



Date: June 17, 2015
To: Mayor and City Council
From: Tim Tucker, City Engineer
Subject: Amending Regulations Governing Water Service – Water Rates Public Hearing

Recommendation

Conduct Public hearing then adopt:

- A) Resolution finding there has been no majority protest to proposed water consumption pricing adjustment of up to \$0.50 per Unit of Treated Water used, establishing the Proposed Pricing Adjustment, and amending Section 14, Schedule of Fees and Rates, of the City of Martinez Regulations Governing Water Service; and
- B) Resolution establishing the City of Martinez 25% Drought Management Plan.

Background

Governor Brown signed Executive Order B-29-15. The Governor mandates the California State Water Resources Control Board (SWRCB) impose restrictions to achieve a statewide mandatory 25% reduction in potable urban water usage through February 28, 2016.

In response to the Executive Order, on May 6, 2015, the City Council adopted Resolution No. 062-15 and set July 1, 2015 as the date of the Public Hearing to establish temporary water consumption pricing adjustment of up to \$0.50 per Unit (748 gallons) of treated water used and directed staff to prepare necessary resolutions and ordinances to implement the City’s 25% Drought Management Plan.

Discussion

Proper notices of the public hearing have been mailed and published. To implement the temporary pricing adjustment the Regulations Governing Water Service must be amended. Section 14 of the Regulations governs the “Schedule of Fees and Rates.” Staff proposes to add the following paragraph to the Section.

14.3.15 Temporary Pricing Adjustment

Quantity Charge, \$/hundred cubic feet

Current Consumption Rate ¹ . Jan. 1, 2015	Temporary Adjustment ² .	Effective July 1, 2015
\$3.46	\$0.50	\$3.96

¹ Effective January 1, 2016 Consumption Rate will be annually adjusted by the same percentage of increase of untreated water costs. Increases are limited to annual changes in rates between 0% and 5% in any one year.

² Temporary Adjustment shall be in effect until the State of California eliminates water use reductions requirements and the City Council adopts a resolution terminating the Temporary Pricing Adjustment. Temporary adjustments will be credited from billing for single family residential water customers using less than 200 gallons per day.

The Temporary pricing adjustment is one part to the City's 25% Drought Management Plan (Plan.) The Plan focuses on:

- Prohibited Practices
- Reduction Requirements
- City Incentives
- Temporary Pricing Adjustments, and
- Violations

Proper notices of the public hearing on the Plan have been mailed and published. Staff recommends Council adopt the attached resolution adopting the Plan (Exhibit A.)

Fiscal Impact

The fiscal impact is dependent on the level of conservation achieved by water customers, which is unknown at this time. Should water customers achieve the water reduction goals, revenues will be lower. Water Fund revenues will be reported at the mid-year budget review, at which time the true impact will be known.

Attachments

- 25% Drought Management Plan
- Resolutions

APPROVED BY:



Rob Braulik, City Manager

RESOLUTION NO. -15

FINDING THERE HAS BEEN NO MAJORITY PROTEST TO PROPOSED WATER CONSUMPTION PRICING ADJUSTMENT OF UP TO \$0.50 PER UNIT OF TREATED WATER USED AND AMENDING SECTION 14, SCHEDULE OF FEES AND RATES, OF THE CITY OF MARTINEZ REGULATIONS GOVERNING WATER SERVICE TO ADD A \$0.50 PER UNIT TEMPORARY PRICING ADJUSTMENT TO THE WATER QUANTITY CHARGE

WHEREAS, California is in the midst of a severe and extraordinary four-year drought; and

WHEREAS, on July 15, 2014, the State Water Resources Control Board (SWRCB) approved emergency regulations mandating residents and water suppliers take certain action relative to water use and use of potable water for irrigation purposes and on March 17, 2015, the SWRCB, in light of California entering a fourth year of extraordinary drought conditions, reauthorized the emergency regulations adopted in 2014, and approved additional mandates requiring water suppliers and businesses to take certain further actions relative to water use and use of potable water for irrigation purposes, including the imposition of fines up to \$500 per day for each violation of the SWRCB emergency regulations, and the imposition of fines of up to \$10,000 per day against urban water suppliers found to be non-compliant with the SWRCB rules and regulations; and

WHEREAS, the California Governor formally declared April 1, 2015, by Executive Order B-29-15 a continued state of emergency exists due to water shortage and drought conditions, and the orders and provisions of Executive Order B-26-14 and B-28-14 remain in full force and effect subject to modifications by Executive Order B-29-15, and he is directing SWRCB to impose additional water use restrictions to achieve a statewide 25% reduction in potable urban water usage through February 28, 2016; and

WHEREAS, the SWRCB is developing additional, but currently unpublished, regulations to implement Executive Order B-29-15; and

WHEREAS, the United States Bureau of Reclamation (Reclamation) has announced its initial 2015 water year allocation for the Central Valley Project (CVP) and has forecast the water supply available for the City's untreated water supplier, Contra Costa Water District (CCWD), is to be no more than an historical low of 25% of its past use under a median forecast; and

WHEREAS, drought conditions contribute to further uncertainty regarding regulatory conditions in the Sacramento–San Joaquin Delta affecting the amount and quality of water can be legally moved from Reclamation's reservoirs to pumping plants in the Delta, including CCWD's; and

WHEREAS, California Water Code Section 350 et seq. authorizes the City Council to declare a water shortage emergency condition to exist upon the making of appropriate findings after notice of a public hearing is published and a public hearing is conducted at which time testimony may be presented regarding the water shortage emergency condition; and

WHEREAS, California Water Code Section 375 et seq. authorizes the City Council to adopt and enforce a water conservation program to reduce the quantity of water used for the purpose of conserving the water supplies of the City after notice of a public hearing is published and a public hearing is conducted at which time testimony may be presented regarding the water conservation program; and

WHEREAS, it has been determined a temporary water consumption pricing adjustment is needed to trigger customers behavior to reduce water use and to pay for the cost of implementing the City of Martinez 25% Drought Management Plan (Plan) as mandated by the Governor of California under Executive Order B-29-15.

WHEREAS, the City of Martinez has mailed proper notice at least 45 days in advance to the owners of all properties served by, and to customers of, the water system of temporary water service charges being proposed to be established beginning July 1, 2015 and the owners' rights to submit written protests to the proposed charges at a public hearing on July 1, 2015 at approximately 6:00 P.M. in the Council Chambers, in accordance with Article XIID Section 6(a) of the California Constitution; and

WHEREAS, the number of written protests to the proposed water service charges properly submitted to the City before the closing of the public hearing on July 1, 2015 did not comprise a majority of the properties served by the City's water system.

NOW, THEREFORE, BE IT RESOLVED on July 1, 2015, at approximately 6:00 P.M. in the Council Chambers, a public hearing was held at which written protests submitted by property owners to the water service rates contained within the public notice attached hereto were received and counted and all objections to the proposed water service rates were heard. At which time, it was determined the number of written protests did not comprise a majority of the properties served by the City's water system; and

BE IT FURTHER RESOLVED all of the recitals contained hereinabove are hereby incorporated by this reference; and

BE IT FURTHER RESOLVED:

SECTION 1. REGULATIONS GOVERNING WATER SERVICE is amended to replace Section 14.3 with the following:

14.3 Consumption Rate

Payments for water consumption shall be made in accordance with the provisions of these regulations and as follows:

14.3.1 Regular Service

Quantity Charge, \$/hundred cubic feet

Effective May 1, 2007	Effective Jan. 1, 2008	Effective Jan. 1, 2009
\$2.55	\$2.72	\$2.89

Effective January 1, 2010 Quantity charges will be annually adjusted by the same percentage of increase of untreated water costs. Increases are limited to annual changes in rates between 0% and 5% in any one year.

14.3.15 Temporary Pricing Adjustment

Quantity Charge, \$/hundred cubic feet

Current Consumption Rate¹ Jan. 1, 2015	Temporary Adjustment²	Effective July 1, 2015
\$3.46	\$0.50	\$3.96

¹ Effective January 1, 2016 Consumption Rate will be annually adjusted by the same percentage of increase of untreated water costs. Increases are limited to annual changes in rates between 0% and 5% in any one year.

² Temporary Adjustment shall be in effect until the State of California eliminates water use reductions requirements and the City Council adopts a resolution terminating the Temporary Pricing Adjustment. Temporary adjustments will be credited from billing for single family residential water customers using less than 200 gallons per day.

SECTION 2. Severability. If any section, subsection, sentence, clause, phrase or portion of this resolution is for any reason held invalid or unconstitutional, such decision shall not affect the validity of the remaining portions of this resolution.

The City Council hereby declares it would have passed this and each section, subsection, phrase or clause thereof irrespective of the fact any one or more sections, subsections, phrase or clauses be declared unconstitutional on their face or as applied.

SECTION 3. Effective date. This Resolution is effective and operative immediately upon its adoption.

* * * * *

I HEREBY CERTIFY the foregoing is a true and correct copy of a resolution duly adopted by the City Council of the City of Martinez at a Regular Meeting of said Council held on the 1st day of July, 2015, by the following vote:

AYES:

NOES:

ABSENT:

RICHARD G. HERNANDEZ, CITY CLERK
CITY OF MARTINEZ

RESOLUTION NO. -15

ESTABLISHING THE CITY OF MARTINEZ 25% DROUGHT MANAGEMENT PLAN

WHEREAS, California is in the midst of a severe and extraordinary four-year drought; and

WHEREAS, on July 15, 2014, the State Water Resources Control Board (SWRCB) approved emergency regulations mandating residents and water suppliers take certain action relative to water use and use of potable water for irrigation purposes and on March 17, 2015, the SWRCB, in light of California entering a fourth year of extraordinary drought conditions, reauthorized the emergency regulations adopted in 2014, and approved additional mandates requiring water suppliers and businesses to take certain further actions relative to water use and use of potable water for irrigation purposes, including the imposition of fines up to \$500 per day for each violation of the SWRCB emergency regulations, and the imposition of fines of up to \$10,000 per day against urban water suppliers found to be non-compliant with the SWRCB rules and regulations; and

WHEREAS, the California Governor formally declared April 1, 2015, by Executive Order B-29-15 a continued state of emergency exists due to water shortage and drought conditions, and the orders and provisions of Executive Order B-26-14 and B-28-14 remain in full force and effect subject to modifications by Executive Order B-29-15, and he is directing SWRCB to impose additional water use restrictions to achieve a statewide 25% reduction in potable urban water usage through February 28, 2016; and

WHEREAS, the SWRCB is developing additional, but currently unpublished, regulations to implement Executive Order B-29-15; and

WHEREAS, the United States Bureau of Reclamation (Reclamation) has announced its initial 2015 water year allocation for the Central Valley Project (CVP) and has forecast the water supply available for the City's untreated water supplier, Contra Costa Water District (CCWD), is to be no more than an historical low of 25% of its past use under a median forecast; and

WHEREAS, drought conditions contribute to further uncertainty regarding regulatory conditions in the Sacramento–San Joaquin Delta affecting the amount and quality of water, which can be legally moved from Reclamation's reservoirs to pumping plants in the Delta, including CCWD's; and

WHEREAS, as of the date of enactment of this resolution and based on current and historic water supply availability and CCWD projects, the City of Martinez' water supply will be impacted in 2015-2016 as a result of drought conditions; and

WHEREAS, conservation and waste prevention measures are necessary to manage demands within the City to comply with emergency regulations of the State of California and to ensure sufficient water is available for critical domestic, municipal and industrial water needs of the City's customers in 2015-2016, and to ensure water supplies are not depleted in the event the

following year is also dry; and

WHEREAS, while the City's water conservation efforts, recycled water, and CCWD's supplemental water purchases have stretched CCWD available water supplies, discretionary outdoor water use will require further reductions pursuant to the actions and requirements of the Governor and SWRCB; and

WHEREAS, California Water Code Section 350 et seq. authorizes the City Council to declare a water shortage emergency condition to exist upon the making of appropriate findings after notice of a public hearing is published and a public hearing is conducted at which time testimony may be presented regarding the water shortage emergency condition; and

WHEREAS, California Water Code Section 375 et seq. authorizes the City Council to adopt and enforce a water conservation program to reduce the quantity of water used for the purpose of conserving the water supplies of the City after notice of a public hearing is published and a public hearing is conducted at which time testimony may be presented regarding the water conservation program.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Martinez determines:

1. Based upon the facts recited above, and upon the authority contained in Water Code §350 et seq., §375 et seq., §31021 et seq., § et seq., and §31026 et seq., drought conditions exist, which can affect water supply and quality available to the City as a Contra Costa Water District untreated water customer; and
2. Conservation measures to prevent waste and unreasonable use are necessary to manage demands so reasonable water needs of District customers can be met in 2015; and
3. The City intends to meet the overall 25% water use reduction requirement by requiring the following water use reductions as follows:
 - a. Industrial customers are hereby required to reduce water use 5% and to be conservation-minded in their everyday use of water, with water use during 2013 used as the baseline for reduction; and
 - b. Irrigation/Agricultural customers are hereby required to reduce outdoor landscape irrigation water use 40%, and to be conservation-minded in everyday use of water, with water use during 2013 used as the baseline for reduction; and
 - c. All other customer classes are hereby required to reduce water use 25% and to be conservation-minded in everyday use of water, with water use during 2013 used as the baseline for reduction.
4. The water use "Prohibited Practices", attached hereto as described in Exhibit A, City of Martinez 25% Drought Management Plan (Plan), and incorporated herein as if fully set forth, are necessary to conserve water, promote effective water supply planning, assure

reasonable and beneficial use of water, prevent waste and unreasonable use of water, and prevent unreasonable methods of use of water within the City of Martinez Water District; and said water use prohibitions are necessary to ensure sufficient supplies of water will be available to meet the needs of, and to protect the health and safety of, the City's customers and other members of the public; and

5. The Plan, as described in Exhibit A, is hereby approved and shall be in effect until the State of California eliminates water use reductions requirements and the City Council adopts a resolution terminating the Plan; and
6. This Resolution is effective and operative immediately upon its adoption and the District Resolution No. 037-14 is hereby repealed and superseded in full by this Resolution.

* * * * *

I HEREBY CERTIFY the foregoing is a true and correct copy of a resolution duly adopted by the City Council of the City of Martinez at a Regular Meeting of said Council held on the 1st day of July, 2015, by the following vote:

AYES:

NOES:

ABSENT:

RICHARD G. HERNANDEZ, CITY CLERK
CITY OF MARTINEZ

Exhibit "A"

City of Martinez 25% Drought Management Plan (Plan)

I PROHIBITED PRACTICES

The following uses of water supplied by the City of Martinez have been determined to be wasteful and are prohibited at any time when a 25% Drought Management Program is in effect:

Single Family and Multi-Family Residential customers

- a. Outside watering with City-furnished water result in excessive flooding or runoff into a gutter, drain, patio, driveway, walkway or street.
- b. Outside watering of landscaping during the daylight hours of 9 a.m. to 5 p.m.
- c. Washing a vehicle, trailer or boat with City-furnished water using a hose without a shut off nozzle.
- d. Washing paved or other hard-surfaced areas, including sidewalks, walkways, driveways, patios, and parking areas with City-furnished water.
- e. Using City-furnished water for non-recirculation decorative fountains or filling decorative lakes or ponds.
- f. Watering outdoor landscapes during and up to 48 hours after measurable rainfall.
- g. Watering of outdoor landscapes more than two days per week unless the City grants an exception. Examples include newly planted drip irrigated drought tolerant landscaping, and vegetable gardens.
- h. Watering of landscape of newly constructed homes and buildings is not delivered by drip or micro-spray systems.

Non-residential customers

- a. Outside watering with City-furnished water result in excessive flooding or runoff into a gutter, adjacent properties, drain, patio, driveway, walkway, structures, parking lots or street.
- b. Outside watering of landscaping during the daylight hours of 9 a.m. to 5 p.m.
- c. Using City-furnished water for non-recirculating decorative fountains or for filling decorative lakes or ponds.
- d. Washing paved or other hard-surfaced areas, including sidewalks, walkways, driveways, patios and parking areas with City-furnished water.
- e. Washing a vehicle, trailer or boat with City-furnished water using a hose without a shut off nozzle.
- f. Watering outdoor landscapes during and up to 48 hours after measurable rainfall.
- g. Watering of outdoor landscapes more than two days per week unless the City grants an exception. Examples include newly planted drip irrigated drought tolerant landscaping, and vegetable gardens.
- h. Watering of landscape of newly constructed homes and buildings is not delivered by drip or micro-spray systems.

II REDUCTION REQUIREMENTS BY CUSTOMER CLASSIFICATION:

The City intends to meet the overall 25% water use reduction requirement by requiring the following water use reductions as follows:

- a. Industrial customers are required to reduce their water use by 5% and to be conservation minded in their everyday use of water, with water use during 2013 used as the baseline for reduction.
- b. Irrigation/Agricultural customers are required to reduce their outdoor landscape irrigation water use by 40%, and to be conservation minded in their everyday use of water, with water use during 2013 used as the baseline for reduction.
- c. All other customer classes are required to reduce their water use by 25% and to be conservation minded in their everyday use of water, with water use during 2013 used as the baseline for reduction.

III CITY INCENTIVES

In accordance California Governor Executive Order B-29-15 the City shall:

Mandatory

- a. In coordination with the Department of Water Resources and Contra Costa Water District (CCWD) the City shall provide incentives for customers to convert lawns and ornamental turf to drought tolerant landscapes.
- b. In coordination with the California Energy Commission, jointly with the California Department of Water Resources and the Water Board and CCWD provide appliance rebate programs for the replacement of inefficient household devices.

Current/Optional Programs

- a. Coupons for mulch for use in landscaping and for local car washes using recycled water
- b. Free conservation site surveys
- c. Outreach programs, workshops, and educational materials.
- d. Rebates for water efficient fixtures and landscape conversions
- e. Recycled water fill stations offered free of charge by local sanitary districts

IV TEMPORARY PRICING ADJUSTMENT

In accordance with Proposition 218 the City will implement temporary pricing adjustments to signal to customers the need to achieve the prescribed water use reductions. The pricing adjustments will result in a \$0.50 per unit (748 gallons) increase in treated water quantity charges. This level establishes the price signal anticipated to achieve desired conservation behaviors. Customers meeting the 25% reduction requirement will experience a reduction in the water bill compared to current billing levels, thereby incentivizing them to conserve. Residential customers using less than 200 gallons per day averaged over the billing cycle are considered to be efficiently using water based on district wide typical customer use and will be credited the pricing adjustment. Multifamily structures, served with a single water meter, using 200 or more gallons per day are subject to the pricing adjustment.

V VIOLATIONS

Remedies for the prevention of water waste shall be in accordance with Chapter 7 of the Regulations Governing Water Service (Regulations). In addition to the remedies in the Regulations, and in order to enforce the water use prohibitions, the City has the discretionary ability to impose fines for the wasteful use of City treated water as follows:

- a. First offence: At the City's discretion the City will issue a Warning Notice and at the City's option fines up to \$250 for each offence.
- b. Second offence: At the City's discretion the City will issue a Warning Notice and at the City's option fines up to \$500 for each offence.
- c. Subsequent offences: At the City's discretion the suspension of service under existing City of Martinez Regulations Governing Water Service Chapter 7, Section 7.6, Prevention of Waste.
- d. Fines may be appealed to the City Manager of the City of Martinez.

VI EXCEPTIONS

Under extraordinary circumstances such as for medical purposes the City of Martinez Water Superintendent may wave all or portions of this Plan for customers on a case-by-case basis.