



**DATE:** June 28, 2022

**TO:** Mayor and City Council

**FROM:** Director of Public Works

**SUBJECT:** Adopt a Resolution Implementing the Water Shortage Contingency Plan Level 2

### **RECOMMENDATION**

That the City Council adopts a resolution (Attachment II) implementing the Water Shortage Contingency Plan Level 2.

### **SUMMARY**

Several key state and regional actions have been implemented to address current water supply conditions. The last two years have been among the driest on record, with very little precipitation occurring after December. In order to conserve regional water supplies, the City's sole wholesale water supplier, the San Francisco Public Utilities Commission (SFPUC), has adopted a system-wide reduction target of 11%, which will result in an 11% reduction in Hayward's use as compared to fiscal year (FY) 20-21. In addition, the State Water Resources Control Board (SWRCB) adopted an Emergency Regulation that requires urban water purveyors to implement their Water Shortage Contingency Plan (WSCP) Level 2 Water Shortage measures, which are designed to address shortages from 11-20%, in order to conserve supplies.

This report summarizes actions taken by the SFPUC and the SWRCB, requests from Governor Newsom to voluntarily reduce water use by 15%, and the steps that the City must take to comply with these requirements.

### **BACKGROUND**

The City receives its potable water from the SFPUC Regional Water System, which is largely supplied by Sierra snowmelt that drains into the Hetch Hetchy Reservoir. In addition to Hayward, the SFPUC supplies water to 25 other Bay Area water agencies and the City of San Francisco. With this past winter being one of the driest on record in California, and very little precipitation occurring after December, on May 24, 2022 the SFPUC adopted a system-wide water use reduction of 11% over FY 2019-20 use in order to conserve supplies. Like all wholesale purchasers, Hayward will be subject to a water use allocation and monthly water budget as a result of this action.

Actions at the State level also impact Hayward. The Governor called for state-wide voluntary 15% reductions in water use over 2020 usage in Executive Order (EO) N-10-21, issued in July 2021, and restated in the Governor's Proclamation of a State of Emergency in October 2021. After a second dry winter, the Governor issued EO N-7-22 on March 28, 2022 in which he requested that the SWRCB take certain actions to address water supply conditions.

On May 24, 2022, in response to EO N-7-22, the SWRCB approved an Emergency Regulation which, in addition to other provisions, notably requires urban water suppliers to implement WSCP Level 2 (for shortages of 11 – 20%). The Emergency Regulation also requires water agencies to submit a draft Annual Water Supply and Demand Assessment (AWSDA) by June 1, with the final assessment to be submitted by July 1.

Council adopted a WSCP after a public hearing on July 20, 2021. The WSCP is a planning document designed to prepare for and respond to water shortages, and is required as part of the City's Urban Water Management Plan (UWMP). Among other information, the WSCP defines six standard water shortage levels depending on available water supplies, and response actions that are to be implemented at each level to reduce water usage. This document also describes procedures to conduct the required AWSDA. The City's WSCP can be found on the City's website<sup>1</sup>.

The AWSDA compares available potable and non-potable water supplies with unconstrained demand (that is, demand that would be expected if there are no limitations or restrictions on water use) to determine if sufficient supplies are available, and must be submitted to the State by July 1 each year for the upcoming year. If supplies are not expected to meet unconstrained demand, the AWSDA describes actions that will be taken to achieve the reduction.

## **DISCUSSION**

As the drought has worsened over the past two years, several key state and regional actions have been implemented to address the water supply shortage. The following paragraphs discuss these actions, impacts on Hayward, and measures to address the impacts.

### Key State and Regional Responses to the Water Supply Shortage

#### *San Francisco Public Utilities Commission Resolutions*

The SFPUC responded to the Governor's call for voluntary reductions by adopting a resolution to declare a Water Shortage Emergency on November 23, 2021 and requesting a system-wide reduction of 10% over usage in FY 2019-20. On May 24, 2022, the SFPUC increased the overall system-wide reduction target to 11%, effective July 1, to align with the State's directive for implementation of Level 2 measures, while recognizing that the Regional Water System supply conditions are more favorable than some others. Although the Hetch Hetchy reservoir is currently full, it is imperative that water usage be reduced to conserve supplies, particularly during the summer months. At this time, the reductions are voluntary and no excess use penalties will be imposed; however, the SFPUC will continue to

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<sup>1</sup> [https://hayward-ca.gov/sites/default/files/Hayward%202020%20Water%20Shortage%20Contingency%20Plan\\_Final.pdf](https://hayward-ca.gov/sites/default/files/Hayward%202020%20Water%20Shortage%20Contingency%20Plan_Final.pdf)

assess results and determine if additional actions are needed to achieve the reduction goals or respond to additional regulatory actions.

Retail customers of SFPUC (that is, customers within the City of San Francisco) use about one-third of available supplies, whereas nearly two-thirds are allocated to wholesale customer agencies. Therefore, in accordance with provisions of the Water Supply Agreement between the SFPUC and its wholesale customers, retail customers are assigned a lower percentage cutback, in this case 5%, and the overall reduction for the wholesale customers is 16%. Water allocations among the wholesale customer agencies are based on a formula agreed to by the agencies in 2010 that considers Individual Supply Guarantees, recent three-year average usage and seasonal variation in indoor/outdoor use. Initial water allocations for each agency were put in place on January 1, 2022, and have since been revised effective July 1, 2022 in order to achieve the higher overall reduction target.

### *State of California Executive Orders and Emergency Regulations*

The Governor has issued five Executive Orders since April 2021 to address water supply conditions across the state. Most notably, he called on Californians in July and again in November 2021 to voluntarily reduce their water use by 15% over 2020 usage through commonsense measures, many of which are mandated by Hayward in its Water Waste Prohibition ordinance.

In March 2022, the Governor renewed his request for voluntary water use reductions and instructed the SWRCB to consider adopting an Emergency Regulation that would require urban water agencies to:

- Implement actions identified in WSCPs for a Level 2 shortage of 11–20%.
- Prohibit use of potable water for irrigation of non-functional turf at commercial, industrial, and institutional sites (Non-functional turf is defined as turf that is solely ornamental. Turf used for recreational, sports or community events is not subject this prohibition.)
- Submit a preliminary Annual Water Supply and Demand Assessment by June 1, with a final assessment to be submitted by July 1.

In response to the Governor’s request, the SWRCB adopted an Emergency Regulation on May 24, 2022 requiring the above actions.

### *Summary of Water Use Reduction Actions and Requirements*

Given the number of actions that have occurred over the past years and the variety of sources, staff has prepared the following summary table as a brief overview.

## **Summary of Water Use Reduction Actions and Requirements**

| Date                     | Source                     | Voluntary/<br>Mandatory | Action                                                                                                                                  |
|--------------------------|----------------------------|-------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|
| <b>July 8, 2021</b>      | Governor's Executive Order | Voluntary               | 15% reduction over 2020 use                                                                                                             |
| <b>October 19, 2021</b>  | Governor's Proclamation    | Voluntary               | State of Emergency declaration; continuation of 15% reduction over 2020 use                                                             |
| <b>November 23, 2021</b> | SFPUC                      | Voluntary               | 10% system-wide reduction over FY 2019-20 use                                                                                           |
| March 28, 2022           | Governor's Executive Order | Voluntary               | Continuation of 15% reduction over 2020 use; direction to SWRCB to issue Emergency Declaration requiring implementation of WSCP Level 2 |
| May 24, 2022             | SWRCB                      | Mandatory               | Emergency Regulation requiring urban water providers to implement WSCP Level 2 measures                                                 |
| May 24, 2022             | SFPUC                      | Voluntary               | 11% system-wide reduction over FY 2019-2020 use                                                                                         |

### Impacts on Hayward Customers

Hayward customers have historically been good stewards of water resources, as evidenced by the fact that residential per capita use is among the lowest compared to other SFPUC wholesale customers. Nonetheless, Hayward is subject to the state and regional reductions.

Hayward's total allocation from the SFPUC for the one-year period beginning on January 1, 2022 and ending on December 31, 2022, based on a 10% system-wide reduction, was an average of 12.8 million gallons per day (mgd). The monthly allocation was budgeted based on historical use patterns, as were all other wholesale agency budgets. As of April 30, 2022, the City had not yet achieved its reduction goals, with usage about 5% over the budget. Beginning on July 1, 2022 Hayward's allocation will be an average of 12.9 mgd to reflect the higher 11% reduction goal.

Hayward customers used an average of 14.5 mgd in FY20 - FY21. The allocation of 12.9 mgd from SFPUC is about 11% less. Achieving regional and state reductions will be a challenge given Hayward's already low usage and current development activity Staff is

confident that the targets can be reached but success will require additional outreach and customer awareness.

### Hayward's Response to Water Use Reduction Requirements

#### *Water Shortage Contingency Plan Level 2 Measures*

To help Hayward achieve regional and state reduction requirements and to comply with the SWRCB's Emergency Regulation, staff recommends the Council implement WSCP Level 2 conservation measures. Level 2 is designed to respond to a water shortage of 11–20%, and includes all actions in the City's Water Waste Prohibition Ordinance and WSCP Level 1, designed for a shortage of up to 10%, plus additional, more stringent measures, as described below:

- Increase public information campaign
- Prohibit all non-essential water use for commercial and industrial purposes, including irrigation of non-functional turf
- Provide rebates on plumbing fixtures and devices
- Require repair of leaks and faulty irrigation equipment within 4 days
- Limit turf irrigation to 3 days per week
- Prohibit filling of ornamental lakes and ponds
- Decrease flushing of water system lines
- Require covers for pools and spas

It's important to note that the above actions would be implemented in addition to Hayward's active water conservation efforts, which include activities such as education and outreach, distribution of water efficient fixtures at no cost to customers, rebates for rain barrels and replacement of turf with water efficient plants.

#### *Implementation Strategies*

Staff will utilize available outreach methods to inform and educate customers about the current water supply situation and the importance of reducing water use. Many of the tools used will reflect the City's successful campaign during the previous drought, when Hayward customers achieved reductions exceeding 20%. Communication strategies will include among others:

- Information on the City's website, social media, newsletter, and billing inserts
- Promotion of the recently launched Water System Customer Portal that allows customers to obtain real-time information on water use
- Follow up on water waste reports submitted through Access Hayward
- Regional coordination with other nearby agencies to utilize billboard space and other regional advertising opportunities

### Annual Water Supply and Demand Assessment (AWSDA)

The City's first AWSDA was prepared in compliance with State requirements. The preliminary report was submitted to the State on June 1, 2022 in accordance with the Emergency Regulation using the best information available, and the final assessment will

be submitted by July 1. Available supplies reflect the allocation from the SFPUC as described earlier in this report. Unconstrained potential demand is based on maximum theoretical projected usage in FY22-23, included in the City's 2020 UWMP and modified slightly to account for recent actual usage.

The AWSDA indicates a potential potable water shortage of about 20%. Staff anticipates that measures in the WSCP Level 2 water shortage will close the gap between available supply and demand.

### **2022-23 Annual Water Supply and Demand Assessment (in mgd)**

| <b>Water Supply Type</b> | <b>Available Supply</b> | <b>Anticipated Unconstrained Demand</b> | <b>Difference</b> | <b>Percent Shortage</b> |
|--------------------------|-------------------------|-----------------------------------------|-------------------|-------------------------|
| Potable - SFPUC          | 12.9                    | 15.5                                    | 2.6               | 20.1%                   |
| Non-Potable - Recycled   | 0.2                     | 0.2                                     | 0.2               | 0.0%                    |
| <b>Total</b>             | <b>13.1</b>             | <b>15.7</b>                             | <b>2.6</b>        | <b>19.8%</b>            |

### **ECONOMIC IMPACT**

At this time, implementation of WSCP Level 2 measures is not expected to have a significant impact on customer water rates. However, depending on the duration and severity of drought conditions, there may be impacts on Water Operating Fund revenue as usage declines, placing more pressure on rates and necessitating adjustments in the future to ensure full cost recovery.

While the Emergency Regulation does not place a moratorium on residential development, the SWRCB does encourage urban water providers to carefully evaluate new non-residential development projects for their water demand impacts. Council should also be aware that the water supply shortage could impact approvals of development proposals with potential high-water use that are subject to a Water Supply Assessment as part of the environmental impact review.

### **FISCAL IMPACT**

Water conservation program staffing is provided in the Department of Public Works & Utilities and funded entirely in the Water Operating Fund. There are no General Fund impacts. Staff uses readily available and low-cost methods to conduct outreach and provide a consistent ongoing message to the community, and also works in partnership with other water agencies where it is beneficial and cost effective to do so. Some staff time is needed to develop and implement programs and analytics, strategic communications, and to follow up on reports of excessive water use. In general, however, approval of the recommended actions is not expected to incur significant fiscal impacts.

### **STRATEGIC ROADMAP**

This agenda item does not relate to one of the Council's six Strategic Priorities.

## **SUSTAINABILITY FEATURES**

Hayward customers have long embraced water conservation and efficient use of this important natural resource, regardless of water supply conditions in a given year, as evidenced by Hayward's overall low per capita usage. Realistic assessment of water supplies and demand on a year-to-year basis, and implementation of the WSCP as needed, enables the City to respond to water supply shortages as conditions change.

## **PUBLIC CONTACT**

While there is no specific public contact required for the Council to approve the recommended actions, it is important to note that the WSCP was adopted after the public had an opportunity to review and comment on the public review draft and the Council conducted a public hearing. If the actions recommended in this report are adopted, staff will implement additional public outreach and education efforts to inform the community of the critical water supply situation and water use restrictions.

## **NEXT STEPS**

If the Council approves the recommended actions, staff will implement WSCP Level 2 measures, including additional public outreach and enforcement, and submit the AWSDA to the State by the July 1, 2022 deadline. Staff will continue to monitor State and Regional water supply information and inform the Council of additional measures that may be needed to reduce water consumption.

*Prepared by:* Cheryl Muñoz, Water Resources Manager

*Recommended by:* Alex Ameri, Director of Public Works

*Approved by:*

A handwritten signature in black ink, appearing to read 'Kelly McAdoo', with a long horizontal stroke extending to the right.

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Kelly McAdoo, City Manager