

Meeting Date: 3/4/2014

Report Type: Staff/Discussion

Report ID: 2014-00140

Title: Water Shortage and Drought Response Update (Two-Thirds Vote Required)

Location: Citywide

Recommendation: Pass 1) a Resolution suspending competitive bidding, in the best interests of the City, for the purchase or lease of equipment, supplies, and nonprofessional and construction services needed on an emergency basis to mitigate water shortage impacts, for a cumulative amount not-to-exceed \$1,000,000; and 2) a Motion authorizing the City Manager or his designee to develop and implement a River Friendly Landscape Program to promote water conservation through the replacement of turf grass with drought tolerant landscape, subject to the availability of funds in the City Council's approved budget for the applicable fiscal year(s).

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Presenter: Dave Brent, Director, (916) 808-1420, Department of Utilities

Department: Department Of Utilities

Division: Office of the Director Admin

Dept ID: 14001011

Attachments:

- 1-Description/Analysis
- 2-Background
- 3-Resolution

City Attorney Review

Approved as to Form
Joe Robinson
2/20/2014 1:41:05 PM

Approvals/Acknowledgements

Department Director or Designee: Dave Brent - 2/18/2014 1:53:49 PM

Description/Analysis

Issue Detail: Calendar year 2013 was the driest year on record for much of Northern and Central California. Water storage in the Folsom Reservoir is at approximately 25% of capacity and recent precipitation in the month of February 2014 had minimal impact on overall water storage. On January 14, 2014, the Sacramento City Council adopted Resolution No. 2014-0018 declaring a water shortage as authorized under City Code section 13.04.910 and implemented Stage 2 of the City of Sacramento Water Shortage Contingency Plan (WSCP), establishing a mandatory 20% reduction in water use. Subsequently, on January 17, 2014, Governor Jerry Brown declared a State of Emergency due to critical drought conditions, and both the California Department of Water Resources and U.S. Bureau of Reclamation have significantly reduced upstream reservoir releases to conserve water and are considering reducing flows even lower based on an anticipated dry winter. This has resulted in lower flows in the American and Sacramento Rivers where the City's two surface water intakes are located. The Background section of this report provides an update of the City's ongoing drought and water shortage response and mitigation efforts.

Policy Considerations: The City's ongoing drought mitigation actions are consistent with the requirements of Section 10632 of the California Water Code, Chapter 5 of the City's 2010 Urban Water Management Plan, and Article XI (Outdoor Water Conservation) of Chapter 13.04 of City Code. To help expedite the process of contracting for future equipment, supplies, and construction services needed to respond to drought conditions, staff is requesting that the City Council suspend competitive bidding for the purchase or lease of equipment, supplies, and nonprofessional and construction services needed on an emergency basis to mitigate water shortage impacts, for a cumulative amount not-to-exceed \$1,000,000. Under the City Charter and City Code, the City Council can suspend competitive bidding for equipment, supplies, and nonprofessional and construction services when it determines, on a 2/3 vote, that it is in the City's best interests to do so. Any contracts of \$100,000 or more would still be brought to the City Council for approval, in accordance with City Code requirements.

Economic Impacts: Unknown.

Environmental Considerations:

California Environmental Quality Act (CEQA): The proposed suspension of competitive bidding is an administrative action exempt from review under CEQA (CEQA Guidelines section 15378(b)(2)), and would have no significant effect on the environment (CEQA Guidelines section 15061(b)(3)).

Sustainability: Continued implementation of the WSCP supports the City's sustainability goals of reducing greenhouse gases and conserving resources.

Commission/Committee Action: Not applicable.

Financial Considerations: Under the current rate structure, continued or expanded implementation of the Water Shortage Contingency Plan will likely decrease the Department of Utilities' water revenues that are generated from its customer base that is billed by volumetric consumption. The Department anticipates that ongoing costs for the implementation of public outreach, incentive programs, facility modifications to maximize production at reduced river flows, and the short term purchase of wholesale groundwater for neighboring agencies are estimated to exceed \$1,000,000. Adequate funds for this are available in the Department's approved Fiscal Year 2013/14 budget. The Department will continue to closely monitor the cost and revenue impacts of sustained and expanded implementation of the WSCP.

Local Business Enterprise: Not applicable.

Background

Drought Conditions and Outlook

Calendar year 2013 was the driest year on record for much of Northern California. This condition was preceded by two consecutive years of below normal precipitation in the Sacramento region and snow pack in the Sierra Nevada Mountains. Water storage at Folsom Reservoir remains very low, presently at approximately 25 percent of capacity as of mid-February 2014. National Oceanic and Atmospheric Administration (NOAA) forecast confidence is high for drought persistence or intensification across California due to the extremely dry initial conditions (snow-water equivalent values in the Sierra Nevada Mountains in the lowest 5th percentile as of mid-January) and below-median precipitation favored in the seasonal precipitation outlooks.

On January 17, 2014 Governor Brown declared a Drought State of Emergency for the State of California. Preceding the State's pronouncement, on January 14, 2014 the Sacramento City Council adopted Resolution No. 2014-0018 declaring a water shortage, pursuant to City Code section 13.04.910, and implemented Stage 2 of the Water Shortage Contingency Plan (WSCP) as outlined in the City's 2010 Urban Water Management Plan (UWMP).

WSCP Stage 2 Activities

The City's Water Shortage Contingency Plan Stage 2 regulations require a minimum 20 percent reduction in overall water consumption. This is measured through a water accounting model that established 2014 water production targets, as compared against the combined baseline average of 2012 and 2013 water production. To achieve reductions, the City is employing a 'portfolio' water conservation approach, which is inclusive of a range of water shortage measures intended to educate and provide tools to customers to achieve conservation. Specifically, WSCP Stage 2 actions consist of the following:

- Customer outreach and education;
- Increased Water Conservation Ordinance enforcement;
- Conservation incentive programs; and

- Operational efficiencies to enhance water production capabilities and minimize distribution water losses.

Article XI of Chapter 13.04 of the Sacramento City Code establishes the City's outdoor water use requirements and penalties for noncompliance. Under City Code section 13.04.890 (D), when City Council declares a water shortage, the penalty amounts specified for violations of the City's Water Conservation Ordinance are doubled while the water shortage remains in effect.

Effective March 9, 2014, WSCP Stage 2 provisions will limit outdoor irrigation during daylight savings time to two days per week. To improve enforcement, the Departments of Utilities and Community Development have collaborated to use building inspection and code enforcement staff to assist with outdoor water use patrols. This strategy bolsters the number of City staff involved in patrols from approximately seven to forty, providing a significant augmentation to outdoor irrigation enforcement efforts.

The Department of Utilities recently surveyed customers to determine the most effective strategies to improve drought outreach and communication. The comprehensive outreach campaign consists of public relations, media relations, billboard advertising, bill inserts, fact sheets, community meetings, webpages being distributed in a strategic and time sensitive manner. The materials will be used to educate customers about the daylight savings irrigation restrictions and other ways to reduce water consumption. In addition, the City continues ongoing collaborative outreach and planning efforts with regional and state partners, such as the Regional Water Authority (RWA), Water Forum, and the Association of California Water Agencies (ACWA).

The Department of Utilities intends to expand its conservation incentive programs in the spring of 2014 to include a pilot River Friendly Landscape Program (cash for grass). Participants in this program will receive a rebate for converting their existing turf grass to drought tolerant and water-wise landscapes. This program would augment the existing incentive programs available to residential and business customers to upgrade to higher efficiency appliances and fixtures. Funds have been identified in the approved Fiscal Year 2013/14 Department of Utilities operating budget to implement the pilot River Friendly Landscape Program.

Distribution system water losses are estimated to be roughly 10 to 15 percent of total annual water production. To address this, the Department of Utilities has expanded its acoustic leak detection program to identify and repair distribution system water losses. Since January 2014, this program has reduced water loss by approximately 980,000 gallons. The leak detection program will be an ongoing component of the department's strategy to recover and maximize existing water resources.

Given the lower flows in the American and Sacramento Rivers, where the City's two surface water intakes are located, the City has recently taken a number of actions to mitigate potential adverse impacts of the ongoing drought conditions on the City's water production capabilities. These actions include the installation of temporary submersible pumps at the American River intake, contracting on an emergency basis for the removal of sediment at the Sacramento River intake, and the acceleration of work necessary to restore service at nine groundwater wells.

A Citywide Drought Taskforce has been established to work collaboratively on internal City communication and develop operational strategies to achieve WSCP Stage 2 water conservation objectives. Through the Task Force, City departments have developed 20 percent water use reduction plans. Department plans include revised operational practices to reduce irrigation at City parks and medians, and programs to recapture and reuse water used for maintenance and construction. Departments will provide ongoing updates of their drought mitigation activities.

Conservation Results

Customer outreach has been successful in raising awareness of Stage 2 water restrictions and resulted in a substantial increase in water use violation calls. Between January 1 and February 5, 2014 there were 1675 reports of excessive water use, as compared to 61 in the same period in 2013.

Since the declaration of Stage 2, water production [as measured in millions of gallons per day (MGD)] has begun to decline. Detailed water production results will be provided on a regular basis to monitor progress and will serve as a trigger to determine future water shortage actions and recommendations.

Future Drought Mitigation Plans

Both the California Department of Water Resources and U.S. Bureau of Reclamation have significantly reduced upstream reservoir releases to conserve water and are considering reducing flows even lower based on an anticipated dry winter. This has resulted in lower flows in the American and Sacramento Rivers where the City's two surface water intakes are located. If these conditions continue, in a matter of months the reservoir surface elevation is anticipated to drop to a level that will preclude the purveyors who rely on water from Folsom reservoir from diverting water from the reservoir. Continued drought conditions could significantly limit the City's ability to divert water from the American and Sacramento River for treatment.

Should the dry weather conditions persist into the spring of 2014, it may be necessary to implement increased measures as called for in Stages 3 and/or 4 of the City's Water Shortage Contingency Plan. Staff has outlined a series of drought response triggers and actions to guide future decisions that may be necessary to achieve additional conservation and/or enhance water supplies. These actions may warrant immediate implementation if drought conditions persist. Therefore, it is prudent for the City to be proactive in the establishment of the fiscal policies necessary to expedite drought and water shortage mitigation plans and ensure adequate water supply.

RESOLUTION NO. 2014-

Adopted by the Sacramento City Council

SUSPENDING COMPETITIVE BIDDING FOR EQUIPMENT, SUPPLIES, AND SERVICES NEEDED TO MITIGATE WATER SHORTAGE CONDITION ON AN EMERGENCY BASIS

BACKGROUND

- A. The City of Sacramento has three water supply sources: American River water, Sacramento River water, and groundwater. Normally, the City's water supplies are adequate to meet the City's retail and wholesale water demands. However, calendar year 2013 was the driest year on record for much of Northern and Central California, Folsom reservoir water storage is at 25 percent of total capacity as of February 11, 2014, and current forecasts call for continued drought conditions.
- B. Because of these on-going critical drought conditions, the Sacramento City Council declared a water shortage condition on January 14, 2014.
- C. On January 17, 2014, Governor Jerry Brown declared a State of Emergency due to critical drought conditions, and both the California Department of Water Resources and U.S. Bureau of Reclamation have significantly reduced upstream reservoir releases to conserve water and are considering reducing flows even lower based on an anticipated dry winter. This has resulted in lower flows in the American and Sacramento Rivers where the City's two surface water intakes are located.
- D. The City's water supply is essential to maintaining public health, safety, and welfare for the City and the City's residents and businesses. The City recently has taken a number of actions to mitigate potential adverse impacts of the ongoing drought conditions on the City's water supply, including the adoption and enforcement of water use restrictions, and the lease and installation of temporary submersible pumps at the American River Intake. In addition, the City has contracted on an emergency basis for the removal of sediment at the Sacramento River intake, and for work necessary to restore service at nine groundwater wells.
- E. To help expedite future water shortage actions, staff recommends that the City Council suspend competitive bidding for the future purchase

or lease of equipment, supplies, and services needed on an emergency basis to mitigate potential adverse impacts of the ongoing drought conditions on the City's water supply. Any contracts of \$100,000 or more for which competitive bidding is suspended still would be brought to the City Council for approval.

- F. Under the City Charter and City Code, the City Council can suspend competitive bidding for equipment, supplies, and nonprofessional and construction services when it determines, on a 2/3 vote, that it is in the City's best interests to do so.
- G. If equipment, supplies, or services are needed to respond to water shortage conditions, the City's standard competitive bidding process could add four to six weeks to the contract approval process. It is in the best interests of the City to suspend competitive bidding to expedite the future purchase or lease of equipment, supplies, and services needed on an emergency basis to mitigate water shortage impacts because: (1) the City's water supply is essential to City residents and businesses, and City needs to be able to respond as quickly as possible to any water supply impairment resulting from the drought, to minimize adverse economic and health and safety impacts; and (2) equipment, supplies, and contractors needed to mitigate water shortage impacts may be in high demand, so securing these assets in a timely manner will be critical.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. Competitive bidding is suspended, in the best interests of the City, for the purchase or lease of equipment, supplies, and nonprofessional and construction services needed on an emergency basis to mitigate water shortage impacts, for a cumulative amount not-to-exceed \$1,000,000.