

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: JENNIFER BURKE, DIRECTOR – SANTA ROSA WATER
PETER MARTIN, DEPUTY DIRECTOR, WATER RESOURCES
SUBJECT: ADOPTION OF STAGE 3 – MANDATORY 20% REDUCTION IN
WATER USE OF THE CITY'S WATER SHORTAGE
CONTINGENCY PLAN

AGENDA ACTION: MOTION AND RESOLUTION

RECOMMENDATION

It is recommended by Santa Rosa Water that the Council: 1) by motion, find good cause, under the Early Agenda Policy and the Open Government Ordinance, to consider this item, notwithstanding that the item did not appear on the preliminary agenda; and by resolution, 2) declare a drought emergency; 3) adopt Stage 3 – Mandatory 20% Reduction in Water Use of the City's Water Shortage Contingency Plan; 4) direct staff to implement the water conservation program as defined by Stage 3 to realize a community-wide water use reduction of up to 20%; and 5) authorize the utilization of Water Enterprise Catastrophic Reserve funds, if necessary.

EXECUTIVE SUMMARY

The Russian River Watershed is experiencing record low rainfall and extremely dry conditions for the second year in a row. Santa Rosa Water purchases approximately 94% of our water supply from Sonoma Water, the region's wholesale water supplier. On April 21, 2021, the Governor declared a local drought emergency for Sonoma and Mendocino counties. On April 27, 2021, the County of Sonoma declared a local drought emergency. On May 14, 2021, Sonoma Water filed a Temporary Urgency Change Petition with the State Water Resources Control Board (State Board) requesting a reduction of releases from Lake Mendocino and Lake Sonoma to preserve critical water supply storage. On June 14, 2021, the State Board issued a Temporary Urgency Change Order (Order) allowing Sonoma Water to reduce their releases from Lake Mendocino and Lake Sonoma. The Order also requires Sonoma Water to reduce their diversions from the Russian River by 20% over 2020 levels beginning July 1. Sonoma Water will therefore be allocating water to the water contractors. Adopting Stage 3 of the City's Water Shortage Contingency Plan is required to reduce water demand and achieve reduction targets consistent with Santa Rosa Water's allocation.

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EARLY AGENDA POLICY

As a preliminary step, prior to consideration of this agenda item, the Council must address compliance with the Council's Early Agenda Policy and with Section 1-10.030(G) of the City Code.

The approval of this item did not appear on the City's preliminary agenda for the June 29, 2021 Council meeting. Pursuant to the Council's Early Agenda Policy and the Council's direction for early implementation of section 1-10.030(G) of the City Code, an urgent item of business that does not appear on the preliminary agenda may nevertheless be placed on a final agenda, and discussed and acted on by Council, but only if there is a showing of good cause and only with the concurrence of six Council Members. Pursuant to the Early Agenda Policy and section 1-10.030(G), a showing of good cause requires a finding by Council that as a result of exceptional circumstances beyond the control of Council, compliance with the preliminary agenda requirement would "impose a substantial burden on the City's ability to conduct its business or result in prejudice to a private person."

Staff recommends that Council find that this action requires swift action to approve a resolution in order to comply with a July 1st deadline, which results from circumstances in which the State Water Resources Control Board issued a Temporary Urgency Change Order on June 14, 2021, instructing Sonoma Water to reduce their diversion from the Russian River starting July 1, 2021, which, in turn, requires that Santa Rosa Water, whose water comes from a contract with Sonoma Water, must implement a mandatory 20% community-wide reduction by July 1, 2021.

BACKGROUND

The region is facing the second consecutive year of significantly below normal rainfall totals. As of today, rainfall is below the single driest water year on record that occurred during the 1976-77 drought. Santa Rosa Water (SRW) purchases approximately 94% of our water supply from Sonoma Water, the region's wholesale water supplier. SRW has worked closely with Sonoma Water and our regional partners since this winter to monitor regional supplies and prepare for a water supply shortage due to critical dry conditions. SRW staff have been expending significant resources and efforts to inform the community about the critical dry conditions and assist customers in immediately reducing water use since December of 2020.

SRW is a partner in the Sonoma-Marin Saving Water Partnership (Partnership). The Partnership is a regional water conservation partnership between the Cities of Santa Rosa, Rohnert Park, Petaluma, Sonoma, Cotati and Healdsburg; North Marin, Valley of the Moon and Marin Municipal Water Districts; Town of Windsor; Cal-American Water;

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and Sonoma Water. In recognition of the second year of extremely dry conditions, the Partnership initially embarked upon an aggressive regional multi-media winter outreach campaign, "It's a Dry Year. Save Water with Us" in December of 2020.

On April 21, 2021, the Governor of California declared a local drought emergency for Sonoma and Mendocino counties. On April 27, 2021, the County of Sonoma declared a local drought emergency. On May 3, 2021, the Water Advisory Committee (WAC) to Sonoma Water adopted a resolution requesting the members of the Partnership voluntarily reduce water use by 20% over 2020 levels. In alignment with that request, on May 18, 2021, the Santa Rosa City Council, by resolution, instituted a voluntary 20% community-wide reduction of water use over 2020 levels. In recognition of the Drought, the Partnership and SRW transitioned to a drought campaign "Drought is Here. Save Water." The outreach and education efforts encourage customers to take advantage of SRW's water use efficiency rebate and incentive programs; improve irrigation efficiency; request free Water Smart check-ups; and reduce water use by eliminating water waste and improving water use efficiency.

Section 3.5 of the Restructured Agreement for Water Supply (Restructured Agreement) between Sonoma Water and SRW and the other water contractors outlines how water will be allocated during a water supply shortage and requires Sonoma Water to have an adopted water shortage allocation methodology that rewards and encourages conservation and avoids cutbacks based on percentage of historic water use. The Restructured Agreement also provides that the WAC, by unanimous vote, can determine an alternate allocation methodology. On May 3, 2021, the WAC unanimously adopted a temporary allocation of water deliveries for this summer, which Sonoma Water will use to allocate water. In the event of a water shortage and allocation of water by Sonoma Water, SRW has an adopted Water Shortage Contingency Plan (Shortage Plan) that outlines how SRW will respond to achieve water demand reductions.

On May 14, 2021, Sonoma Water filed a Temporary Urgency Change Petition with the State Board requesting a reduction of releases from Lake Mendocino and Lake Sonoma to preserve critical water supply storage and seeking relief from requirements of their water rights regarding minimum instream flows in the Russian River. On June 14, 2021, the State Board issued an Order granting those changes to Sonoma Water's operations. Additionally, the Order requires Sonoma Water to reduce their diversions from the Russian River by 20% over 2020 levels beginning July 1. Sonoma Water will therefore be allocating water to the water contractors using the temporary allocation of water deliveries approved by the WAC. To meet these allocations, Stage 3 of the City's Shortage Plan will need to be enacted.

As outlined in the City's Shortage Plan and pursuant to Policy 000-57, *Santa Rosa Water Reserve Policy*, catastrophic reserves may be used to offset revenue lost due to mandatory water restrictions. SRW staff are requesting that Council authorize the use of Catastrophic Reserves, if necessary, to address any revenue shortfalls for the Water

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Enterprise Fund that will occur from reduced water sales. SRW will use these catastrophic reserve funds only if revenue and undesignated fund balances cannot cover the costs of operations due to reductions in water use.

PRIOR CITY COUNCIL REVIEW

On May 18, 2021, the Council adopted a resolution instituting a voluntary 20% community-wide reduction in water use over 2020 levels. At that time SRW staff notified the City Council that a recommendation for adoption of a mandatory stage of the City's Shortage Plan would be forthcoming once allocations were established by Sonoma Water.

On June 8, 2021, the Council held a public hearing and adopted the updated 2020 Shortage Plan.

ANALYSIS

1. On June 14, 2021 the State Board issued an Order allowing Sonoma Water to reduce releases from their storage reservoirs, Lake Mendocino and Lake Sonoma, and also reduced required minimum instream flow requirements in the Russian River as required by their water right permits. This Order is in effect for 180 days from the date of issuance.
2. The State Board Order also requires Sonoma Water to reduce their Russian River diversions by 20% over 2020 levels beginning on July 1, and continuing until the expiration of the Order. This will necessitate a cutback in deliveries and implementation of the shortage allocation methodology pursuant to Section 3.5 of the Restructured Agreement between Sonoma Water and SRW. Sonoma Water will be allocating water to the water contractors using the temporary allocation of water deliveries approved by the WAC on May 3, 2021.
3. The City's Shortage Plan details how the City responds during a water shortage. The Shortage Plan outlines eight shortage stages, with corresponding overall demand reduction goals, consumption limits, prohibitions on water use, measures regarding how violations of water use restrictions will be handled, the process for requesting variances, and monitoring procedures. In addition, the Shortage Plan includes a water shortage rate structure that can be implemented by the City Council to compensate for loss of revenue due to reduced water sales and analyzes the revenue and expenditure impacts to the water utility.
4. Implementation of Stage 3 of the City's Shortage Plan aligns with Sonoma Water's water supply shortage for contract deliveries pursuant to the State Board Order.
5. Stage 3 of the City's Shortage Plan requires a 20% community-wide reduction in water use. Stage 3 requires compliance with the City's Water Waste Ordinance which prohibits runoff or breaks or leaks in the irrigation systems; requires irrigation to be limited to the hours of 8:00 PM to 6:00 AM; prohibits washing of sidewalks, patios, and other hard surfaces unless needed to address public health and safety needs; requires hose-end shut off nozzles on all garden and utility hoses; requires

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restaurants to only serve water on request, and requires hotel and lodging establishments to message about the drought, including laundering of linens only upon request.

6. The City's Shortage Plan and Water Waste Ordinance detail the City's progressive enforcement program to address violations of water use prohibitions and the water waste ordinance.
7. The Shortage Plan allows for the implementation of a 7.5% Water Shortage Charge, as well utilization of the Water Fund's Catastrophic Reserve to compensate for revenue reductions and increased expenses to respond to Stage 3. During the preparation of the Water Department FY21/22 budget, reductions in water use due to the drought were incorporated into the projected revenues and budgeted expenses were also reduced correspondingly. In addition, undesignated fund balance in the Water Enterprise is currently sufficient to absorb any additional costs associated with implementing Stage 3 of the City's Shortage Plan. Therefore, SRW staff are not recommending implementation of the Water Shortage Charge at this time but are requesting authorization to use the Catastrophic Reserve if necessary. SRW staff will monitor revenues and expenditures closely and will come back to the Council if and when implementation of the Water Shortage Charge is needed.
8. SRW has contacted customers through an extensive multi-media campaign including targeted customer outreach, direct mail, bill inserts, messaging on water bills and envelopes, and radio ads, as well as a robust digital campaign utilizing the City's website (srcity.org/SaveWater), social media accounts, and the City Connections eNewsletter to notify them about the drought and the request for a voluntary 20% community-wide reduction in water use. The direct mailing informed customers of the 20% voluntary reduction request, provided information on the City's Shortage Plan and the possibility of the need to implement mandatory restrictions this year, and informed customers of the Drought Drop By event. Our community is responding to the outreach, including increased call volume to the Water Use Efficiency Hotline, increased participation in rebate and incentive programs, and a very successful turn out at the Drought Drop By event where over 1,500 drought kits were handed out. To inform customers about adoption of Stage 3 and additional mandatory water use restrictions, SRW will continue implementation of our multi-media campaign with additional outreach including another direct mail and additional paid media.
9. To assist customers in meeting the Stage 3 reductions, the Water Use Efficiency Program will encourage customers to take advantage of water use efficiency rebate and incentive programs; improve irrigation efficiency by irrigating during the pre-dawn hours, using repeat start times, and adjusting their weekly watering based on our Water Smart irrigation recommendations; replace high flow water fixtures with high efficiency water fixtures; and request free Water Smart check-ups to receive recommendations for eliminating water waste and improving water use efficiency.
10. SRW is currently running several programs to meet the requested 20% reduction in water use, as follows:

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- a. To address runoff and water waste, Santa Rosa Water began implementing water waste patrols in May 2021, in addition to following up on reports of water waste from the public.
 - b. Water waste can be reported to the Water Use Efficiency Program through the water waste reporting website, www.srcity.org/waterwaste, or the Water Use Efficiency Hotline, 707-543-3985.
 - c. To implement water-on-request in restaurants and the lodging industry requirements, Water Use Efficiency staff have been in contact with associations representing these industries to determine the best way to get information and resources to individual industries.
 - d. To address irrigation limitations, SRW will provide outreach and education regarding the new restrictions on outdoor irrigation.
11. Stage 3 of the Shortage Plan is expected to remain in effect as long as is necessary to address the shortage conditions related to deficits of normal deliveries of water from Sonoma Water.

FISCAL IMPACT

Reduction in water sales will result in a reduction in revenue to the Water Enterprise Fund. In preparation for drought conditions, the Water Department reduced the FY2021/22 water budget and corresponding revenue accordingly. There is sufficient fund balance to absorb this reduction in revenue during FY2020/21 and there will likely be sufficient funds in FY2021/22. Pursuant to the Shortage Plan and Policy 000-57, *Santa Rosa Water Reserve Policy*, catastrophic reserves may be used to offset revenue lost due to mandatory water restrictions. SRW staff are requesting that Council authorize the use of the Water Enterprise Fund Catastrophic Reserve, if necessary, to address any revenue shortfalls that can not be absorbed by the fund balance. There is no impact to the General Fund.

ENVIRONMENTAL IMPACT

This action is statutorily exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15269(c) - Specific actions necessary to prevent or mitigate an emergency.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

On May 6, 2021, the Board of Public Utilities recommended that the City Council adopt a resolution requesting a 20% community-wide reduction in water use through voluntary conservation measures.

ATTACHMENTS

- Attachment 1 – City of Santa Rosa 2020 Water Shortage Contingency Plan
- Attachment 2 – SWRCB Temporary Change Order, June 14, 2021

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- Attachment 3 – Resolution

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