



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: March 7, 2017

TO: Mayor and Councilmembers

FROM: Water Resources Division, Public Works Department

SUBJECT: Drought Update And Resolution Regarding Grant Application Requirements For The Federal Bureau Of Reclamation

RECOMMENDATION: That Council:

- A. Receive an update on the status of the current drought, drought-response capital projects, and continuing conservation efforts; and
- B. Adopt, by reading of title only, A Resolution of the Council of the City of Santa Barbara Authorizing Submittal of a Grant Application Under the Federal Bureau of Reclamation WaterSMART Drought Resiliency Projects Grant Program.

DISCUSSION:

Council declared Stage One and Stage Two Drought Conditions on February 11, 2014, and May 20, 2014, respectively, as a result of unprecedented drought conditions. On May 5, 2015, in response to the driest consecutive four-year period on record, Council declared a Stage Three Drought Emergency. Since then, the Stage Three Drought condition has been amended with increasing conservation targets and water use regulations. The most recent amendment was on December 6, 2016, which increased the City's water conservation target to 40 percent reduction, based on local water supplies.

Rainfall for the last five years has averaged less than half of the long-term average. Consistent with the City's Long Term Water Supply Plan (LTWSP), depleted surface water supplies have been replaced with increased groundwater production and water purchases. This strategy has been successful in securing water supplies sufficient to meet demand through 2017, assuming ongoing 40 percent conservation and reactivation of the City's Charles E. Meyer Desalination Plant (Desalination Plant) in the spring.

Recent rainfall has been a positive improvement from what has been seen over the past five years with regard to the City's water supply situation. Gibraltar Reservoir and Lake Cachuma have both received above-average rainfall for this time in the water year, which began on September 1, 2016.

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However, given the severity of the drought, the City's water supply situation remains tenuous. Fortunately, conservation efforts have reduced the City's water demands to approximately 10,000 acre-feet per year. Any decision to roll back conservation measures should be postponed until after the City receives notice regarding its Cachuma allocations for Water Year 2018.

Work continues to move forward on the reactivation of the Desalination Plant. The current plant reactivation will produce 3,125 acre-feet annually for City water customers, with water production anticipated in April 2017. On February 6, 2017, the contractor reached a milestone with the completion of major construction and the beginning of the start-up and testing phase. This milestone was marked by the contractor being able to pump seawater onshore, which is the first step in the equipment startup and testing phase. This final phase of the project is anticipated to continue into April 2017, and will end with final acceptance testing and permitting by the state.

While the City's water conservation rate for January was 30 percent, it is 36 percent for the 12-month running average as compared to 2013 water demands. With the Stage Three Drought declaration and the need for a 40 percent reduction in water use, the Water Conservation Program has continued its enhanced public information campaign of targeted outreach to specific user types, including:

- increased weekly messaging through social media and online news outlets;
- training, workshops, and presentations to community and industry groups;
- printed materials and targeted utility bill messaging; and
- drought signage throughout the City

BUDGET/FINANCIAL INFORMATION:

With so much of the Water budget being contingent on how much rainfall and runoff Santa Barbara has received this year, staff is proposing to delay the discussion on water rates until April 2017. In April, staff hope to have sufficient information to determine the 3-Year water supply strategy, which will inform the water rate development process. Because of this delay, water rate adoption is not expected to occur until August 2017.

The Federal Bureau of Reclamation (Bureau) has a grant funding opportunity which could yield as much as \$750,000 towards the proposed Desal Conveyance Pipeline. The grant funding is for capital projects that build long-term resiliency to drought, improve water quality and management, and reduce the need for emergency response actions. For our application to be considered, Council must adopt a resolution identifying the City staff member with the legal authority to submit an application, confirming the City's financial capability to fund its share of the project costs, and indicating a willingness to work with the Bureau to meet deadlines and milestones.

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