



## *City Council Memorandum*

599 El Camino Real Greenfield CA 93937 831-674-5591  
www.ci.greenfield.ca.us

**MEMORANDUM:** January 8, 2016

**AGENDA DATE:** January 12, 2016

**TO:** Mayor and City Council

**PREPARED BY:** Mic Steinmann, Community Services Director

**TITLE:** **WATER CONSERVATION SURCHARGE UPDATE**

---

### **BACKGROUND**

As the City Council is well aware, California is now entering its fifth year of severe drought conditions. Since January 2014, the office of Governor Edmund G. Brown, Jr. and the State Water Resources Control Board have issued a series of executive orders and regulations addressing the continuing drought conditions and imposing a number of mandatory water conservation restrictions on both water suppliers and consumers throughout the state. In May 2015, the State Water Board adopted emergency regulations mandating a 25% statewide water reduction from 2013 consumption levels and established reduction goals for each urban water supplier. For Greenfield, the goal is a 16% reduction from water consumption levels for the same months in 2013.

On April 14, 2015, the City Council adopted a water consumption surcharge to provide a financial inducement to our water customers to conserve water. Water usage data since January 2015 indicates Greenfield as a community has responded very positively to the considerable information that has been disseminated to the public regarding the on-going drought, the need to conserve water, and the imposition of a water consumption surcharge. Since June (the starting date for State mandatory water reductions), the City has a cumulative water consumption reduction of 27%, which significantly exceeds its mandated 16% water consumption reduction from 2013 levels. The table on the following page summarizes the City's water consumption levels for each month since January 2015. This table clearly demonstrates that total water consumption has been significantly reduced from the same months in 2013 (the base year the State is using to measure water conservation).

All Water Customers	2013	2015	Percent Reduction
Greenfield Target Reduction			16%
January	36,495,360	34,866,103	-4%
February	47,606,893	46,922,605	-1%
March	59,011,693	48,388,937	-18%
April	65,137,700	46,987,776	-28%
May	66,669,114	47,965,267	-28%
June	69,271,000	47,030,541	-32%
July	66,669,114	48,747,309	-27%
August	62,824,073	48,616,969	-23%
September	61,097,063	40,240,934	-34%
October	55,394,670	43,631,449	-21%
November	44,602,485	36,130,359	-19%
December	41,904,439	29,655,700	-29%
Cumulative June - Current	401,762,843	294,053,260	-27%

As the City Council is well aware, the water surcharge program has not been without controversy. At the July 14, 2015, City Council meeting, the Council directed modifications be made to the billing methodology for multi-family residential complexes with single master water meters such that the effect was to calculate the monthly water bills as if each apartment had its own individual water meter. With this modification, all residential units, whether connected to an individual meter or a master meter, were treated uniformly. At the October 13, 2015, City Council meeting, there was some discussion as to whether the surcharge continued to be necessary as an inducement for water conservation. Although the Council agreed to continue the surcharge, it did make further modifications to exempt the first 5,000 gallons of water consumption each month from the surcharge.

The table on the following page indicates that for December, the most recent billing month, 38% of all residential customers, including multi-family complexes on a master meter, were exempt from the water surcharge. For residential properties with a single master meter, 27% of all such properties were exempt. Slightly more than 80% of all residential water customers, whether on an individual or a master meter, consumed less than 10,000 gallons in December.

The water surcharge has most likely played a role in achieving our water consumption reductions, just as intended. This trend is good, but our continuing efforts to achieve sustainable long-term water conservation must continue. Achieving meaningful water conservation should be a goal not just in response to the current extended drought, directives from the Governor's

office, and emergency regulations issued by the State Water Board, but as a sustainable environmental practice that protects our valuable water resources not just for ourselves but for our children and future generations.

Water Consumption Tier	August 2015		December 2015	
	Customers	Percent	Customers	Percent
0 - 5,000	759	22%	1,313	38%
5,001 - 10,000	1,306	37%	1,510	43%
10,001 - 15,000	937	27%	492	14%
15,001 - 20,000	341	10%	140	4%
20,001 above	162	5%	44	1%
Total Customers (Surcharge)	3,505		3,499	

**Multi-Family Master Meters**

0 - 5,000	15	27%	15	27%
5,001 - 10,000	23	41%	30	54%
10,001 - 15,000	12	21%	10	18%
15,001 - 20,000	3	5%	0	0%
20,001 above	3	5%	1	2%
Total Multi-Family Units	56		56	

On November 13, 2015, Governor Brown issued Executive Order B-36-15 that continued in full force and effect all previous proclamations and executive orders issued by that office. This executive order also stated that if drought conditions persist through January 2016, the orders and emergency regulations issued by the State Water Board shall be extended through October 2016. It is expected that further directives will be issued by the Governor’s office in February.

Pending further directives from the Governor’s office and the State Water Board, the question now before the City Council is whether the water surcharge program should continue, whether it should be modified to increase the base monthly exemption from the surcharge, or whether it should be suspended.

**RECOMMENDATION**

The City’s water surcharge program was adopted based on the State’s mandate to reduce water consumption, to pay for costs associated with purchasing emergency water supplies during our severe drought, and to provide a price incentive for customers to reduce water demand. At this time the City has significantly exceeded the State mandated 16% water consumption reduction

from 2013 levels. The water surcharge in effect for the past seven months has most likely had an impact.

Now that the City has achieved its policy objective and users have reduced water consumption significantly below State mandated levels, the surcharge has served its intended purpose and should be suspended. To ensure continued reduction in water consumption, the City is currently examining the adoption of a long-term conservation pricing structure intended to permanently alter demand compared to the current surcharge pricing which was adopted as a temporary charge.

If the community starts to increase water consumption prior to the establishment of new water conservation rates, and does not meet or is in danger of not meeting its State mandated water conservation target, the City Council can reenact the temporary water surcharge at that time. However, now that water consumption has been reduced, as a matter of governmental fairness and transparency, this is the appropriate time to suspend the water surcharge as the City promised at the time of its adoption.

#### **POTENTIAL MOTION**

**I MOVE TO ADOPT RESOLUTION 2016-08, A RESOLUTION SUSPENDING THE WATER SURCHARGE FEE EFFECTIVE WITH THE CURRENT WATER UTILITY BILLING CYCLE.**

**CITY OF GREENFIELD CITY COUNCIL  
RESOLUTION NO. 2016-08**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF  
GREENFIELD SUSPENDING THE WATER SURCHARGE FEE**

**WHEREAS**, on April 1, 2015, Governor Brown issued Executive Order B-29-15 proclaiming a continuation of the state of emergency due to the ongoing drought and directing the State Water Board and local water providers to develop rate structures and other pricing mechanisms, including surcharges, to maximize and promote water conservation; and

**WHEREAS**, the City Council of the City of Greenfield is fully supportive of state and local efforts to adopt water conservation programs and undertake activities that encourage all City of Greenfield water customers to conserve water; and

**WHEREAS**, on April 14, 2015, the City Council of the City of Greenfield adopted Resolution 2015-10 establishing a water consumption surcharge on certain residential and other properties; and the surcharge structure was subsequently modified on October 13, 2015, with adoption by the City Council of the City of Greenfield of Resolution 2015-64; and

**WHEREAS**, during the seven months the City of Greenfield water surcharge has been in effect, City residential water customers have achieved an average monthly water consumption reduction of 27% from consumption levels for the same months in 2013; and

**WHEREAS**, the water consumption reduction achieved by City of Greenfield water customers has exceeded the 16% reduction mandated by the State Water Board;

**NOW, THEREFORE, BE IT HEREBY RESOLVED** by the City Council of the City of Greenfield that the water surcharge authorized by Resolution 2015-10 and Resolution 2015-64 shall be suspended effective with the current water utility billing cycle.

**PASSED AND ADOPTED** by the City Council of the City of Greenfield, at a regularly scheduled meeting of the City Council held on the 12<sup>th</sup> day of January 2016, by the following vote:

**AYES**, and all in favor, therefore, Councilmembers:

**NOES**, Councilmembers:

**ABSENT**, Councilmembers:

\_\_\_\_\_  
John P. Huerta, Jr., Mayor

Attest:

\_\_\_\_\_  
Ann F. Rathbun, City Clerk