

**STAFF REPORT**

**TO: HONORABLE MAYOR AND CITY COUNCIL**

**FROM: GREG RAY, PUBLIC WORKS DIRECTOR/CITY ENGINEER** 

**SUBJECT: PROPOSED MODIFICATIONS TO THE WATER SHORTAGE CONTINGENCY PLAN AND WATER CONSERVATION INCENTIVE PROGRAMS**

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**BACKGROUND**

The City's groundwater supply is in a critical condition in response to prolonged drought. Water levels in Lopez Lake and in the City's groundwater aquifer are at historic lows. As a result of water conservation the City has been able to reduce reliance on groundwater. Recent declines in groundwater levels may have slowed or even been suspended in response to similar efforts by members of the Northern Cities Management Area which includes the Cities of Grover Beach, Pismo Beach, Arroyo Grande and the Oceano Community Services District. The City's conservation efforts have yielded on average a 30% reduction in the City's water production compared to 2013. The current conservation efforts were initiated as a short term water supply action in accordance with the City's Water Shortage Contingency Plan. The Water Shortage Contingency Plan is a component of the 2010 Urban Water Management Plan. The City's Water Shortage Contingency Plan includes stages of action related primarily to drought, but also considers other short- and long-term supply shortages. The Council adopted four stages of action that include Stage 1 which is primarily educational; Stage 2 which identifies voluntary water conservations measures and use prohibitions; Stage 3 which mandates a 10% reduction in water use, mandatory water conservation measures and use prohibitions; and Stage 4 which mandates a 25% reduction in water use, mandatory water conservation measures and use prohibitions.

In June of 2014 Council adopted a Stage 3 Water Shortage Condition. Since 2011 the City has been under Stage 1 or Stage 2 provisions which include public outreach and education and voluntary prohibitions on water use. The Stage 3 provisions include a mandatory 10% reduction in water use compared to 2013 which is the base year for comparison. Other provisions include mandatory prohibitions against wasting water (see Attachment 1). Customers who fail to achieve the 10% reduction receive a courtesy notice. At the next billing period customers who again fail to meet the required reduction receive a warning letter. At the next billing period customers who again fail to meet the required reduction receive a penalty that amounts to a 100% increase in their water consumption charge. Additional violations increase the penalty to 200% and then 300%. Generally the program has been very successful. The City has realized an average reduction in water consumption of approximately 30% in 2015. During the last 6 months only 3.4% of the City's water customers have received a first penalty, only 1.3% have

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**APPROVED FOR FORWARDING**

  
\_\_\_\_\_  
**ROBERT PERRAULT**  
**CITY MANAGER**

**Please Review for the Possibility of a Potential Conflict of Interest:**

- None Identified by Staff
- Shoals
- Lee
- Bright
- Nicolls
- Shah

received a second penalty and only 0.72% have received a third penalty. The City's Water Conservation Specialist has provided education and outreach to residents and inspections for business owners in an effort to assist them in complying with the requirements. The City's program has been one of the most successful in the state.

## **DISCUSSION**

**Stage 3 Water Shortage Condition.** In June of 2014 Council adopted a Stage 3 Water Shortage Condition. As stated earlier the Stage 3 mandatory 10% conservation requirement has resulted in an average 30% savings in water production. The result is a reduced reliance on groundwater and possible positive effects on groundwater levels. This reduced water production result exceeds the anticipated outcome of the Stage 3 implementation. Thresholds identified in the Water Shortage Contingency Plan for declaration of a Stage 4 Water Shortage Condition have been met. Stage 4 requires a 25% reduction in water consumption compared to 2013. Due to the success of the Stage 3 declaration, additional conservation does not appear warranted at this time. However, if groundwater levels continue to decline or if evidence of seawater intrusion is detected, staff anticipates recommending immediate implementation of greater conservation measures including a Stage 4 declaration. Staff is anticipating losses in the Water Fund and costs for implementing a Stage 4 declaration will increase significantly along with staff time and the number of complaints received.

**Mandatory Penalty Program.** Implementation of the Stage 3 mandatory 10% reduction and penalties has received some criticism. Even though the majority of residents and businesses are complying without penalty (roughly 98% compliance), some business owners and apartment owners/managers in particular have consistently applied for waivers of the penalty or objected to implementation of the penalties. About 25% of all penalty waiver requests have been administratively granted by the Public Works Director. The Contingency Plan does not dictate a specific manner in which waiver requests should be considered. Staff has consistently worked to develop methods that apply mandatory conservation requirements and penalties in a fair and balanced manner. Waivers have been granted in cases where the number of persons living in a house or apartment has changed dramatically or where businesses can demonstrate a significant effort to reduce water use to the maximum amount practicable. In all cases the person applying for the waiver must demonstrate that water conserving devices and practices have been implemented to the extent practicable. Currently staff is implementing the following modifications to the program:

- Establishing a modified baseline water use target for apartment buildings based on occupancy.
- Establishing a modified baseline water use target for new residents or those requesting waivers due to increased household size.
- Removing the mandatory conservation requirement for businesses that submit a water conservation plan detailing implementation of water conserving devices and practices to the maximum extent practicable.

Although the program has been very successful so far, Council could consider additional modifications to the way the program is implemented. Options identified by staff include:

- Mandatory water conservation training for residents or businesses requesting waivers
- Modifying the penalty. Currently the penalty escalates from a 100% increase in the water consumption charge to 200% and then 300%. As an option the Council could implement an administrative citation program that increases from a set amount per

violation up to some maximum limit. The City Municipal Code already contains provisions for applying administrative citations and penalties for violations of the Grover Beach Municipal Code and any State Law.

- Businesses account for approximately 18% of the annual water use. Council could consider eliminating application of the reduction requirements to businesses.

Based on the success of the current program and staff's modifications already implemented staff is not recommending any further changes to the program.

Water Conservation Incentive and Rebate Program. Currently the City offers water conservation incentives via four separate programs. These include the Water Conservation Plumbing Fixture Retrofit Program, the Water-Efficient Washing Machine Rebate Program, the Cash for Grass Rebate Program and the Smart Irrigation Controller and Sensor Rebate Program. Each of these is discussed in more detail below. In order to provide recommendations to Council for program modifications, each program was evaluated to determine the program's impact on water use, identify current participation levels, identify impediments to participation, and provide a comparison to other local agency programs.

The existing program was established in 2009 and offers rebates and monetary incentives to retrofit fixtures and replace turf. In FY 2015, 37 rebates were issued for the purchase of water efficient washing machines, 1 smart irrigation controller rebate was processed, 44 homes received "Cash for Grass" and 290 low flow toilets were provided to residences and/or businesses. In FY 2016 to date, 6 rebates were issued for the purchase of water efficient washing machines, 1 smart irrigation controller rebate was processed, 38 homes received "Cash for Grass" and 64 low flow toilets were provided to residences and/or businesses. Modifications to the program could result in greater participation by Grover Beach residents which in turn would result in more water conservation.

#### Water Conservation Plumbing Fixture Retrofit Program

The Program provides free 1.28 gallon per flush ultra-low flow toilet retrofits and low-flow aerators for showers and faucets. The cost is approximately \$100 for the materials and the City allows \$100 for a licensed plumber to complete the installation. To be eligible for replacement, existing toilets must use 1.6 gallons per flush or greater. The City purchases toilets, water saving aerators and shower fixtures through a competitive bid process and provides them to approved plumbers who receive a check from the City when work is completed.

Staff is recommending modifying the program as follows:

- Provide a \$100 rebate for private purchase of toilets meeting the water efficiency standards. Payment would be provided upon verification of the installation.
- Allow installation by a licensed plumber of the homeowner's choice. Payment of \$100 would be provided upon verification of the installation.
- Include commercial and institutional urinals but require retrofit with waterless urinals where feasible.
- Give priority in the following order:
  - Retrofits of single or multifamily toilets using 3.5 gallons or more.
  - Retrofits of commercial urinals
  - Retrofits of apartment building toilets of 3.5 gallons or more.
  - All other retrofits meeting program guidelines.

### Water-Efficient Washing Machine Rebate Program

The Program provides a \$100 rebate for replacement of an older washer with a Consortium for Energy Efficiency (CEE) rating of Tier 2 and a \$150 rebate for replacement with a CEE Tier 3. The CEE ratings identify the efficiency of the machine relative to others available on the market. Based on review of several appliance websites, staff has determined that the City's rebates of \$100 and \$150 roughly match the difference in cost for comparable machines with improved ratings. Estimated available savings are approximately 35 acre-feet per year. Staff is not recommending modification to this program.

### Cash for Grass Rebate Program

The Program provides \$1.00 per square foot for turf replaced with drought tolerant landscaping purchased from local vendors. The minimum allowable area is 100 square feet and the maximum rebate is \$750. Based on a review of City water statistics, staff estimated that outdoor irrigation comprises roughly 35% of all residential water use. Estimated available savings are approximately 75 acre-feet per year.

Recently staff has encountered some difficulty in implementing the program. The primary issues are related to uncertainties about what can be used to replace turf. Originally the program was intended to replace turf with turf alternatives and drought tolerant planting. The Development Code requires nearly full coverage by plant materials in order to comply with landscape area requirements. Landscapers and homeowners have begun to employ more sparse plantings in broad areas of mulch, gravel or other landscape materials and have increased the use of hardscape in landscape themes. Based on staff's review of a number of recent requests from participants in the program, staff is recommending the following changes and clarifications to the program:

- Clarify that landscaping must comply with the Development Code requirements except as modified within the program. For example, in Residential Single Family Zones, the front yards and street side yards must not be covered by more than 50% hardscape and lots must have at least 40% landscaping overall which can include hardscape.
- Require at least 40% of the turf area replaced in front yards must be covered by drought tolerant plant materials. The remainder can be a combination of hardscape and other landscape materials including mulch, imitation turf, gravel and decomposed granite but cannot be bare dirt.
- Installations must comply with the City retention requirements when hardscape areas are comprised of impervious surfacing. Compacted decomposed granite which is commonly used in walkways will be considered impervious.

### Smart Irrigation Controller and Sensor Rebate Program

The Program provides \$50 for smart irrigation controllers, \$4 for rain sensors, \$10 for wireless rain sensors and \$10 for soil moisture sensors. Estimates of water savings relies entirely on existing irrigation habits. In addition, program success depends on the participant's willingness and ability to correctly operate the smart irrigation controller. A review of websites from other cities with similar programs produced reported savings in the range of 5% to 15% in outdoor water use. Based on this information the program could produce an additional 7 to 20 acre-feet per year of savings. Participation in this program has been very limited. Staff will continue to suggest participation to water customers receiving warnings and/or penalties for failure to meet mandatory water conservation requirements. Staff is not recommending modifying this

Program.

### **ALTERNATIVES**

The Council has the following alternatives to consider:

1. Adopt the Resolution modifying the City's Water Conservation Programs per staff's recommendations; or
2. Provide staff with additional direction.

### **RECOMMENDATION**

It is recommended that the Council adopt the Resolution modifying the City's Water Conservation Programs regarding the "Plumbing Fixture" Water Conservation Retrofit Program and the "Cash for Grass" Water Conservation Rebate Program.

### **FISCAL IMPACT**

In FY 15, the Water Conservation Incentive and Rebate Program expended a total of \$97,708 which included \$67,672 for fixture retrofits, \$24,086 for grass removal, \$5,900 for washing machine rebates and \$50 for irrigation controller rebates. In FY 16 to date, the Water Conservation Incentive and Rebate Program expended a total of \$56,694. Currently there is \$28,306 available in the budget for the remainder of the fiscal year.

### **PUBLIC NOTIFICATION**

The agenda was posted in accordance with the Brown Act.

### **ATTACHMENTS**

1. Resolution modifying two of the City of Grover Beach Water Conservation Programs

RESOLUTION NO. 15-\_\_\_\_\_

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GROVER BEACH, CALIFORNIA, AMENDING THE PLUMBING FIXTURE WATER CONSERVATION RETROFIT PROGRAM AND THE "CASH FOR GRASS" WATER CONSERVATION REBATE PROGRAM**

**WHEREAS**, it is the desire of the City Council to amend the City's Plumbing Fixture Water Conservation Retrofit Program and the "Cash for Grass" Water Conservation Rebate Program; and

**WHEREAS**, these amendments are being made to increase citizen participation in order to reduce the City's overall water consumption; and

**WHEREAS**, the amended Terms and Conditions of the Plumbing Fixture Water Conservation Retrofit Program is attached to this Resolution as Exhibit A; and

**WHEREAS**, the amended Terms and Conditions of the "Cash for Grass" Water Conservation Rebate Program is attached to this Resolution as Exhibit B.

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of Grover Beach, California, does hereby approve the amendments to the Plumbing Fixture Water Conservation Retrofit Program, as referenced in Exhibit A, and the "Cash for Grass" Water Conservation Rebate Program, as referenced in Exhibit B.

Upon motion by Council Member \_\_\_\_\_ and second by Council Member \_\_\_\_\_ and on the following roll call vote:

- AYES: Council Members –
- NOES: Council Members –
- ABSENT: Council Members –
- ABSTAIN: Council Members –

the foregoing Resolution was **PASSED, APPROVED, and ADOPTED** at a special meeting of the City Council of the City of Grover Beach, California, this 30<sup>th</sup> day of November, 2015.

**DRAFT**  
 \_\_\_\_\_  
 JOHN P. SHOALS, MAYOR

Attest:

\_\_\_\_\_  
DONNA L. McMAHON, CITY CLERK



# City of Grover Beach

## DEPARTMENT OF PUBLIC WORKS

### WATER CONSERVATION RETROFIT PROGRAM TERMS & CONDITIONS

This program is subject to change without notice and is contingent on the availability of funding.

- In order to be eligible to participate in the program, the home or commercial property must receive their water from the City of Grover Beach and the utility account must be in good standing.
- The structure must have been built prior to July 1, 2011.
- Properties are eligible for a retrofit of all toilet fixtures, showerheads, and aerators within the structure that do not already have a High Efficiency Toilet (HET) of 1.3 gallons per flush or less.
- Properties that already have High Efficiency Toilets installed are NOT eligible for toilet fixture replacement, but may still apply for shower head and faucet retrofits.
- Residential property owners may purchase and install any toilet meeting the High Efficiency Toilet (HET) standard of 1.3 gallons per flush or less and commercial property owners may install any waterless urinal, or where infeasible to install a waterless urinal, a High Efficiency standard urinal. Property owners may contract with any licensed plumber for the purchase and/or installation of a High Efficiency Toilet (HET) or waterless urinal. Upon receipt of proof of installation, the property owner will be reimbursed up to \$100 for the purchase of the fixture and up to \$100 for its installation. Any additional charges above the allotted amount would be the responsibility of the property owner.
  - **Please note:** Plumbers must possess a valid City Business Tax Certificate as well as a State Contractor's License in order for the property owner to be eligible for reimbursement.
- A Water Conservation Retrofit Program Application must be submitted to the City of Grover Beach by the Property Owner and/or agent on record.
- Applications for a Water Conservation Retrofit will be awarded based on available funds in the following order of priority:
  - Retrofits of single or multifamily toilets using 3.5 gallons or more.
  - Retrofits of commercial urinals.
  - Retrofits of apartment building toilets of 3.5 gallons or more.
  - All other retrofits meeting program guidelines.

For more information regarding the Water Conservation Retrofit Program, please call the Department of Public Works at (805) 473-4520.



## Cash for Grass Rebate Program Terms and Conditions

### City of Grover Beach Community Development Department

154 S. 8<sup>th</sup> Street, Grover Beach, CA 93433 (805) 473-4520

The rebate is based on square footage of turf removed and only one rebate per household will be given.

- Areas to be converted must receive their water from the City of Grover Beach and the applicant's utility account must be in good standing.
- Areas to be converted must have been maintained lawn during the last twelve (12) months at a single family or multi-family residence, with final determination regarding eligibility by the Public Works Director/City Engineer
- At least 100 square feet of lawn must be converted.
- Completed landscape areas must comply with the requirements of the City Development Code as it relates to allowable landscape area coverage and allowable hardscape areas. Compacted decomposed granite will be considered hardscape and impermeable. New impermeable areas created as a result of this program will be required to comply with drainage retention requirements of the City Development Code.
- At least 40% of the turf area replaced in front yards and/or street side yards must be covered by drought tolerant plant materials.
- Turf must be replaced with "Landscaping" as defined in the City Development Code. For the purposes of this program, "Landscaping" is further defined as drought tolerant plant materials, other landscape materials including permeable (allowing both air and water to pass through freely) materials (i.e. artificial turf, gravel, loose decomposed granite, mulch and rock) and hardscape ( i.e. both impermeable materials used for walkways, patios and other pedestrian use areas such as normal pavers, tile and concrete and permeable materials such as pervious pavement and brick, pavers or flagstone with permeable, mortar-less materials used for grout lines such as sand and gravel ). All impermeable options reduce the amount of water runoff by allowing water to pass through the surface and be absorbed into the soil beneath.
- The City encourages the use of local vendors. For your convenience, listed below are businesses located within City limits:
  1. Ron's Nursery, 850 W. Grand Avenue (Previously at 1207 S. 13<sup>th</sup> Street) (805) 489-4747
  2. Miner's Ace Hardware, 1056 W. Grand Avenue (805) 489-2931\*\*Artificial turf is sold at this location.

For a list of recommended indigenous and drought tolerant plants, you may visit the following websites:

- [www.CaliforniaNativePlants.com](http://www.CaliforniaNativePlants.com)
- [www.slocounty.ca.gov/Assets/PL/environmental/County+Plants+to+Avoid+\(Excel\).xls](http://www.slocounty.ca.gov/Assets/PL/environmental/County+Plants+to+Avoid+(Excel).xls)

For examples of drought tolerant landscaping, please visit the City's Water Conservation Garden:

- Grover Beach's Water Conservation Garden was designed by Mission Pacifica Landscape Development (805) 710-4585, a Grover Beach firm.
  - Large planters in front of Ramona Garden Park at 993 Ramona Ave
  - Garden includes the following low-water and drought-tolerant plants:

▪ Santa Barbara daisy	▪ Tea tree
▪ Yarrow	▪ New Zealand flax
▪ Australian fuchsia	▪ Autumn moor grass
▪ Spanish lavender	▪ Lamb's ears
▪ Cape rush	▪ Manzanita
▪ Berkeley sedge	▪ Euphorbia "Tint Tim"
▪ Blue hibiscus	▪ Peppermint tree
▪ Penstemon	
- Although it is not a requirement to hire a contractor to complete the work, it is recommended that a Grover Beach based contractor is used, if a contractor is hired. It is not required for the contractor to have a State Contractor's License; however, they are required to have a current City of Grover Beach Business Tax Certificate.

- Watering systems to be replaced or installed must be a low volume drip irrigation system equipped with a pressure regulator, filters and emitters. The system must be free of leaks and malfunctions. Each drip emitter must be rated at less than twenty (20) gallons per hour (gph). If part of a lawn is converted, the sprinkler system must be properly modified to provide adequate coverage to the remaining lawn without spraying the converted area (narrow lawn areas often waste water and should be avoided). Planting drought tolerant plants in a converted area requires the installation of a low volume drip irrigation system with a pressure regulator, filter and emitters.
- The converted area must be completely covered by plant materials, hardscape or by a 2-3" layer of permeable landscape materials. Common permeable landscape materials include rock, gravel, loose decomposed granite, bark, un-grouted flagstone or pavers and artificial turf manufactured to be permeable. Living groundcovers qualify as mulch provided the individual plants are installed at sufficient density to assure one hundred percent (100%) plant cover. If a weed barrier is used beneath the mulch, it must be manufactured to be permeable to both air and water. If artificial turf is to be used in any part of the conversion, the product installed must have a minimum five (5) year manufacturer warranty. Artificial turf must not encroach upon living plants/trees and must end at least three inches (3") from the base of any plant/tree.
- The Cash for Grass Rebate Application must be submitted to the City of Grover Beach and the applicant must participate in a pre-conversion site review conducted by the City *prior* to the removal of any lawn. Conversions that are initiated without the City's approval are ineligible.
- Conversions must be completed within six (6) months following the City's pre-conversion site review. Once the City receives notice of conversion project completion, any wait time for the City's final inspection shall not be counted against this six-month period of time. The converted area must remain in compliance with all program terms and conditions for a period of five (5) years following receipt of the rebate. An applicant may be required to refund the entire rebate, or a portion thereof, if rebate program terms and condition are violated. Notwithstanding the foregoing, this requirement is void upon transfer of ownership.
- Rebate payments will be issued only to the property owner of record or to that property owner's legally appointed representative and, assuming program compliance, will be issued within thirty (30) to sixty (60) days following the City's final inspection.
- Once the City is notified of a conversion project's completion, the City will conduct an inspection to verify program completion. If the conversion fails inspection, the applicant will be permitted to bring the conversion project into compliance with the program terms and conditions for a period of sixty (60) days after or the remainder of the six-month period, whichever is greater.
- The City enforces only the terms and conditions of this agreement. The applicant is solely responsible for complying with any and all laws, regulations, policies, conditions, covenants and restrictions that may apply and for any and all liabilities arising out of a conversion project. Applicants are encouraged to consult any applicable covenants, conditions and restrictions ("CC&Rs") or neighborhood Homeowner's Association ("HOA") regulations that may apply to an anticipated conversion project prior to submitting an application with the City. Applicants must also comply with all state and local laws relating to landscape maintenance. The quality, maintenance and appearance of the conversion are the exclusive responsibility of the applicant. Rebates may be considered taxable income.
- Rebate Schedule: \$1.00 per square foot of lawn. Minimum of 100 square feet. Maximum rebate of \$750 per property.