

Agenda Report

August 16, 2021

TO: Honorable Mayor and City Council

THROUGH: Municipal Services Committee (August 10, 2021)

FROM: Water and Power Department

SUBJECT: IMPLEMENT LEVEL 2 WATER SUPPLY SHORTAGE PLAN AS DESCRIBED IN THE PASADENA MUNICIPAL CODE ("PMC") TITLE 13, CHAPTER 13.10; AND ESTABLISH A VOLUNTARY WATER REDUCTION TARGET OF 15 PERCENT

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the recommended actions to encourage water conservation and prevent water waste are categorically exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Section 15307 (Actions by Regulatory Agencies for the Protection of Natural Resources); and
2. Pursuant to the Pasadena Water Waste Prohibitions and Water Supply Shortage Plans Ordinance (PMC 13.10), establish a voluntary water reduction target of 15 percent from current consumption levels and implement the Level 2 Water Supply Shortage conservation measures.

EXECUTIVE SUMMARY:

On March 27, 2017, the City Council adopted a Level 1 Water Supply Shortage Plan, ending the Level 2 Water Supply Shortage Plan enacted in 2015 in response to the 2014/2015 drought. In 2017, water supply conditions had improved and the State Water Resources Control Board ("State Water Board") ended the emergency drought declaration, and many agencies moved to a less restrictive water shortage level.

Currently, California is again contending with significant drought, facing similar conditions and challenges, including stressed ecosystems, diminished reservoirs, impacted farms, and threats to urban water supplies with the potential for extensive wildfires. A combination of low precipitation and high temperatures have left the State's reservoirs with significant deficiencies. On July 8, 2021, Governor Gavin Newsom expanded the drought emergency to 50 counties across California, and signed an

executive order encouraging residents to reduce water use by 15 percent from current consumption levels.

PWP imports water supply necessary to meet customer demand in excess of supplies produced from local groundwater wells. Imported water supplies are purchased from the Metropolitan Water District of Southern California ("MWD"). Although MWD has prepared for drought, and has sufficient reserves for 2021, the water level in Lake Mead has reached record low levels, triggering mandatory allocation plans for the Colorado River. It is anticipated that this condition will impact southern California cities in 2022.

Because sixty percent of water used by PWP customers is for landscape irrigation, implementation of the Level 2 Water Supply Shortage is a prudent and appropriate action for Pasadena to respond to the current drought and likely future shortage. The Level 2 Water Supply Shortage plan restricts outdoor watering to two days per week from April to October (Level 1 allows three days during this period). Both Level 1 and Level 2 Water Supply Shortage plan limits watering to one day per week from November to March. In addition, the time allowed to repair leaks is reduced to 48 hours from 72 hours. Finally, filling or re-filling ornamental lakes or ponds is prohibited, except as needed to sustain aquatic life.

Implementing the Level 2 Water Supply Shortage plan at this time is a prudent step as California water supply conditions continue to degrade and the recommended 15 percent water reduction target is consistent with the voluntary state goal. Proactive steps early in the drought are helpful to protect Pasadena's local supply which is critical as imported supplies are likely to be reduced during a multi-year drought.

While water conservation is an important short- and long-term strategy to maintain sustainable water supply, rate adjustments may be necessary to offset the reduced revenues from lower retail water sales volume.

BACKGROUND:

Pasadena's Water Supply

PWP's current water supplies include: local groundwater from the Raymond Basin (approximately 30 to 40 percent), and purchases of imported water from MWD for remaining demand. Normally PWP augments local groundwater with storm water capture or surface water diversions. This provides storage benefits to Pasadena from local surface water that is diverted and infiltrated during wet years and stored in the basin for use to meet high demands and mitigate the impacts of reduced imports during dry years. The availability of surface water diversion has been minimal in recent winters due to the lack of precipitation and damage to the intake and diversion facilities from the Station fire in 2009.

Local groundwater serves an important role to reduce the amount of imported water that must be purchased from MWD. MWD obtains its water supplies from the State

Water Project (“SWP”) and the Colorado River. Both of these sources have become less reliable as a result of drought, water rights challenges, water quality concerns, and environmental degradation tied to these programs.

Furthermore, the Governor’s water resources plan calls for reduced reliance on the Delta through Improved Regional Water Self-Reliance (California Code Reg., tit. 23, § 5003) which compels PWP to seek local supplies. Adopting a Level 2 Water Supply Shortage Plan and a 15 percent reduction target will help buffer the impact of water shortages for this year and aid in preserving water for next year. Some neighboring agencies are considering taking similar measures; however, staff is not aware of any Southern California agencies that have taken such action yet.

Recommended Water Conservation Target

It is recommended that the City Council adopt a voluntary 15 percent water reduction target consistent with voluntary reductions requested by the Governor. PWP will assist customers with implementing water saving measures to achieve their goal, and with tracking their 15 percent reduction goal against their current consumption level. The recommended goal is not intended to be reportable or enforceable for individual water customers.

Level 2 Water Shortage Plan Recommendation

Staff is recommending the implementation of a Level 2 Water Supply Shortage. The Level 2 Water Supply Shortage (PMC 13.10.040) restricts outdoor watering to two days per week from April 1 to October 31, whereas the current Level 1 plan allows three days per week during this period. Both Level 1 and Level 2 limit watering to one day per week from November to March.

Under the proposed Level 2 Water Supply Shortage, the following schedule for watering or irrigating lawns would apply:

| Season | Odd-numbered street addresses | Even-numbered street addresses |
|------------------------|--------------------------------------|---------------------------------------|
| April 1 to October 31 | Tuesdays and Fridays | Monday and Thursday |
| November 1 to March 31 | Tuesdays only | Monday only |

In lieu of limiting irrigation to specific days, PWP’s largest non-residential water customers may submit an alternative efficient water use plan to support the recommended water conservation target. The PWP General Manager shall have final approval authority for such plans.

Every summer Pasadena’s water system is impacted by the additional demands of landscape irrigation. To reduce demand on the system, the watering day restrictions and alternative efficient water use plans are intended to balance water use demand on the system and flatten the curve caused by having all properties watering on the same days. The alternating schedule for even and odd street addresses discourages the overuse of water and reduces demand on the system.

While implementing these restrictions, PWP will continue to provide exemptions or flexibility for irrigating trees, shrubs, new water efficient landscape, large irrigation areas and active functional turf consistent with past practice and with PMC 13.10.

The water conservation target and Level 2 Water Shortage Plan will become effective immediately upon approval by Council and will remain in effect until such time as the City Council determines that a water supply shortage no longer exists or that another water supply shortage plan is necessary.

Outreach and Education

In May 2021, PWP launched the *Shape Up Summer* campaign, encouraging customers to reduce their water use by 10 percent, and providing enhanced programs. PWP will build on this campaign to promote the 15 percent water use reduction target. PWP will promote customer outreach through a combination of venues including:

- Website and Social Media
- Press Releases
- Citywide Direct Mailer
- News Articles through City/PWP Publications
- Direct Outreach to City Departments, Field Reps, Large Customers, and Community Groups
- Emails to customers through the WaterSmart customer engagement tool
- Updates on the WaterSmart customer portal

In addition PWP has a robust “boots on the ground” outreach program in place. The *PWP Team Water Savers* are present in the City neighborhoods every morning, to provide information and assistance. By observing water runoff and providing customers with irrigation check-ups and other valuable resources, *Water Savers* are available to help promote water use efficiency. This team will distribute new information advising customers of the Level 2 Water Shortage Plan, and the new watering day restrictions.

To assist customers reach their goal, they will be able to sign up for an Irrigation Check-Up with a PWP team member. Customers can also receive a drip conversion kit and efficient sprinkler heads to replace broken or inefficient ones.

COUNCIL POLICY CONSIDERATION:

The proposed actions are consistent with the 2020 Water Systems and Resources Plan, the 2020 Urban Water Management Plan, the Urban Environmental Accords Goal to reduce potable water use, and the City Council Strategic Planning Goals to increase conservation and sustainability.

ENVIRONMENTAL ANALYSIS:

The project has been determined to be exempt per Section 15307 of the CEQA Guidelines, Actions by Regulatory Agencies for Protection of Natural Resources. This exemption consists of actions by regulatory agencies as authorized by state law or local ordinance to assure maintenance of a natural resource (such as water) where the regulatory process involves procedures for protection of the resource. It has been determined that implementing a Level 2 Water Supply Shortage Plan will have no secondary environmental impacts.

FISCAL IMPACT:

The recommended actions are expected to result in reduced water consumption, Water Fund revenues, and expenses. As a result, Water Fund net income is expected to decline. The following table summarizes approximate impacts of a 15 percent reduction in water sales compared to budgeted amounts for FY2022:

| Budget Item | Financial Impact Estimate (in millions) |
|---|--|
| Reduction in Water Revenue | \$7.3 |
| Reduction in Water Cost | \$4.4 |
| Reduction in Net Income | \$2.9 |
| <i>Assumes 15% reduction in usage across all customer classes and reduced sales would be from Tier 2 billing rates. Reduced water cost assumes reduction of purchases of Tier 1 treated water from Metropolitan Water District.</i> | |

As discussed during the public hearing for the Water System’s FY2022 operating budget, staff anticipates the need for a rate increase to address operational and capital needs of the Water System, even prior to enactment of the proposed conservation measures.

Staff will monitor the impact of the Level 2 Water Shortage on revenue and re-evaluate the revenue requirements of the FY2022 budget. Based on this review, staff expects to make a recommendation for rate adjustments during FY2022 which will address the needs of the Water System that now includes the impacts of the proposed conservation measures.

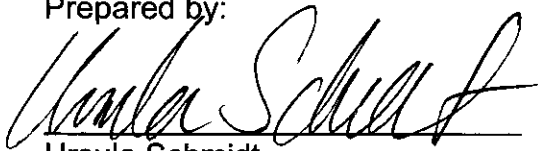
The recommended actions are not expected to substantially change administrative costs associated with water conservation. Any additional outreach costs will be adjusted in the FY2022 budget for water conservation programs.

Respectfully submitted,



GURCHARAN S. BAWA
General Manager
Water and Power Department

Prepared by:



Ursula Schmidt
Water Conservation Programs Manager

Approved by:



STEVE MERMELL
City Manager