



MEMORANDUM

TO: City Council

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

BY: Shane Taylor, Utilities Manager

SUBJECT: Consideration of Adoption of Resolutions Approving the 2022 Urban Water Management Plan and the 2022 Water Shortage Contingency Plan

DATE: June 27, 2023

SUMMARY OF ACTION:

Adoption of the Urban Water Management Plan (UWMP) and the Water Shortage Contingency Plan (WSCP).

IMPACT ON FINANCIAL AND PERSONNEL RESOURCES:

Urban water suppliers are required by the State of California to adopt and submit an UWMP and a WSCP to the Department of Water Resources (DWR) to be eligible to receive drought assistance or financial assistance from the DWR. The City of Arroyo Grande (City) secured the services of Water Systems Consulting, Inc., at a cost of \$47,755, to prepare these State mandated plans.

Approximately 40 hours of staff time was required to assist with the preparation of the UWMP and WSCP. No or minimal future staff time is projected.

RECOMMENDATION:

1) Conduct a public hearing to receive input on the 2022 Urban Water Management Plan and Water Shortage Contingency Plan; 2) Adopt a Resolution approving the 2022 Urban Water Management Plan and authorizing the City Manager or their designee to file the updated UWMP to the Department of Water Resources; 3) Adopt a Resolution approving the 2022 Water Shortage Contingency Plan and authorizing the City Manager or their designee to file the updated WSCP to the Department of Water Resources; and 4) Make findings that adoption the Urban Water Management Plan and Water Shortage Contingency Plan is exempt from the California Environmental Quality Act ("CEQA") in accordance with section 10652 of the California Water Code.

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BACKGROUND:

The California Water Code (CWC) requires urban water suppliers servicing 3,000 or more connections or supplying more than 3,000 acre-feet (AF) of water annually, to prepare and adopt an UWMP and a WSCP for submission to DWR. The UWMP and WSCP, which are required to be filed in five-year cycles, must satisfy the requirements of the Urban Water Management Planning Act (UWMP Act) of 1983 including amendments that have been made to the UWMP Act and other applicable regulations. The City last updated the UWMP, which included a WSCP, in 2017.

The purpose of the UWMP is for water suppliers to evaluate their long-term resource planning and establish management measures to ensure adequate water supplies are available to meet existing and future demands. The UWMP provides a framework to help water suppliers maintain efficient use of urban water supplies, continue to promote conservation programs and policies, ensure that sufficient water supplies are available for future beneficial use, and provide a mechanism for response during drought conditions or other water supply shortages.

CWC Section 10632 also includes updated requirements for suppliers to prepare and adopt a standalone WSCP. The WSCP documents a supplier's plans to manage and mitigate a water shortage condition should one occur because of drought, State-mandated conservation, or other impacts on water supplies. In prior UWMP cycles, the WSCP was part of the UWMP. For this planning cycle, the WSCP is a standalone document that can be updated independently of the UWMP, but it must be referenced in and attached to the UWMP. An overview of the WSCP is described in the body of the UWMP and the standalone WSCP is attached as Appendix D of the UWMP.

ANALYSIS OF ISSUES:

The City's UWMP and WSCP contain information about existing and future water use, water supply, water reliability in drought conditions, conservation programs, and plans for water shortage management and mitigation. The water use section focuses on past, current, and projected water use through the year 2045. The water supply and reliability sections focus on ground water, surface water, recycled water, supplemental water, and supply projections to meet demand through the year 2045 including during conditions of a single-dry year and five consecutive dry years. The Demand Management Measures (DMM) section focuses on the City's adherence to seven water conservation DMMs required by DWR and additional programs to address long-term water use efficiency and reliability. The WSCP assesses and describes plans to manage and mitigate short-term water shortage conditions as enabled by the City's Municipal Code. The UWMP and WSCP include all information necessary to meet the requirements of the UWMP Act and were prepared as recommended by DWR's UWMP Guidebook.

While the UWMP and WSCP were supposed to be submitted to DWR by July 1, 2021, there is no penalty for submitting the plans after July 1, 2021; however, complete plans

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are required when signing any water grant or loan agreement administered by DWR, and may also be required in order to be eligible for other State funding, depending on the conditions that are specified in the funding guidelines. Since execution of State funding agreements has not been imminent after July 1, 2021, the UWMP and WSCP have not been submitted to DWR in favor of delaying submittal to capture evolving critical information and interrelated water resources management initiatives that have been resolved after the recommended submittal deadline as described below.

Critical New Information incorporated in UWMP and WSCP include the following:

1. Drought conditions and historically low Lopez Reservoir levels and entitlement reductions as recently as December 2022 were followed by the reservoir spilling for the first time in 25 years;
2. Updated entitlement storage provisions included as part of the County of San Luis Obispo Flood Control and Water Conservation District (District) Lopez Water Project Contract Changes completed in 2022;
3. Ongoing updates for the 2002 Management Agreement for the Santa Maria River Valley Groundwater Basin, including provisions for “developed water” available from Central Coast Blue;
4. Central Coast Blue development and supply availability estimates;
5. Ongoing dynamic groundwater levels and production in response to available supply;
6. Supplemental supply options development and consideration with the County and neighboring agencies coordinated in 2021 and 2022 and summarized in the 2021 Water Supply Alternatives Study Update (<https://www.arroyogrande.org/documentcenter/view/10452>) presented to the City Council on November 23, 2021; and
7. Ongoing impacts of State water use efficiency regulations currently under development and significant conservation by the City’s customers.

In addition to including critical new water resources information, the UWMP and WSCP address 10 key new requirements enacted since previous plans were adopted in 2017, including the following:

New UWMP Requirements Addressed:

1. Land use is incorporated in demand projections by aligning population projections with the City’s General Plan and updated Housing Element;
2. Water savings estimates from relevant codes and standards are included in demand projections;
3. Water loss audit reports completed by the City and approved by the State are described and included in demands;
4. The long-term forecast for each water supply source considered climate change;

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5. Supply reliability projections through 2045 assess conditions during cycles of five consecutive dry years and include a detailed 5-Year Drought Risk Assessment (DRA).;
6. Lay person's descriptions are included at the beginning of each section;
7. An estimate of energy use for water production is included; and
8. Sustainable Groundwater Management Act (SGMA) impacts and alternative compliance are described in relation to groundwater adjudication and management.

New WSCP Requirements addressed include:

9. A standalone WSCP with new prescribed elements is provided as Appendix D of the UWMP, including the following updates to the previous WSCP:
 - a. Alignment with State's prescribed shortage levels/stages;
 - b. Adaptive management strategy now considers holistic view of all supplies available to meet levels of service for each shortage level in alignment with other local agencies while still providing flexibility for the City's specific conditions;
 - i. Lopez and updated groundwater level triggers are factored in based on hydrogeologist recommendations, but they are no longer the main shortage level determination criteria and are combined with assessing the availability of other stored and supplemental supplies.

Figure 1 shows the City's water shortage levels aligned with the State's levels (per item "9.a" above) and proposed shortage level criteria (see item "9.b" above). Existing Municipal Code criteria in Figure 1 are shown in regular text and proposed updates are shown in underlined text.

10. Seismic risk assessment and mitigation plans required by America's Water Infrastructure Act (AWIA) are described in the WSCP identifying plans for long-term resilience of the City's infrastructure.

It is important to note that if the WSCP is adopted, it provides guidelines for how the City intends to assess and manage shortages using proposed criteria described in item "9.b" above and in Figure 1 below. In order to implement any changes, the City's Municipal Code would need to be updated based on the WSCP or as otherwise deemed appropriate.

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CITY SHORTAGE LEVEL	POTENTIAL SUPPLY TRIGGERING CONDITION	SUPPLY CONDITION/ SHORTAGE	STATE STANDARD WSCP LEVEL	PERCENT SHORTAGE LEVEL
1	<ul style="list-style-type: none"> • <u>Total water supply at or below 2,500 AFY considering adaptive management of groundwater levels, stored Lopez water, and/or supplemental supplies available; and/or</u> • Lopez Reservoir <15,000 AF in storage; and/or • <u>3 of the previous 4 quarters</u> (existing code shows 6 continuous quarters) of sentry well level readings below the deep well index trigger level of 7.5 feet; and/or • Mandatory SWRCB water use reduction • <u>Total water supply at or below 2,300 AFY considering adaptive management of groundwater levels, stored Lopez water, and/or supplemental supplies available; and/or</u> 	0-15%	1	<10%
1B	<ul style="list-style-type: none"> • Lopez Reservoir <10,000 AF in storage; and/or • 6 quarterly continuous events of sentry well level readings below the deep well index trigger level of 7.5 feet; and/or • Mandatory SWRCB water use reduction 	16-35%	2	10-20%
2	<ul style="list-style-type: none"> • <u>Total water supply at or below 2,000 AFY considering adaptive management of groundwater levels, stored Lopez water, and/or supplemental supplies available; and/or</u> • Lopez Reservoir <5,000 AF in storage; and/or • SMGB seawater intrusion; and/or • Catastrophic or emergency supply interruption 	>36%, 50% & >50%	3	20-30%
			4	30-40%
			5	40-50%
			6	>50%

Figure 1. WSCP Shortage Levels and Proposed Triggering Criteria

ALTERNATIVES:

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

1. Adopt a Resolution approving the Urban Water Management and the Water Shortage Contingency Plan;
2. Modify as appropriate and adopt the Resolution, approving the UWMP and WSCP;
3. Provide direction to staff to modify the UWMP and/or WSCP and return with the revised plans and resolutions for proposed adoption at a future meeting;
4. Do not approve staff's recommendation; or
5. Provide other direction to staff.

ADVANTAGES:

The UWMP is a valuable planning tool used for multiple purposes including:

- Meets a statutory requirement of the California Water Code and eligibility for State funding and assistance
- Serves as a valuable resource to the community and other interested parties regarding water supply and demand, conservation, water reliability and shortage planning and mitigation, and other water related information
- Provides a key source of information for Water Supply Assessments (WSAs) and Written Verifications of Water Supply related as required by CEQA

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- Supports regional long-range planning documents including City and County General Plans
- Provides a standardized methodology for water utilities to assess their water resource needs and availability, especially for shared local water resources
- Serves as a critical component of developing Integrated Regional Water Management Plans (IRWMPs)
- Provides a resource for regional involvement in the California Water Plan.

DISADVANTAGES:

No disadvantages have been identified.

ENVIRONMENTAL REVIEW:

The project is statutorily exempt from CEQA pursuant to California Water Code Section 10652 because CEQA does not apply to the preparation and adoption of an UWMP or WSCP or to the implementation of actions taken pursuant to Section 10632.

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.

The City sent letters of notification of preparation of the 2022 UWMP and WSCP to the County of San Luis Obispo 60 days prior to the public hearing as required by CWC Section 10621(b). Letters were also sent to nearby agencies.

Per Government Code 6066, the City notified the public about the UWMP and WSCP public hearing and availability of plans for public review once a week for two successive weeks in advance of the public hearing meeting through publishing notices in the Tribune on June 16, 2023 and June 23, 2023.

A public hearing notification and availability of plans for review was also sent to the County on June 2, 2023.

The City also made the UWMP and WSCP available for public review on June 2, 2023 and maintained a copy of the documents in their office and on the City website prior to the public hearing for review:

<http://www.arroyogrande.org/DocumentCenter/View/11579/Draft-2022-Urban-Water-Management-Plan?bidId=>).

Attachments:

1. Proposed Resolution
2. 2022 Urban Water Management Plan
3. Water Shortage Contingency Plan

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