatively, this is not a "project" as defined by CEQA because rescinding the Stage 1 Water Shortage Emergency is merely administrative

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activity. (See State CEQA Guidelines, § 15378(b)(2),(4)). For those reasons, the action is exempt from CEQA.

BACKGROUND:

On October 12, 2021, Council approved Resolution 5119 declaring a Stage 1 Water Shortage Emergency and implementing Emergency Water Shortage Restrictions and Regulations (Attachment 2). At the time, the City of Arroyo Grande, along with much of the State of California, was experiencing historic drought conditions that negatively impacted the City's water supply and necessitated conservation requirements and the application of mandatory water use reductions in accordance with the Arroyo Grande Municipal Code (AGMC) and water shortage contingency plan.

AGMC and Declaration of Stage 1 Water Shortage Emergency

Chapter 13.07 of the AGMC, Emergency Water Shortage Restrictions and Regulations, provides for stages of action that will be undertaken in response to water supply shortages and related triggering conditions. Chapter 13.07 was added to the AGMC in February 2015.

In February 2017, AGMC Chapter 13.07 was amended to provide for stages of action consistent with the City's revised Urban Water Management Plan. The stages of action were created in recognition of the fact that the City's water supply consists of a combination of water from the Lopez Reservoir and groundwater sources, and that a variety of specific factors can result in the need to implement specific conservation measures, such as unanticipated interruptions of local water deliveries or the imposition of additional State mandated reductions in water use.

AGMC Section 13.07.030(A) provides that after holding a noticed public hearing in accordance with the requirements of Water Code Section 350, et seq., the City Council may declare a Stage 1 Water Shortage Emergency and institute reductions in water usage based upon historical use. Water Code Section 350, et seq., authorizes the governing body of a public water supply distributor to declare that water shortage emergency conditions prevail within the area served by such distributor whenever it finds and determines that the ordinary demands and requirements of water consumers cannot be satisfied without depleting the water supply of the distributor to the extent that there would be insufficient water for human consumption, sanitation, and fire protection. Water Code Section 353 provides that when such a water shortage emergency is declared, the governing body shall adopt necessary regulations and restrictions on the delivery and consumption of water. Under AGMC Section 13.07.030(A), triggering conditions for a Stage 1 Water Shortage Emergency may include, but are not limited to, a determination that the water level at the Lopez Reservoir is at or below fifteen thousand (15,000) acre-feet. When a Stage 1 Water Shortage Emergency is declared, the AGMC provides that reductions in water usage are then imposed based upon historical use. AGMC Section

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13.07.010 defines “historical use” as “a baseline amount of water that is equal to the amount of water used in the same billing period for a specifically identified previous year.” AGMC Section 13.07.030(A)(2) explains the procedures for establishing water use reductions for customers as follows:

- Assign each customer a baseline amount of water, based upon the amount of water used during the prior year (in this case, 2020).
- All residential customers will be required to reduce water usage by a percentage amount set forth in the Resolution, and percentages may be modified or amended by the City Council as deemed necessary and appropriate.
- The percentage of required conservation will increase depending on the billing tier of the residential customer's water use as provided in the City's tiered water rate structure.
- The Resolution will include provisions for imposing mandatory financial penalties if the amount of water in each tier is exceeded, and penalties may be modified or amended by the City Council as deemed necessary and appropriate based upon a determination of the severity of the water shortage emergency.

Pursuant to AGMC Section 13.07.050, commercial customers are not subject to mandatory penalties during a Stage 1 Water Shortage Emergency, except for commercial customers with irrigation meter accounts, which are required to reduce water use by a percentage set forth in the resolution declaring the water shortage emergency.

AGMC Section 13.07.070 contains procedures for adjustments to the water allocation or water reduction requirements if a customer can provide evidence of unique circumstances. If the criteria are met, the Public Works Director has the authority to grant the adjustment. In addition, AGMC Section 13.07.080 provides that the City's Utility Billing Adjustment Committee (UBAC) is empowered to act as the Water Shortage Appeals Board (WSAB) and can consider appeals of actions taken by the Public Works Director, including adjustments to water consumption reduction amounts, decisions on applications for exceptions, and decisions to assess administrative penalties. Appeals of the WSAB decision can also be made to the City Manager and City Council.

2021 and 2022 Water Supply and Demand Conditions

On July 8, 2021, Governor Gavin Newsom issued a Proclamation of a State of Emergency, pursuant to the California Emergency Services Act, due to drought in several counties in the State, including San Luis Obispo County. On July 13, 2021, the San Luis Obispo County Board of Supervisors (Board) declared a local drought emergency; and, on August 24, 2021, the Board enacted the Lake Lopez Low Reservoir Response Plan (LRRP) for Lopez Lake. The LRRP was developed by the San Luis Obispo County Flood

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Control and Water Conservation District Zone 3 and provides for a series of management procedures that are to be followed when the reservoir level drops below 20,000 acre-feet.

On September 22, 2021, Lopez Lake was at 15,426 acre-feet of storage and water levels at Lopez Lake had been dropping at the rate of approximately 150 acre-feet per week and was, therefore, expected to fall below the triggering threshold of 15,000 acre-feet by approximately October 14, 2021. On September 8, 2021, the Zone III Technical Advisory Committee endorsed the action of reducing contract deliveries by 10%. The City began reducing the flow of Lopez Lake deliveries on September 15, 2021, to 1.9 million gallons per day, compared to the normal flow of 2.2 million gallons per day. In December 2021, water levels reached 14,905 acre feet and in May 2022 Lopez Lake had dropped to 14,032 acre feet. On July 21, 2022, the Zone III Advisory Board approved the Technical Advisory Committee's recommendation to reduce contract deliveries by 20% prior to Lopez Lake reaching 10,000 acre-feet. As a result, the City began reducing the flow of deliveries on July 26, 2022, to 1.7 million gallons per day. As of December 1, 2022, deliveries from the Water Treatment Plant were restricted to 1.3 million gallons per day.

On October 12, 2021, Council approved Resolution 5119 declaring a Stage 1 Water Shortage Emergency and implementing Emergency Water Shortage Restrictions and Regulations (Attachment 2) in light of AGMC Section 13.07.030(A) and the likelihood that Lopez Lake levels would shortly drop below 15,000. In an effort to reduce total consumption in the City by 10% compared to 2020, Resolution 5119 established required water use reductions for residential and irrigation customers as follows:

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SINGLE FAMILY RESIDENTIAL

2020 Usage	Total Customers	Percentage	Total Units	% Reduction	Usage after Reduction
0-9 units	1,923	33%	62,740	0%	62,740
10-18 units	1,913	33%	156,600	7%	145,638
19 + units	1,998	34%	387,796	14%	333,505
Total Usage	5,833	100%	607,136	11%	541,883

MULTI FAMILY RESIDENTIAL

2020 Usage	Total Customers	Percentage	Total Units	% Reduction	Usage after Reduction
0-9 units	123	53%	41,715	0%	41,715
10-18 units	81	35%	55,659	7%	51,763
19 + units	26	11%	14,405	14%	12,388
Total	230	100%	111,779	5%	105,866

ALL CUSTOMER TYPES

Customer Type	2020 Usage	Reductions	Usage after Reduction
SFR	607,136	11%	541,883
MFR	111,779	5%	105,866
Commercial	110,000	0%	110,000
Irrigation meter	79,289	25%	59,467
Total	908,204	10%	817,215

Total	908,204	10%	817,384
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Individualized letters were then sent to all customers by December 1, 2021, identifying the amount of water allowed to be used during each billing period based on their usage in 2020 and the usage reduction required according to Resolution 5119. AGMC Section 13.07.090 provides for penalties and enforcement, which are to be set forth in the Resolution declaring the Water Shortage Emergency. Resolution 5119 established penalties as follows:

- First Violation: Written notice of violation
- Second Violation: \$50
- Third Violation: \$100
- Subsequent \$200

Since December 2021, staff processed 1,430 requests for adjustments to baseline allotments. A total of \$460,800 in penalties has been billed since February 2022. The community has also met and exceeded the City’s goal of reducing overall consumption by 10% compared to 2020, reaching an average reduction of 14%.

Following the declaration of the Stage 1 Water Emergency, the Lopez Water supply contract with the County was amended to include storage rights for Lopez water contractors, resulting in an ability for Lopez water contractors to store unused water

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during non-emergency times. At this time, the City holds 774.60 acre-feet in stored water in addition to the normal 2,290 acre-feet entitlement.

Winter 2023 Storms

On January 4, 2023, Governor Newsom issued a [Proclamation of a State of Emergency](#) relating to severe winter storms and a series of atmospheric river systems that struck California beginning December 27, 2022, bringing high winds, substantial precipitation, and river, stream, and urban flooding. After the substantial precipitation from the storms, water levels at Lopez Lake increased significantly, from 10,800 acre-feet at the end of December 2022, to 26,883 acre-feet as of February 6, 2023.

At the January 19, 2023 Zone III Technical Advisory Committee meeting, the Committee voted to suspend the LRRP, thereby rescinding the restriction in contract deliveries to the City and other Lopez water contractors.

At its regular meeting on January 24, 2023, two members of the City Council directed staff to present a Resolution to suspend penalties under the Stage 1 Water Shortage Declaration at its next regular meeting in light of the increased water levels at Lopez Reservoir. Following consideration of the proposed Resolution at its February 14, 2023 meeting, the City Council voted to not suspend penalties at that time but to wait until the current Stage 1 Water Shortage Declaration is rescinded.

Since that time, additional atmospheric river systems have continued to strike the Central Coast beginning on March 9, 2023. Emergency proclamations have again been issued by the Emergency Services Director for the County of San Luis Obispo, the Governor, and the City's Emergency Services Director related to the March 2023 storms, as additional flooding, debris, and damage has occurred in the region and in the City due to heavy rainfall.

The significant rainfall occurring this winter has now resulted in historically high water levels at Lopez Lake, which has reached 100% capacity and 49,462 acre feet as of March 23, 2023.

As of March 14, 2023, the United States Drought Monitor showed San Luis Obispo County as no longer in a drought (as was identified in September 2021), nor abnormally dry (as was identified in February 2023).

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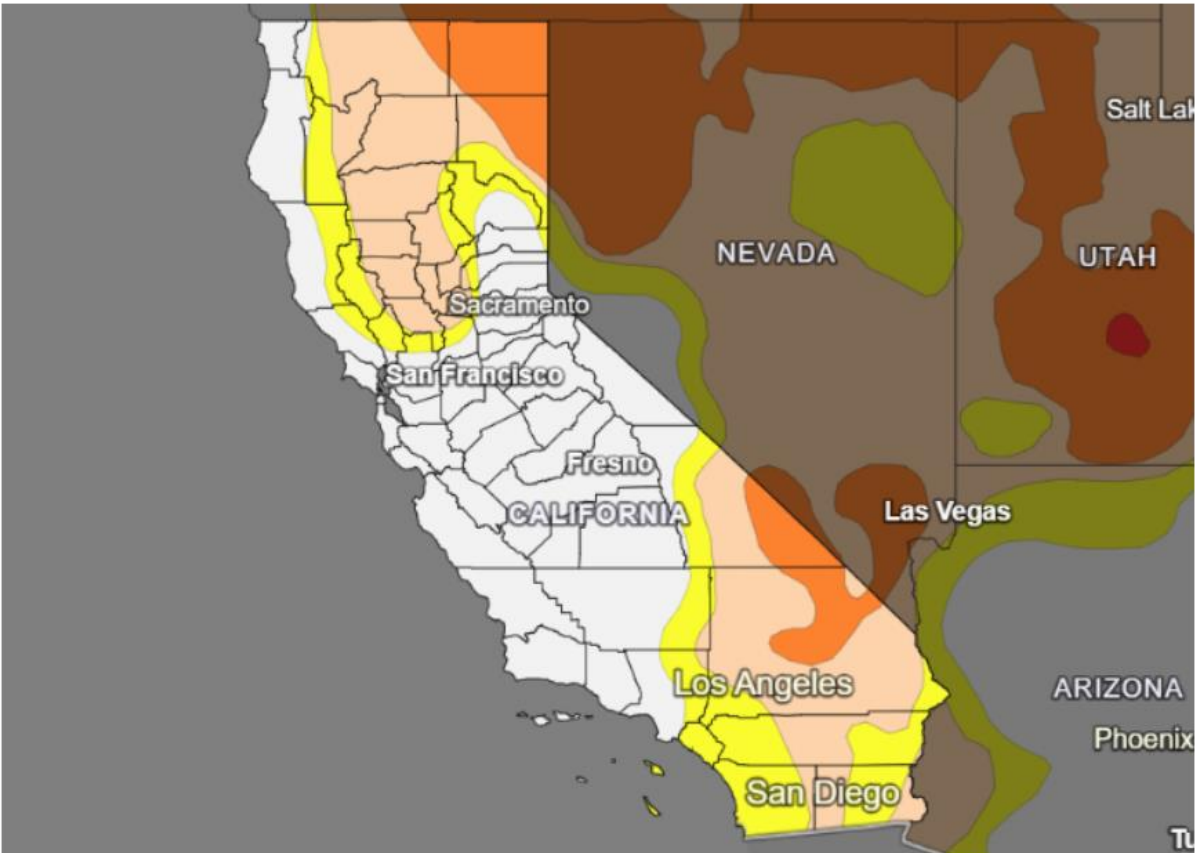
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**Current U.S. Drought Monitor Conditions for California:
Current**



U.S. Drought Monitor for CA



Source(s): NDMC, NOAA, USDA
Updates Weekly - 03/14/23

Drought.gov

It is anticipated that both the County and the State will rescind their respective drought declarations by the end of April 2023.

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ANALYSIS OF ISSUES

AGMC Chapter 13.07 does not contain explicit triggers or requirements for rescinding a Stage 1 Water Shortage Emergency. However, because the declaration of a water shortage emergency occurs when an analysis shows that water supply will be less than water demand, it follows that the emergency declaration would be rescinded when it is anticipated that water supply will be sufficient to meet water demand. The City's current and projected water use and supply for the next two years are shown in the table below:

Current and Projected Water Supply – Acre Feet per Year (AFY)					
Water Source	Supply	Entitlement	2022 Actual Use	2023 Projected Use	2024 Projected Use
Groundwater – Santa Maria Groundwater Basin		1,323 AF	165.9 AF	100 AF	180 AF
Groundwater – Pismo Formation		160 AF	1.8 AF	20 AF	40 AF
County of San Luis Obispo Lopez Reservoir Project		2,290 AF	1,822 AF	2,000 AF	2,100 AF
TOTAL		3,773 AF	1,989.7 AF	2,120 AF	2,320 AF

As of March 23, 2023, Lopez Reservoir levels are at 49,462 acre-feet and 100% of capacity. This level exceeds the 15,000 acre-feet threshold identified in the AGMC as potentially triggering a Stage 1 Water Shortage Emergency. The Zone 3 Monthly Operations report is attached (Attachment 3) along with the most recent Lopez Reservoir Storage Projection chart (Attachment 4). Based on these projections, the County has indicated that sufficient water exists in the Lopez Reservoir to meet contracted deliveries for at least 5 years.

The winter 2023 storms have also beneficially impacted the City's groundwater supplies. The deep well index of the Northern Cities Management Area portion of the Santa Maria Groundwater Basin for the First Quarter of 2023 was completed on February 7, 2023, and is 10.58 feet above sea level, which is 3.08 feet above the 7.5 threshold value. The current deep well index is 4.70 feet higher than October 2022 and 1.22 feet higher than January 2022.

In light of the United States Drought Monitor, the lifting of the LRRP, current Lopez Reservoir levels, the recovery of the deep well index, and the additional rainfall from the March 2023 storms, staff recommends rescinding the Stage 1 Water Shortage Emergency, as provided in the proposed Resolution (Attachment 1).

Ongoing Mandatory Conservation Measures The recommended action would not impact the City's adopted ongoing mandatory conservation measures, and City staff will continue

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to enforce them. The City of Arroyo Grande has had a long history of making water conservation a way of life. The City adopted mandatory conservation measures years before the recent drought situation and per capita water usage was 144 million gallons per day lower in 2021 than in 2014.

The existing permanent and mandatory conservation restrictions for Arroyo Grande residents include the following:

- Outdoor irrigation is prohibited between the hours of 10:00 a.m. and 4:00 p.m.
- Irrigation of private and public landscaping, turf areas and gardens is permitted at even-numbered addresses only on Mondays and Thursdays and at odd-numbered addresses only on Tuesdays and Fridays. Irrigation is permitted at all addresses on Saturdays and Sundays.
- No irrigation of private and public landscaping, turf areas and gardens is permitted on Wednesdays.
- Use of water which results in excessive gutter runoff is prohibited.
- No water shall be used for cleaning driveways, patios, parking lots, sidewalks, streets or other such use except where necessary to protect the public health and safety.
- Outdoor water use for washing vehicles is allowed only with hand-controlled watering devices.
- Emptying and refilling swimming pools and commercial spas is prohibited except to prevent structural damage and/or to provide for the public health and safety.
- Use of potable water for soil compaction or dust control purposes in construction activities is prohibited.
- Restaurants may only serve water to customers upon request.
- Hotels shall offer their patrons the option to forego the daily laundering of towels, sheets and linens.

Future Water Shortage Contingency Actions

In addition to existing water conservation measures, City staff are evaluating potential modifications to the City's water shortage contingency plans to address recent trends in drought conditions as well as the City's current and projected water sources. These potential water shortage contingency plan modifications will accompany an updated Urban Water Management Plan, as well as proposed regulations of new irrigated turf and other potential conservation measures. It is anticipated that these modified regulations will be presented to the City Council this Spring.

ALTERNATIVES:

The following alternatives are provided for the Council's consideration:

1. Adopt the proposed Resolution to rescind the Stage 1 Water Shortage Emergency;

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2. Do not adopt the Resolution and continue with the actions of the Stage 1 Water Shortage Emergency; or
3. Provide other direction to staff.

ADVANTAGES:

The proposed Resolution rescinds mandatory water conservation allocations and financial penalties for non-compliance, which will return the City to a state of ongoing water conservation restrictions aimed at making water conservation a way of life. The discontinuation of the Stage 1 Water Shortage Emergency will also result in a workload reduction for City staff as a substantial amount of staff time has been devoted to the management and enforcement of water customer baselines.

DISADVANTAGES:

Water consumption may increase above the amounts used during the past two years. Efforts will need to be put in place to monitor water wasting activities or community-wide excess use in the long term.

ENVIRONMENTAL REVIEW:

Rescinding the Stage 1 Water Shortage Emergency is not a project subject to the California Environmental Quality Act (“CEQA”) because it has no potential to result in either a direct, or reasonably foreseeable indirect, physical change in the environment. (State CEQA Guidelines, §§ 15060, subd. (b)(2)-(3), 15378.) Alternatively, this is not a “project” as defined by CEQA because rescinding the Stage 1 Water Shortage Emergency is merely administrative activity. (See State CEQA Guidelines, § 15378(b)(2),(4)) For those reasons, the action is exempt from CEQA.

PUBLIC NOTIFICATION AND COMMENTS:

The Agenda was posted at City Hall and on the City’s website in accordance with Government Code Section 54954.2.

Attachments:

1. Proposed Resolution
2. Resolution 5119
3. The Zone 3 Monthly Operation report
4. Lopez Reservoir Storage Projection chart