

Agenda
Special Meeting of the Sierra Madre City Council
Monday, October 19, 2015 – 7:00 p.m.
City Hall Council Chambers, 232 W. Sierra Madre Boulevard

Mayor, John Capoccia, opened the Special Meeting of the Sierra Madre City Council at 7:00 p.m. Nancy Sue Shollenberger, City Clerk, read the roll, noting that City Council Members Rachelle Arizmendi and John Harabedian were a little late. The Mayor announced that we were present this evening to specifically consider multiple factors relative to the status of Sierra Madre Water Conservation Efforts.

CALL TO ORDER/ROLL CALL:

Present: John Capoccia, Mayor; Gene Goss, Mayor Pro Tem, Council Members
Rachelle Arizmendi (Arrived at 7:15 p.m.), Denise Delmar and John
Harabedian (Arrived at 7:15 p.m.)

Absent: None

Also Present: Elaine Aguilar, City Manager
Holly Whatley, Assistant City Attorney
Bruce Inman, Director of Public Works
Jose Reynoso, Deputy Director – Water Department
Nancy Sue Shollenberger, City Clerk

PUBLIC COMMENT

The Mayor asked the audience if there was anyone that wished to speak at this time.

Culley Eaby

Mr. Eaby wanted to express to the City Council how important it is to keep our Police Department. Would the Sheriff's Dept., care about our City? Our City has the least crime. Firefighters used to be volunteers. I always see the Police Chief at the special events. Were the citizens in favor of this discussion? We are the 7th safest city. I respect you for what you do. I love this town.

Caroline Brown, Alta Vista Drive

Ms. Brown wanted to address that today, trash cans were knocked over. We try hard to educate the residents on protecting trash. As weather improves, the bears will go back into the hills. In 1972, Sierra Madre was made a Wildlife Sanctuary. Please don't feed the animals. Thank you.

Mayor Capoccia closed public input portion.

ACTION ITEMS:

1). CONSIDERATION OF MULTIPLE FACTORS RELATIVE TO THE STATUS OF SIERRA MADRE WATER CONSERVATION EFFORTS.

Elaine Aguilar, City Manager, announced that the staff will address each item.

Mayor Capoccia announced that Items 1, 3 and 5 are all very much related. Let's start with Item 2.

Bruce Inman, Director of Public Works, will give the staff report on Item 2.

The following will update the public on the history of the water conservation efforts.

The City of Sierra Madre has historically drawn its entire water supply from local groundwater sources, specifically the Santa Anita subarea of the Raymond Groundwater Basin. Due to declining groundwater levels in that basin, the City instituted water conservation measures in accordance with its Water Conservation Plan (Sierra Madre Municipal Code Chapter 13.24). Beginning on May 28, 2013, Council Resolution No. 13-12 implemented mandatory Phase 1 and Phase 2 conservation. Between May 2013 and April 2015, the Council has taken a number of additional actions in response to the prolonged drought and the declining groundwater levels.

In early October 2013, the City's wells had to be shut down to avoid damage. On October 11, 2013, the City began taking water from the Metropolitan Water District and has utilized imported water from that source exclusively since that date. The difference between the groundwater and the imported Colorado River water in water chemistry, water temperature and water disinfection agent has wreaked havoc on the City's 85+ year old water distribution system. The discoloration of potable water due to iron oxide released from the inside of public and private piping has required increased hydrant flushing and the accompanying loss of water. The City has been working with water quality consultants and developing a treatment program for the water which has reduced, but not completely eliminated the discoloration.

In June, 2015, the City's water distribution system began to fail. Water mains installed in the 1930's began to leak. Water distribution system leaks have increased more than 600% for the June-August period of 2015, as compared to the same period in 2013.

In addition, in April 2014, the governor issued an Executive Order proclaiming a state of emergency due to the prolonged Statewide drought. Pursuant to the Executive Order, the State Water Resources Control Board (SWRCB) implemented a mandatory 25% reduction in potable water use. The SWRCB's implementation plan resulted in a cumulative Sierrra Madre water reduction goal of 32%. The City has only attained the 32% reduction in one out of the past 4.5 months. The City's current cumulative conservation is at 22.3%. On September 14, the City received a warning notice for failure to meet the assigned water conservation standard. On October 1st, the City received a "Notice of Violation for Failure to Meet Water Conservation Standard and Order for Additional Information".

For all of the reasons summarized above, the City Council is conducting a Special meeting to discuss a number of water related matters.

Staff recommends that the City Council provide direction on the following:

1. Water Penalties and Fines: including assessment and use of the funds.
2. Water System Improvements/Water Quality
3. Additional programs or actions to increase water conservation to meet State Conservation Goal.
4. Update Regarding Spreading MWD water.
5. City Response to SWRCB Violation Notice

The City of Sierra Madre has taken a number of steps to respond to the prolonged drought and reduced water levels in the Santa Anita subarea of the Raymond Groundwater Basin. The City has instituted water conservation measures in accordance with its Water Conservation Plan (Sierra Madre Municipal Code Chapter 13.24). On May 28, 2013, by Council Resolution No. 13-12, mandatory Phase 1 and Phase 2 conservation was implemented. Between May 2013 and April 2015 the Council has taken additional actions:

- Ordinance 1342
- Ordinance 1351 – Adopted Tiered Water Rates, Increasing annually through FYE 2018 (1/28/2014).
- Ordinance 1356U – Adopting Moratorium on new water service installations under Water Code (7/8/2014).
- Ordinance 1357U – Adopting Building Moratoria due to waer shortage (7/8/2014).
- Ordinance 1358U – Adopting Building Moratoria due to water shortage (7/8/2014)
- Ordinance 1359U – Adding SWRCB water conservation measures to SMMC 13.24 (7/22/2014
- Ordinance 1361 – Adopting Article 15.20 of California Plumbing Code (Graywater Systems) into City Building Code.
- Resolution No. 13-65 – Postponing Conservation Penalty assessmewnt (Due to adjustment in billing schedules (9/24/2013.
- Resolution No. 13-81 – Postponing Conservation Penalty Assessment (Due to Community having met the Conservation Goal in place at the time) (11/26/2013).
- Resolution No. 14-58 – Enacting Phase 3 Water Conservation (7/8/2014).
- Resolution No. 14-61 – Initiating State Restrictions on Irrigation (per Ordinance 1359U) (7/22/2014).

While the City was responding to the declining levels in the aquifer, the governor was taking action in response to the Statewide drought. The governor issued an Executive Order and the Governor and Legislature continue to implement new water related legislation.

A number of issues have arisen that require Council policy direction. This staff report identifies a number of matters requiring immediate attention. Some of the issues are city specific issues (such as direction on how to use the funds collected in penalties and fines), while others pertain to the State mandated 32% water conservation standard for Sierra Madre. The following items are not listed in priority order:

1). Water Penalties & Fines; Including Assessment and Use of the Funds

In July 2015, the City began assessing penalties for customers that exceed their conservation targets. Prior to that date, the Council had suspended the imposition of penalties. As of the October billings, a total of \$155,000 has been billed/invoiced.

There are a few important factors to take into consideration prior to beginning a discussion of water penalties assessed for exceeding water conservation targets. The Council requested a discussion regarding what to do with penalties, in addition to a discussion of the penalties in general. There are sections of this report that overlap, in that penalties are discussed in this section of the report, and increasing penalties as a tool to achieving the State mandated goal is discussed on page 12 of this report.

For a bit of background information, the next few pages provide information regarding the penalties charged between July 2015 and October 2015 and statistical comparisons.

First, it is important to note the following:

- Revenue from Water Penalties should be used for Water Utility purposes: the funds should not be transferred to the General Fund and used for General Fund purposes (for example, to help balance the General Fund Budget).
- Revenue from Water Penalties was included in the current Water Utility Budget; a total of \$114,000 was included in Water Revenues for the current fiscal year. This revenue currently shown in the budget as part of the total water resource, and as such, allocating the funds for a new, currently unbudgeted purpose will result in a reduction to the "bottom line" of the water fund.

Here is four-month history of billed/invoiced water penalties:

July 2015	660 Accounts 35%	\$ 54,000
August 2015	315 Accounts 17%	30,070
September, 2015	433 Accounts 23%	43,700
October, 2015	320 Accounts 17%	27,150
		\$ 154,920

Another analysis that was performed was an analysis of the number of customers who were billed a penalty in July 2015 and were also billed a penalty in September 2015. Of all the accounts billed a penalty in July, approximately 63% incurred penalties in their September billing.

At this time, it would be appropriate for the Council to discuss if penalties should be allocated to a specific water utility related activity, such as increased water conservation education, dedicated staffing, water conservation programs (such as turf removal or fixture rebates) or "saved" in the event the City is fined for not achieving the State's mandated 32% goal. The revenue is currently a component of the City's total water utility revenue and pays for operational costs and is included in the water utility's bottom line (i.e. surplus or deficit).

Another topic would be whether penalties should be increased. Penalties are currently two times the Tier 1 rate.

Another related topic pertains to whether water conservation targets should be revised for multi-unit properties. In evaluating the data proportionally speaking, fewer multi-family units are exceeding their conservation targets. This may be the result of multi-family units being treated the same as single family units with respect to the minimum 12 units of water per dwelling unit. If the Council is interested in staff evaluating alternatives for minimum water units per multi-family dwelling, staff can return to a future meeting.

In February 2015 (Resolution No. 15-08), the Council authorized the use of the Administrative Citation procedure for violations of the prohibitions listed in Municipal Code Sections 13.24.060 and 13.24.2130. Examples of these types of violations are: watering the incorrect day; over watering; using water on driveways or sidewalks; or use of a hose to wash a car without a hose nozzle incorporating an automatic shutoff. A total of 1179 courtesy notices have been written. Sixty Notices of Violation have been sent. And 59 citations have been written, totaling \$7,800.00. However, only \$4,70 has been paid. The only method currently available to collect Administrative Citation fines is either to put a lien on the property, or to send the citation to the City's collection agency. Staff has not experienced much success in collections, and does not recommend placing liens on properties due to the administrative time involved in this process. Using a collection agency results in the City collecting less than the citation amount. Staff would like the Council to consider a Municipal Code Amendment to authorize the Administrative Citation to be added to a property's water bill, so that if the total amount is not paid (the bill amount and the citation amount), the water can be turned off for non-payment. Staff would not be adding the citation amount to the water bill immediately, because staff would need to provide time for an appeal to be filed pursuant to the City's Administrative Citation ordinance. Once the time period for an appeal has lapsed, and if the citation remains unpaid, then the citation would be added to the customer's water bill.

Lastly, the Council has requested a discussion regarding the imposition of penalties for excess water use that results from a leak on private property. The City receives calls from approximately one to three customers a month who state that the reason they incurred a larger than normal bill is because of an undetected leak on the property. There is currently no City policy that allows staff to issue any discount for this type of water use. All water that flows through a water meter is billed to the customer, regardless of how the water is used. The theory is the water was produced, and costs incurred to get the water to the customer. There is even a new state law that requires the City to immediately notify customers if the City becomes aware of a leak on the customer's property.

The one utility that provides a billing adjustment follows the following procedure:

A "one-time only" adjustment is possible, if the customer writes a letter requesting consideration because of a leak and briefly explains what occurred on the property. Proof must be provided that the leak was repaired, either by providing a copy of the repair bill from the plumber, or a receipt for parts, if the repairs were made by the account holder. A water department employee will inspect the property to confirm that there is not an ongoing leak. To determine the amount of the financial adjustment, a difference is divided in half, with a copy of a \$300 credit. This water utility was not charging penalties for exceeding a water conservation target, so using this method to provide financial relief would require a modification to the calculation.

As an alternative, staff developed a simplified method to provide financial relief for customers who have undetected leaks. A one-time only adjustment can be made to the penalty portion of the bill. Proof that the leak was repaired must be provided, and staff will verify that a leak no longer exists, before any adjustment is made. The entire water use would be subject to the City's tiered water rates, but any "penalty" portion (two times the Tier 1 rate, for water used in excess of the water conservation target) of the bill could either be reduced by 50%, or eliminated entirely.

If the Council is interested in providing financial relief for leaks on private property, staff would need direction regarding the method to be used to calculate the billing adjustment. Staff would return with a Resolution to memorialize the Council's policy.

Bruce Inman, Director of Public Works, gave the staff report on Item #2.

2). Water System Improvements/Water Quality Review, Prioritization, and Funding of Water System Repairs.

The City's water distribution system includes approximately 7.5 miles of pipeline dating back to 193 or older. These water mains reached the expected end of their service lives years ago, and some of them are now failing. It is now the norm to have at least one water system leak a day, many days there are multiple system leaks. As noted in a September 8 Council staff report regarding personnel changes, since June the City's water distribution system has been plagued with frequent leaks. The September 8 report noted a 633% increase in leaks over the same period in 2013. The increased frequency of leaks continues; the total leak count from June 1, 2015 to October 14, 2015 comes to 135 vs. 12 for 2013. Mr. Inman stated that since Tuesday, nine more leaks have been reported.

The City Manager reviewed the typical leak procedures.

At this time it is necessary to begin what is essentially an emergency water main replacement program. While it is not possible to replace all the piping in the system which is beyond its expected service life, the replacement of all or even just some of the worst sections of pipe can eliminate the amount of time spent on making temporary repair son the new pipe and free up staff for other important duties or repair of other mains.

At the request of the City Council Water Subcommittee, staff has identified the 20 worst segments of the water system and estimated the cost to replace these sections of main at \$3.12M. Staff included a listing of those sections of water main in Table A in the agenda.

The Water Department staff is on 24-hour call for emergencies, including water system leaks. As such, on weekdays, staff comes in early to respond to leaks and it is not unusual for those same staff members to stay late beyond the end of their shifts to complete leak repairs or finish other time-sensitive work tasks delayed by leak repair duties. As evidence of the impact the leak explosion has caused. Public Works overtime cost for the June-October period of 2013 totaled \$9,490. For that same period in 2015 the overtime cost totaled \$20,070.

This amount of effort is being expended on what are essentially temporary repairs. Work is being done, resources expended, on pipe that ultimately needs to be replaced. By continuing on the present reactionary mode, limited resources cannot be properly managed. The amount of time and energy spent by water department staff in dealing with leaks interferes with all other regular work tasks of staff, such as meter reading, hydrant flushing, data collection and record keeping, general systems maintenance and water quality sampling. In order to keep up with the increased workload, overtime costs have risen dramatically and the City Council has agreed to re-instate a frozen water department staff position.

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Mr. Inman reviewed the items on Table A, Pipeline Locations, and Estimated Replacement Costs, which total \$3,126,482.

Staff has also identified water main sections for which replacement would benefit water quality. These are listed separately on Table B in the Agenda. Although these sections have not been plagued with leakage as the 20 on the worst leaker list have been, they are sections of pipe where discoloration complaints are most frequent of where staff observes the most water discoloration when flushing hydrants. The discoloration list totals \$670,840.

The implementation of a capital improvement project was outlined in the agenda.

Mr. Inman reviewed also listed, as options, the Council may want to consider in addition to replacement of some or all of the 20 sections listed in Table A.

Mr. Inman reviewed seven streets which total a 2015 cost of \$670,840.

Immediate, possible funding for the water main replacements can come from Water Fund reserves, or from General Fund dollars. As of June 30, 2014, there is \$2.3 million in Water Fund Reserves. As of June 30, 2014, there is \$553,476 in Unassigned General Fund Reserves, and \$4.6 million in Assigned General Fund Reserves (50% of operating revenues reserve policy). Although staff does not recommend that non-water funds be used for water department purposes, it is ultimately a City Council policy decision. Staff evaluated whether a loan could be made from the General Fund to the Water Funds, and the City's Bond documents specify that the Water Fund, "will not incur any other indebtedness payable out of (water) revenues." The City Attorney has recommended that before proceeding with a loan from General Fund, that a legal opinion be requested from the City's bond counsel. There would be a cost for the opinion.

Council Member, John Harabedian, asked what the staff recommended for the best bang for our bucks, and the path forward. Then consider next year.

Mr. Inman stated that staff would like to start Phase I and II, lining pipe in place might be cost effective way to accomplish a 30% savings. The contractor will be in our area in November.

Council Member, John Harabedian asked staff, "If we go with lining, what is life expectancy?"

Mr. Inman stated that it looks like a fire hose – the pipe is drained and the hose is placed in the pipe, treated with epoxy, with good flow characteristics. Very little impact on street. A section of pipe can be done in less than one week, and it is good for 50 years.

Council Member, John Harabedian asked why more cities aren't using?

Mr. Inman stated, It is new. It is used in Montreal. The contractor is not on the West Coast. He plans on coming to Los Angeles very soon. Warranty on products is 50 years.

Council Member, Rachelle Arizmendi, asked if staff had plans for Phase I.

Mr. Inman stated, "yes".

Council Member, Denise Delmar, asked if there were other vendors?

Mr. Inman stated that there is four vendors, but the one we know glues the product to the pipe.

Council Member Delmar remarked that we cost this project out in 2012 – did we put money away?

Mr. Inman stated, "There was no money available to put away."

Mayor, John Capoccia, asked how much we could take out of Water Fund Reserves? I know we can't get caught up. How do we make a decision on how much Water Fund Reserves we can use?

City Manager, Elaine Aguilar, stated that staff would recommend not to pull out \$2.5M. Staff would recommend \$450,000 in Creek Division (This is one or two years out). We could use this money and see what Water Fund Reserves do in the future. \$450,000 in General Fund Reserves could go for Street Improvements, and it could be put in water projects. \$475,000 Unassigned General Fund Reserves could be a loan. We need to get an opinion from Bond Counsel, or is it just a grant?

Mayor Capoccia asked what it would cost to involve the Bond Counsel.

The City Manager said \$10,000.

Mayor Capoccia asked if the Auburn Main was on the list and Mr. Inman stated "no", we want to get leaks fixed first.

Mayor Capoccia stated that in general, we don't have the money to fix everything. If we have an earthquake, we could create big ruptures. I hope the pipe lining process will help. If we use this process, we could save more by not replacing the laterals.

Mr. Inman stated that we could do that, but we would still have leaks in service laterals.

Mayor Capoccia opened for public comment.

Ron Coleman, Fairview Avenue

Mr. Coleman brought in a sample of the "band-aid" that is being used in town. My street is two blocks lone and we have had 16 leaks on our street. As I see it, a lot of problems are on pressure side of system. When was the engineer work done?

Council Member Harabedian stated "2001".

Mr. Coleman noted that a lot has changed since then. Drive the streets and see the patches. Patches are only done with volume and the water reaches the surface. How many minor leaks do we have? I am concerned about going off of engineers suggestions of years ago. Leaks are making us deficient in meeting state's numbers.

De Alcorn, E. Grand View

Mr. Alcorn stated that you are only presenting short-term solutions. Is there a long-term schedule? It should also be discussed.

Carolyn Dasher

Ms. Dasher had questions about the lining. Are there grants to help us. If doing digging and water needs flushed out, can we build dry wells to save water?

Barry Gold, Ramona Avenue

Mr. Gold suggested that we use the penalty money for the project. Or, to help pay for projects, raise the penalties. Thank you.

Mayor Capoccia closed public input in Item 2.

Mayor Capoccia asked staff and City Council if this is the right approach?

Mr. Inman stated that Phase I is priority. We have 15 year old plans – they stand on their own. Just change technical plans. We can change quickly.

Mayor Capoccia noted that the question was raised if we have a long-term plan for infrastructure, and the answer is "no." Tomorrow we are holding the Strategic Plan Meeting, we can discuss. Is rate structure sufficient fund – no. We need to make conscious decisions. The City Council had fears that to raise the UUT would end up in rejection. We need to educate the public. Will the lining hold up – we will answer later. Are grants available?

The City Manager stated, "not readily". Earmarks are not funded. We are working with the Corp of Engineers. There is a two to three year timeframe. They won't assist us now.

Council Member, Denise Delmar, questioned if we have looked into emergency grants or funds?

The City Manager stated that none are available. There are monies out there, but Sierra Madre never qualified – it is not for urbanized areas.

Mayor Capoccia questioned "dry wells"?

Mr. Inman stated that we are doing in park ways – several are in place.

Mayor Capoccia questioned streamlining the bid process.

Holly Whatley, Assistant City Attorney stated that it is pretty strict on contracting, not fast track.

Council Member, Denise Delmar remarked that if we didn't have reserves, what would we do? I can't believe we have this emergency. There was no back-up plan.

City Manager, Elaine Aguilar, remarked that this City has historically, for 30-50 years, always tried to keep rates as low as possible. In the 1960's and 1970's, there were no increases. There was not forward planning. Rate increases were minimal.

Mayor, John Capoccia, remarked that he was on the City Council then, and he will take some blame. We knew we didn't raise enough to do infrastructure. I made a mistake. We had ½ of the people protest. The City Council was concerned. We failed as a City. We failed to communicate with the residents. The aquifer is too low, we have drought situation. We have imported water. It did damage on the pipes. I am guilty, we put our heads in the sand. The work on Skyland causes staff to work hard. Pipes were crumbling. When you have a leak, do you patch or replace. We as a City don't do that for our infrastructure. There is no free lunch. Earmarks are no help from feds. We have to figure out a way that we collectively own.

Council Member, John Harabedian, stated that he feels the Mayor is too hard on himself. Water rates are not solution to \$40M project. Long term funding for the entire City needs to be determined – bonds parcel tax, maybe folks will do. Our 90-year old pipes are bursting at the seams. Today we are just dealing short-term. What scale should we do? I am willing to do all \$4.2M – solely lining would be \$1.1M. I am willing to do that. General Fund Reserves, or get a loan. Grant money needs to be paid back. The City Council has no choice but to allocate these funds. We need to take action. Lining technology is cost effective. Take \$1.1M out of Water Fund Reserves. It is a good start. We are at least addressing the issue.

Mayor Pro Tem, Gene Goss, remarked that he agrees with what you are proposing. When I campaigned, I covered the City – we discussed water mains. We are talking about triage – we have systemic problem. We have the State riding us. This won't solve the problem. We have priorities – I hope this is a long-term plan. The \$1.1M-\$1.4M – we can slip by now with lining.

Council Member, Rachelle Arizmendi, there is no doubt we are in emergency mode. We need to address now. Identify the dollars when you are ready to go. I trust that Public Works will do the right thing. Take \$450,000 out of Santa Anita Conversation – we can advance; and \$400,000 out of Street Repair Reserves. We need more money to address all the issues. With regard to long-term strategy – we will address at the Strategic Planning Retreat tomorrow. I would be interested if there is a way to borrow dollars and not jeopardize the bond rating. Take remainder from Water Fund.

Mayor Capoccia asked the City Council what their consensus was for Phase I and Phase II?

Mayor Pro Tem, Gene Goss, stated "Let's line as much as we can".

City Manager, Elaine Aguilar, stated that when we get bids, we will hve opinion from Bond Counsel and financing.

Council Member, Rachelle Arizmendi, stated that she is reserving her feelings on lining the pipes, we need more information.

Mayor Capoccia stated that the City Council agrees on Phase I – prepare bid documents. Phase II, leave option open for both phases.

Mr. Inman stated that the plans for Phase I are ready. Staff has technical specs from the engineers. We will bring back to City Council before bid. Phase II – need to do 2-6. Phase I, have done 3, 4, 5, and 6.

The City Manager asked that the City Council authorize staff to prepare Phase I and II to go out to bid, work on bond counsel and financing.

Mayor Capoccia stated, "Then we will have figures in front of us".

Council Member, Denise Delmar stated, "We need to look at how the Water Department is working". I do feel that the public was aware of the pipes. There is a level of trust. We need background and be honest to the public. We are committed to give you the truth. Water rates won't fix everything.

Council Member, Rachelle Arizmendi asked what the timeline will be? 30 days to go out to bid and come back?

The City Manager stated that staff will come back with the bid documents and the City Council can evaluate them.

Mr. Inman stated that staff will return at the December meeting at the earliest.

Mayor Capoccia noted that Water Quality is on next agenda.

The Mayor asked that we address Item No. 6 next – we want an overview of letters regarding penalties.

The City Manager stated that when the State Water Control Board initiated the formula for cities, it was determined that Sierra Madre was calculated at 32%. The City Council initiated Phase III – 30% Conservation. We should reach 32%. State is cumulative. Sierra Madre is estimated at 22.3% cumulative.

Council Member Delmar asked what year?

The City Manager stated Calendar Year 2013. 2013 had mandatory 30% conservation target. We received a warning notice in September. In October we received a violation notice. We had a three-page survey of questions to answer. The State wants to know what we plan to do. We attached a draft letter in the agenda for your consideration this evening.

Mr. Inman stated that Exhibit C is the letter in response. The City Council might want to modify. The State will use this information to determine our next steps. It is as complete as we can.

Council Member Arizmendi asked if staff received an extension?

The City Manager noted that we have 30 days – we will get to them tomorrow.

Mayor Capoccia stated, “If everyone met their target, we would make our commitment to the State”.

Council Member, Denise Delmar, questioned if this target includes the leaks?

Mayor Capoccia questioned, “How do we get citizens to meet their targets?”

City Manager, Elaine Aguilar, stated, “Penalties and fines”. Water penalties – water customers pay for exceeding \$5.04/unit penalty. Fines are violations on how water is used (watering wrong day, watering driveways, using water the wrong way). In July 2015 we implemented penalties and fines. To date, we have billed \$154,000 in penalties. City’s budget – part of regular water revenues – they stay in Water Fund. Right now, the penalty monies are in the Water Fund. We did an analysis of customers who had penalties. They are single family homes. People who violate the most – 30 units or more. They are using 60% of average. On monthly basis, we would be close to 32% so we need to address those. The

second part – Administrative Penalties – water on wrong day – if don't pay, we can do an assessment on property taxes or collection agency. We would need to do a Municipal Code Amendment. Or we can put on Water bill and if they don't pay, we can turn off the water. We need City Council to direct on Code Amendment. We receive calls from people with large leaks. There is no way to address that presently. The City Council asked staff to look at options. To provide relief, one time adjustment per account. Penalties bother residents. We could have the City Council authorize us to get proof of leaks and give 50% reduction.

Council Member, Denise Delmar, asked the City Manager when she talks about fines – are State mandates included – billed invoice penalties?

The City Manager stated that staff has invoiced \$150,000 to date. We haven't received all the payments. Eventually we will collect. Penalties – water can be turned off if total bill isn't paid.

Council Member, Denise Delmar questioned how much is wasted in leaks?

Mr. Inman stated, "We can't do".

Council Member Delmar stated that we need to have some idea how much water is going into leaks?

The City Manager stated, "We couldn't come up with an accurate number".

Council Member Delmar stated "We are not meeting our 32% target – how many City leaks – be sensitive!"

Mayor Capoccia noted that it is on the table – we can talk about.

Council Member Delmar stated, "We penalize the people".

Mayor Capoccia stated that he spent hours trying to figure this out and threw his hands up.

Mayor Pro Tem, Gene Goss, stated that it is not unreasonable to want to know this figure. As practical matter – citywide, monthly billing. State is breathing down our backs. We should move forward, but try to come up with a figure on water leaks.

Council Member, John Harabedian, noted that numbers are helpful. Do we have a sense of how much abusers are using – 83% is meeting their target and 17% are not.

Mayor Capoccia noted that in four months, using 6800 units, the abusers wasted twice as much as our target.

Mayor Capoccia opened for public comment.

Ross Benson, So. Canon

Mr. Benson wanted to share with the City that he used 69 units in June and 224 units in August. He had three leaks. Gem Plumbing is so busy, all they can do is patch. The huge leaks in the City is frustrating to all of us. Water pressure is high. Chemical balance is different. I spent \$2,000 on plumbers and gardeners. My bill in August was \$2,116.00. When I hear abusers – I feel like a farmer – my yard is brown. We aren't deliberately wasting money. I have three kids in private school. I have \$800.00 in penalties, that is a big deal.

Mayor Capoccia asked Mr. Benson what his target was? He said "65".

Phil Canon, Edgeview Drive

Mr. Canon remarked that he has a question about the residents' ability to quantify residential and commercial. If this gentleman's situation is magnified 100 times, it will make up the State's standard. Secondly, when the State leans on us, this isn't all willful, we have leaks.

Ron Coleman, Fairview Avenue

Mr. Coleman wanted to address how much we are leaking. We don't want to share summer and winter billing. We should all get billed at the same time. We can't trust the amount we are leaking. We don't have people available. It is important to understand how much his not billed. What is reported to the State? How much leaves the reservoir? We know how much gets billed. Where is the water going? We should be able to get a percentage.

Caroline Brown, Alta Vista Drive

Ms. Brown noted that the conservation target was a history of what the individual water user was using. We all share the drought. We are importing water. Conservation target is artificial. I would use more than 14. I lost Oak trees. Billing makes it difficult. We need monthly billing. Canyon is difficult. We need a better way to deal with the targets. Address habitual over-abusers.

Barry Gold, Ramona Avenue

Mr. Gold remarked that there is difficulty to determine leaks. Read meters every other month. It is hard to determine if you don't read the meter each month. There are lots of good reasons to determine this. Read every month so we know leaking.

Kathleen Blanchard, Member of EENR Committee

Ms. Blanchard addressed penalties and fines. We recommended fines for overuse be more. Address habitual users. It should be more than twice Tier 1.

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Margaret Quigley

Ms. Quigley announced that she is an abuser. I cut back 10 years ago. I cut back again. I cut down eight trees. I resent that we are water wasters. To water once a week can't be done. I will pay fines. I don't feel like a water waster.

Carolyn Dasher, W. Bonita

Ms. Dasher wanted to address abusers or wasters – we need a different attitude on how we use water. Failure to comply is twice Tier 1 water; 2nd violation is 3 times. It is not so much the penalties we need to change it is how we use the water.

The City Manager remarked that to just read the meters would cost approximately \$150,000 more annually to read and bill. To read only would be 70% of cost.

Mayor Capoccia noted that besides reading is the process for calculations. We should look at this again. It would be nice to know. How much do we want to spend? I don't want to make a decision tonight.

Council Member Delmar stated that we need to get our water conservation to 32% level. The State looks at total use of water consumption.

Mayor Capoccia noted that all City Council Members agree we should look at this again.

Council Member, John Harabedian, remarked that SMART readers would have been a good investment.

Mayor, John Capoccia, remarked that these ideas should be included in the letter to the State. We addressed Water Budgets – we decided against this, I am not willing to bring back. What will it take to reach our State mandated percentage? We need consumption down. We don't want to be fined by the State.

Council Member Arizmendi is supportive of fines on water bills.

City Manager, Elaine Aguilar, remarked that penalties are 2 X Tier 1, we are not doing 3 x Tier 1, we need a resolution.

Mayor Capoccia remarked again about putting fines on water bill, if they don't pay, water is turned off.

Council Member, John Harabedian, remarked about Mr. Benson's points – if you have a blow-out, one month, refund one time basis. They must fix the leak. Adjust over usage or base rate. We should do.

Mayor Capoccia asked the City Council if they wanted to eliminate the penalty portion?

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The City Manager stated that staff recommends going through tiers and eliminate penalty portion. Amount over conservation target – don't pay penalty. Take three month average and calculate bill and no penalties, one-time only. Look at property's historic usage.

Mr. Benson noted that it would help him. Instead of \$2,100, it would be \$1,200.00. It is still a lot.

Council Member, Rachelle Arizmendi reviewed what the City Council discussed:

- Zero penalty.
- Average three months
- Proof leak is fixed.

Council Member Delmar noted that if a resident is meeting their target, leave them alone. Forget the 30 units or more than conservation target.

Mayor Capoccia remarked that watering once a week is dangerous.

All City Council Members agreed with D, G and H:

- D. Prohibiting use of potable water for dust control for private construction projects.
- G. Adopt state restriction on watering within 48 hours of measurable rain.
- H. Require individual water meters for each new multi-family dwelling unit.

Mayor Capoccia remarked that the City Council wants to increase penalty by how much you are exceeding: 20% - 3 times; and 40% - 4 times.

The City Manager noted that staff will have to manually calculate.

Mayor Capoccia remarked that we need to get everyone on target and we will get our 32% to comply with the State.

Council Member Delmar stated: 32% more and leaks need to be addressed. Target big abusers. Staff's time and money is to focus on those.

The City Manager noted that in September we had 66 abusers and October 43.

Mayor Pro Tem, Gene Goss, asked that staff contact big abusers and allow them to change their behavior.

Holly Whatley, Assistant City Attorney, remarked that the City received their second step notice. The 2nd level Information Order is Conservation Level. The cities who received conservation orders were 11 in August – they are on line. The State has required the Cities to identify their high users. They asked that you invite them to a special outreach program.

Council Member, John Harabedian feels that a flow restrictor is efficient and affective, and may be all it takes.

Mayor Pro Tem, Gene Goss, would prefer to focus more on people continually using more – 30 units and above.

Council Member Delmar would suggest that staff contact the people who are using 30 units or more.

Council Member, Rachelle Arizmendi, is not okay with flow restrictors. She would rather increase penalties.

Council Member Harabedian feels maybe penalties are not high enough. Users above certain amount must change behavior. Revamp more fair targets. Bring back water budgets.

Mayor Capoccia feels that 30 units over your target, you get one warning, and if you do it again you get a flow restrictor. Penalties for 2nd violation go from 3 x immediately, you need 1 warning. Money from fines goes into Water Fund.

The following are the items the City Council addressed this evening:

Additional Water Conservation Measures

The following ideas are presented as possible means to improve the City's overall conservation to assist in meeting the State mandated standard (32%):

- a. One day a week watering
- b. Hire staff dedicated to Water Conservation education and enhancement
- c. Increase penalty for exceeding water conservation target – currently the penalty is two times the Tier 1 rate or \$5.02 per unit.
- d. Prohibiting use of potable water for dust control for private construction projects.
- e. Allow for reduction of water allocations for customers appealing their existing allocation, when calculated water budget indicates that less water is needed at the appellant's address.
- f. Reinstate water shut-offs for repeat violators of conservation restrictions.
- g. Adopt state restriction on watering within 48 hours of measurable rain.
- h. Require individual water meters for each new multi-family dwelling unit.
- i. Revise multi-family water use targets.
- j. Evaluate the City's top water users and re-evaluate their water conservation targets.

Bruce Inman, Director of Public Works, gave the following staff report.

4). Update Regarding Spreading MWD Water

For purposes of improving water quality staff has proposed that the water imported via SGVMWD and MWD be diverted to the City's spreading ground instead of being taken directly into the City's distribution system. This would allow the natural cleansing process of the local soils to remove the disinfectant and at last correct the chemical structure of the imported water to make it conform more to the City's historic water supply.

A. Spreading of imported water – Los Angeles Regional Water Quality Control Board Review/Approval.

On September 1, 2015, staff submitted a letter to the Los Angeles Regional Water Quality Control Board requesting a Waiver of Waste Discharge Requirements to enable the City to use treated potable water for groundwater recharge. On Monday, October 12, the Executive Director of the LARWQCB signed the Waiver, providing conditional approval for the use of the imported water for groundwater recharge. The conditions of approval of the waiver are:

1. The discharges of imported potable water shall not cause pollution or nuisance as defined in California Water Code Section 13050.
2. The discharge imported potable water shall not be disposed of in geologically unstable areas or so as to cause earth movement.
3. The total volume of discharge shall not exceed 815 million gallons per year.

The conditions are easily achievable.

B. Spreading of imported water – Raymond Basin Management Board Review/Approval

On September 1, 2015, staff sent the identical request for the use of imported water for groundwater recharge to the office of the Raymond Basin Management Board, intending that the Water Master review of the request be handled concurrently with the request o LARWQCB.

There have been delays at the Raymond Basin due to Water Master staff deciding to wait until there was clearance from the state before starting their own analysis of the City's request. City staff corrected that in mid-September and the Raymond Basin Board is scheduled to hear the matter at its regular meeting of October 21. As of the preparation of this report, Public Works staff has not been advised of the recommendation that Board staff will be making on the matter.

In any case, staff has requested but not yet received an estimated cost to do a study of the impacts on the aquifer. Staff will return with this information as soon as it is available, before proceeding with implementing this alternative.

5). Update on Restoring and Stabilizing the Water Level in the Santa Anita Subarea

SMAART

The Raymond Basin Management Board (RBMB) is the court-appointed Watermaster for the Raymond Groundwater Basin. In an effort to address the record low water levels in the Santa Anita Subarea of the Raymo9nd Basin, in January 2014 the RBMB created the ad hoc Sierra Madre Arcadia Aquifer Recovery Team (SMAART). The group consisted of RBMB staff, representatives of Arcadia and Sierra Madre, as well as three other voting members of the RBMB. In March 2014 at the request of SMAART, a groundwater monitoring program was initiated.

The groundwater monitoring program consisted of Board staff taking monthly water level readings of the two cities' wells, monitoring of the pumping activities of the two cities, and data collection regarding groundwater recharge activities in the Subarea. Between March 2014 and the present, the monitoring program provided monthly reports to both cities summarizing all the information collected.

The primary reason for establishment of SMAART was for the two cities to develop a mutually agreeable plan for the management of the Subarea. The meetings were discontinued in June of 2014 after the discussions reached an impasse.

Following a meeting between the Mayors of the two cities and their respective senior staff members, the SMAART again began to meet in July of 2015. Discussions have centered on the development of a reasonable safe yield for the Subarea and an agreement for the Management of the Basin.

At the September SMAART meeting participants were provided a draft Management Plan to review and comment on. A copy of the Draft Management Plan was attached to the Agenda. The management plan model is still under refinement and discussion, and is presented only as an indicator of progress toward the goal of restoring the Basin.

6). City Response to SWWRCB Violation Notice and Order for Additional Information

On October 1st, the City received a "Notice of Violation for Failure to Meet Water Conservation Standard and Order for Additional Information." Staff has prepared a draft response to the SWWRCB, and the draft was attached to the Agenda. Staff is seeking input from the City Council regarding the draft, before forwarding the City's response. The proposed response is attached as Exhibit C in the Agenda.

Financial Review:

Other than staff time, there are no costs incurred with the Council's review of this staff report. Depending upon the alternatives the Council desires to implement, there may be expenses incurred, in the range of a few thousand dollars, to more than \$1M.

It is recommended that the City Council provide staff with direction.

Mayor Capoccia questioned the clause: "Hold Harmless"

Assistant City Attorney stated that this requires careful consideration.

Mayor Capoccia opened for public comment.

Carolyn Dasher

Ms. Dasher wanted to address additional water conservation measures. You could do movies for adults. I would be happy to help. I firmly would suggest that violators attend. You need to educate. 70% of the water is used outdoors. Public relations should be done. It is time for the mayor to do a video. Put on cable channel. We are in state of emergency. Letter should be in newspaper. You need to reach the people. Put the violators in the monthly newspaper.

Mayor Capoccia asked Ms. Dasher to take this back to her Commission.

City Manager, Elaine Aguilar, asked the City Council to get back to her on the letter.

ADJOURNMENT:

Council Member, Denise Delmar moved and it was seconded by Council Member Rachelle Arizmendi, for approval of adjournment at 10:28 p.m. The motion passed by unanimous voice vote of the City Council.

Minutes taken and typed by:


Nancy Sue Shollenberger, City Clerk


John Capoccia, Mayor, City of Sierra Madre