

NR&C MAR 25 2009 #4

THE CITY OF SAN DIEGO
REPORT TO THE CITY COUNCIL

DATE ISSUED: REPORT NO. 09-028

ATTENTION: Natural Resources and Culture Committee
Agenda of March 25, 2009

SUBJECT: Emergency Water Regulations – Water Allocation Methodology

REQUESTED ACTION:

Approve and adopt a Water Allocation Methodology per customer account across all customer classes, consistent with Municipal Code Section 67.3806(c), which would distribute mandatory water use reductions to customers in the event such reductions were necessary to meet allocation requirements set by the City's water wholesalers.

Approve the recommended surcharges or penalty rates for exceeding water use allocations as described in the water allocation methodology.

Approve filing fees to recover the cost of receiving and reviewing requests for water allocation variance.

Approve the proposed Proposition 218 noticing process which would detail the surcharges and penalty rates for exceeding water use allocations.

STAFF RECOMMENDATION:

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Approve the recommended surcharges or penalty rate for exceeding water use allocations as described in the water allocation methodology.

Approve filing fees to recover the cost of receiving and reviewing requests for water allocation variance.

Approve the proposed Proposition 218 noticing process which would detail the surcharges and penalty rates for exceeding water use allocations.

SUMMARY:

The City of San Diego (City) is preparing for the possibility that it will need to implement water allocations as soon as July 1, 2009, or be subject to penalties and surcharges from the San Diego County Water Authority, its water wholesaler, for excessive water use. The City's water wholesalers have informed water agencies that water supply conditions are tenuous and they are likely to reduce the City's allocation by midyear. Consequently, the City must enact its own allocation methodology to be prepared to achieve a reduction in overall use as fairly and equitably as possible, and to establish penalties for overuse that will be used to offset penalties imposed upon the City by the County Water Authority.

While it is possible that snowpack conditions may delay the implementation of allocations, the City needs to have its Water Allocation Methodology in place as soon as feasible, and no later than July 1. It is important for citizens to understand what is expected of them, so they can take measures to plan for reductions in their water use and, in certain circumstances, apply for a variance to their allocation.

In addition, in order to complete a Proposition 218 45-day notice of public hearing to our customers, an allocation methodology and penalty rates for over-use must to be approved by Council for inclusion in such notice no later than April 21, 2009. This would provide for a Public Hearing on or about June 23, 2009, in advance of any allocations that may be implemented by the County Water Authority on July 1, 2009.

Allocations will not take effect until the San Diego City Council takes a separate and subsequent action to enact a Level 2 Water Emergency, and to implement the allocation methodology being proposed.

Background

On July 2007, Mayor Sanders joined the San Diego County Water Authority in launching the 20 Gallon Challenge, encouraging San Diegan's to voluntarily conserve 10% by December 2008.

On June 4, 2008, California Governor Arnold Schwarzenegger proclaimed a statewide drought and issued an Executive Order, which required immediate action to address the increasingly critical water supply situation throughout the State. The Governor's Executive Order directed the State Department of Water Resources (DWR) to:

- Facilitate water transfers to respond to emergency shortages across the state.
- Work with local water districts and agencies to improve local coordination.
- Help local water districts and agencies improve water efficiency and conservation .
- Coordinate with other state and federal agencies and departments to assist water suppliers, identify risks to water supply and help farmers suffering losses.
- Expedite existing grant programs to help local water districts and agencies conserve.

The Executive Order also encouraged local water districts and agencies to promote water conservation.

In response to the Governor's Executive Order, on July 28, 2008, the Mayor declared a water shortage emergency for the City of San Diego under Municipal Code Section 67.3801. At the Mayor's request, the City Council voted unanimously to implement a "Stage 1 – Voluntary Compliance - Water Watch."

The Mayor also called for a redoubling of efforts by all San Diegans to participate in the 20 Gallon Challenge and achieve a voluntary water reduction target of 10% by December 2008. However, while the buildings and facilities operated by the City of San Diego were able to achieve a 9% reduction in water use, City of San Diego water customers as a whole only achieved a 4.9% reduction in overall use by the end of calendar year 2008.

In 2008, the Mayor also directed the Water Department to review the City's existing Emergency Water Regulations (Municipal Code Section 67.3800 – 67.3811), originally created in 1993, and propose amendments with the goal of improving and strengthening the City's response to water shortage conditions. This review resulted in a series of amendments to the existing Municipal Code which established year-round water waste prohibitions, provided clear water shortage "triggers" for moving from one drought response level to another, provided clear targets for achieving water use reductions, and provided an updated penalty and hardship variance process which governs the application and enforcement of the emergency water restrictions. The recommended amendments were approved by the City Council in November 10, 2008, and became effective on January 14, 2009.

On February 27, 2009, Governor Arnold Schwarzenegger, to combat California's third consecutive year of drought, proclaimed a state of emergency for California and directed all state government agencies to utilize their resources to implement a state emergency plan and provide assistance for people, communities and businesses impacted by the drought. The order:

- Requested that all urban water users immediately increase their water conservation activities in an effort to reduce their individual water use by 20 percent.
- Directed the Department of Water Resources (DWR) to expedite water transfers and related efforts by water users and suppliers.
- Directed DWR to implement short-term efforts to protect water quality or water supply, such as the installation of temporary barriers in the Delta or temporary water supply connections.
- Directed DWR to join with other appropriate agencies to launch a statewide water conservation campaign calling for all Californians to immediately decrease their water use.
- Directed state agencies to immediately implement a water use reduction plan and take immediate water conservation actions and requested that federal and local agencies also implement water use reduction plans for facilities within their control.

In particular, the order directed that by March 30, 2009, the DWR provide an updated report on the state's drought conditions and water availability. If the emergency conditions have not been sufficiently mitigated, the Governor, according to the proclamation, will consider additional

steps, including the institution of mandatory water rationing and mandatory reductions in water use.

Advocacy for Water Supply Reliability

In addition to drought conditions, court decisions and regulatory restrictions resulting in pumping restrictions in the Bay Delta are threats to water supply reliability. The Mayor is advocating for fixing the Bay Delta and the City of San Diego is actively assessing and exploring new water supply options to reduce its dependence on imported water.

Mayor Sanders has taken efforts to alleviate the continuing water supply challenges facing San Diego. In January, 2008, the Mayor convened a “Mayor’s Water Summit” where the mayors from the twenty-five most populous Southern California cities were invited to participate. This summit was the beginning of the advocacy efforts toward a solution for the distribution challenges facing the State Water Project and the Sacramento Delta.

In February, 2008, Mayor Sanders and Mayor Chuck Reed (San Jose) hosted a meeting of the Big 10 Mayors of California to galvanize support for a solution to water issues facing the state. During the same event, the Mayors met with Governor Schwarzenegger and offered their support for a statewide water bond that would provide real long-term solutions to keeping California’s water supply clean and reliable.

Over the following months, the Governor’s office, with input from the Mayors, developed a water bond which included conveyance around the delta, ecosystem restoration in the delta and other water reliability components. Along with Senator Dianne Feinstein, the Governor presented the proposal to the Legislature in July 2008.

Due to the rapid decline of the California economy in the fall of 2008, the Legislature instead focused their attention on resolving the state’s multi-billion dollar budget shortfall. It took the Legislature nearly 6 months to finish their work on the budget and therefore the water bond proposal was not provided the attention it deserved by the Legislature.

The Mayor has supported desalination and implemented the Council’s decision to explore reservoir augmentation. In 2009 the Mayor will continue to pursue funding and legislation to address the challenges facing the delta and moving water through the State Water Project.

Development of Water Allocations

In November 2008, the Mayor directed the Water Department to develop individual customer water use allocations for implementation in the event of mandatory water supply reductions imposed by the San Diego County Water Authority (CWA), the City’s water wholesaler. As provided in the amended provisions of the Emergency Water Regulations, the City may implement such water use allocations for customers as part of its drought response plan. As a result, the Water Department began exploring differing methodologies with which to fairly and

appropriately allocate water reductions to individual customers in response to a potential decrease in the water supply available to the City.

At the outset, staff established four guiding principles to determine the best method for achieving water reductions:

1. The method must be fair.
2. It must be easily understood.
3. It must be ready to implement by July 1, 2009.
4. It must be likely of achieving the targeted level of water reductions.

After considering a number of methods, staff determined that individual customer allocations based upon prior water usage was the method that best met each of the criteria. However, other options— implementation of mandatory behavior restrictions only, a universal and more aggressive tiered-rate pricing structure and individual allocations *based on site surveys* – were also considered. Though these methods would take a significant amount of time to fully implement, staff is continuing to examine these options as part of a multi-year refinement to the Water Department's water use reduction strategy.

Mandatory Behavior Restrictions. This option, which implements the mandatory water restrictions found in Level 2 Drought Alert, was considered by staff but is not recommended in light of the potential reductions that may be imposed. Given the lack of success in achieving a voluntary 10% reduction as part of the 20 gallon challenge (City customers achieved a 4.9% reduction for Calendar Year 2008), making these behaviors mandatory would not likely result in meeting a potential 20% reduction in demand. Committing to such an approach would expose the Water Fund to a potential penalty for exceeding the County Water Authority's Allocation, without adequate means to collect such penalties from violators of the restriction – fines could only be imposed by the Water Department when unauthorized behavior was observed by enforcement staff.

Water Pricing / Tiered Rates. A tiered-rate structure is one that uses water pricing to reward conservation and penalize heavy water use. The City currently uses a three-tiered pricing structure for single family residential customers. This structure increases the cost of water based upon the volume consumed. However, what has been suggested is the establishment of tiered rates for all customer classes, including multi-family and commercial customers, and a more aggressive set of tiers (more levels and higher charges) for single family residential customers. It is suggested that with such a structure, customers would use less water and therefore conservation levels could be reached.

Our initial analysis casts doubt on whether increasing water costs through a more aggressive tiered-rate approach would encourage enough water conservation to meet a 20% reduction goal. First, we could not set a price so high that it would deter every customer from wasting water. Indeed, as shown in industry research some customers may be willing to pay whatever the rate would be for using the amount of water they wish. Studies indicate that even a doubling of water bills produces only a 20 percent reduction in use. Moreover, even if doubling the price would get us to our goal, the higher price for water that would be put into effect would negatively

impact low-income households, some of which would effectively be priced out of the water market.

In addition, the City cannot restructure its existing pricing structure without undertaking a Cost of Service study to ensure that revenues generated from the sale of water to each customer class are appropriately set based upon the cost to deliver service to that class. However, based on the experience of other water agencies that are considering various tiered-rate approaches, the City will examine this option as part of its next Cost of Service study.

Site-Specific Allocations. Perhaps the most accurate to determine appropriate water usage at each property would be to base individual allocations on specific site characteristics, such as the size of a house, the number of people who live there, the number of plumbing fixtures and the size of the lot. Unfortunately, this detailed approach would be labor intensive and could not be completed in time to address the current water situation. The information needed for individual site assessments is not currently retained by the Water Department. Assembling it would require the extraction and compilation of data from other agencies, as well as individual property surveys. A method similar to this was adopted by the Irvine Ranch Water District in Orange County. However, the process took several years to refine and that agency is one-third the size of the City's Water Department. Nonetheless, staff will continue to explore the feasibility of moving to this option as a long term method for allocating water to its customers.

Public Outreach. The five public hearings, numerous stakeholder meetings and customer workshops held by the City were instrumental to the development of the water allocation methodology, and led to numerous changes and refinements.

The most universal public concern, expressed by all classes of customers, was the belief that allocation levels should take into account, and not penalize, customers' past efforts to conserve water. While the practical challenges of crediting past conservation are not always appreciated by customers, the methodology addresses the most legitimate of these concerns, and provides protections for customers with valid claims to previous water efficiency.

Specifically, the water allocation methodology:

- a) Provides a Supersaver Credit, which exempts from any reductions those customers whose average monthly usage is 4,488 gallons (6 HCF) or less. This category of highly water-efficient customer accounts for 21% of all customers in the single-family-residence class.
- b) Includes a High User Adjustment that requires greater water savings from high-usage residential customers (those using more than 20 HCF, or 14,960 gallons, a month year round). By targeting the high water users, the methodology decreases the need for reductions from more water-efficient customers.
- c) Treats interior and exterior water uses separately for purposes of calculating individual allocations. This targets landscape irrigation for the greatest reductions. Virtually any customer who has taken serious steps towards conservation has already reduced landscape irrigation.

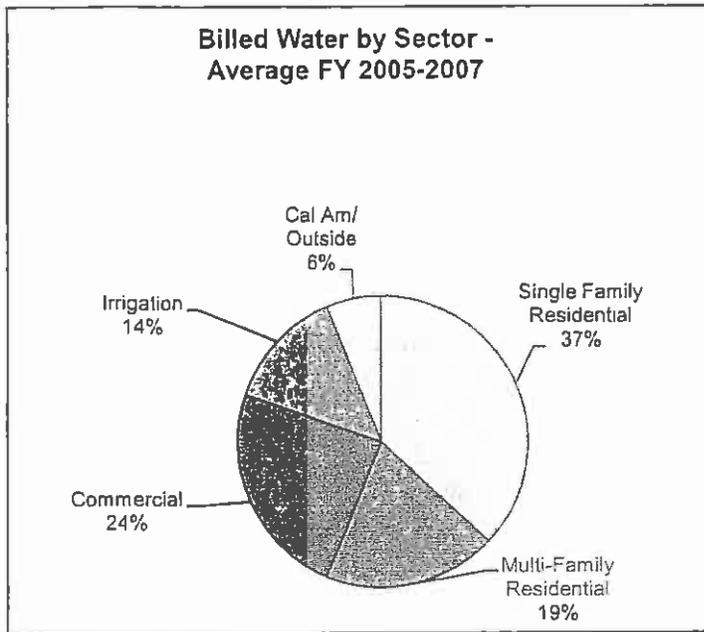
- d) Contains year-round prohibitions on water waste. Customers who practice water efficiency will not be affected by these prohibitions, or their enforcement.
- e) Calculates allocations over a four-month period, rather than within the one-month and two-month billing periods. This enlarged allocation window provides all customers with a reasonable period in which to adjust to allocations, and compensate for unexpected high usage.
- f) Provides a variance process under which any customer can appeal an allocation. This process allows for customers to seek an enhanced allocation and takes into account their demonstrated water efficiency.

Each of these features of the water allocation methodology are discussed in greater detail later in this report.

In order to develop an allocation methodology which could be used to achieve a given reduction target, the Water Department examined various end uses of water by its customers, as well as the consumption pattern of these uses. The Water Department also examined past conservation efforts in order to identify where the most likely opportunities for future conservation would take place. Research was also performed regarding the implementation of allocation strategies by other agencies. Finally, the department engaged the public, institutional customers, commercial customers and various industry representatives in order to provide information on the allocation development process, consider alternative strategies, and identify key concerns. The recommendations below are the results of these efforts and represent the methodology staff believes most likely to achieve a reduction in overall use fairly and appropriately by all customers.

Water Usage Data

Analysis of water use by Sector (chart which follows) shows how much of the City's water is consumed by each customer sector. It is apparent that in order to achieve significant water use reductions, large reductions will need to come from the residential sector, which uses over half of the total water used by customers. The chart below shows average billed water demand by customer sector for the three fiscal-year period ending 2007.



When considering water use restrictions it is important to prioritize the use of water. Exterior water use is more discretionary than other types of uses as it is not water required for human consumption, sanitation, or commercial or industrial processes. As a result, it provides the greatest opportunity for water savings. The Water Department recommends a strategy targeting landscape irrigation for the greatest reductions. Studies on residential water use indicate that approximately 55% of all residential water consumption is used on landscape irrigation. (While some irrigation uses may be necessary in order to meet erosion control or fire prevention requirements at properties adjacent to wild lands, these properties are a small minority of all customer accounts and will be handled on an exception basis through the recommended variance process, described later in the report.)

Targeting water used for landscapes also reflects the industry-wide approach to water conservation efforts going forward. While the past several years has seen an emphasis on targeting indoor water use, through such incentive programs as those that provide for the installation of Ultra Low Flush Toilets, low flow shower heads and faucet aerators, such emphasis has switched to providing incentives for achieving reductions in water used for outdoor irrigation. Such incentives include the Commercial Landscape Survey Program and incentives provided for the installation of weather based irrigation controllers and rotator nozzles. In addition, the county-wide Drought Model Ordinance, developed by the County Water Authority as a guide to regulating the use of water in the event of limited supplies, lays specific emphasis on irrigation uses that are increasingly restricted as supply shortages increase. Such restrictions target the frequency and length of landscape watering, the use of water on golf courses and fairways, and the operation of ornamental fountains and ponds. As a result, the methodology proposed is one which treats exterior usage as having the greatest potential for reduction, while also targeting interior usage for a much smaller, though still important, reduction.

Allocation Methodology

It is the recommendation of the Water Department that the allocation methodology applied to individual customers comprise the following specific elements:

1. Individual customer allocations will be calculated based upon achieving separate percentage reductions in the amount of water used interior and exterior at the property. The reductions will then be applied against a baseline consumption level for the property.
2. "Baseline" interior and exterior usage will be determined based upon the historic (FY 2005 – 2007) amount of water, for that same time of year, a) used on the property and b) returned to the sewer¹. The three year historic average calculation is consistent with the same historic usage period that would be used by the CWA in establishing the City's agency-wide baseline allocation.
3. The following recommended reduction percentages are based upon a review of three year historic usage patterns by all City customers and are designed to ensure attainment of a City-wide reduction requirement of 20% :

	<u>(Exterior / Interior)</u>	
i) Residential	45%	/ 5%
ii) Multi Family	45%	/ 5%
iii) Commercial	45%	/ 3%
iv) Irrigation	45%	/ N/A

The 3% reduction for commercial customers reflects consideration of the economic impact interior use reductions would have on the operations of various businesses, including restaurants, hotels, retail sales, etc.

4. Once the property allocation is determined, customers can use water on either interior or exterior consumption at their preference – the behavior restrictions identified as part of a Level 2 or 3 drought response will be superseded, however, year-round water waste prohibitions already in place and adopted by Council would still apply.
5. Should the City-wide reduction requirement be less than 20%, the percentage reduction applicable to exterior usage, as indicated in number three, above, will be reduced for all customer classes equally from 45% to the lowest percentage which, when combined with the interior reduction percentage, produces a City-wide reduction equal to the lower requirement.
6. Allocations for each customer account will be established for four month periods beginning July 1, 2009, and penalties or fines related to over-use will be based upon exceeding the amount for the four month period.

¹ Single Family Residential (SFR) interior usage will be based upon lowest recorded 60-day consumption during any of the winter monitoring periods FY 2005 – 2007, or 40 HCF, whichever is lower. Non-SFR accounts will use existing Sewer Quality Code return-to-sewer flow percentages for each meter to determine interior use.

7. *Supersaver Credit* - Customers using 6 HCF (4,488 gallons) or less per month on average will not be required to reduce². (21% of customers.) One HCF is 748 gallons. The Water Department bills customer on a per-HCF basis. The City bills single-family residential customers bi-monthly.
8. *High User Adjustment* - Single Family Residential customers using greater than 20 HCF (14,960 gallons) per month year-round will be required to reduce a greater proportion of exterior water use than other customers. This will be achieved by capping the amount of interior water usage for these customers at 20 HCF per month. This is consistent with the current policy of billing single-residential customers for sewer fees based upon a maximum 20 HCF consumption.
9. Customers with multiple meters or accounts will be able to request that the Water Department “aggregate” allocations from differing meters and accounts in order to “trade-off” allocations between or within properties, provided each such meter or account is the responsibility of the same identified “customer of record” within the Water Department’s billing and account management system.
10. Recycled water use is exempt from use reduction and allocations. Properties with recycled water will not have their potable water use reduced as long as they are adhering to conservation Best Management Practices regarding that potable water use.
11. Irrigation-only meters will be reduced equal to the percentage reduction for exterior use. Properties with a Commercial Landscape Survey Program-certified landscape water budget will be provided the option of achieving the allocation reduction amount determined as for other customers, or with achieving a targeted reduction based upon a water efficient evapo-transpiration percentage and the amount of landscape area.

Penalty and Enforcement

Any mandatory reduction imposed on the City by the County Water Authority (CWA) will include significant penalties for exceeding the allocation. The penalties imposed by the CWA will be based upon the penalties that agency will be assessed by the Metropolitan Water District of Southern California (MWD), who will establish water allocations for the County Water Authority. Currently, these penalties from MWD are structured into two separate penalty rates. The rate for exceeding usage by 101 – 115% of allocation will be twice the normal cost of water. Should an agency go over by greater than 115% of allocation, the penalty increases to four times the cost of water. When these penalty rates are translated from the wholesale to the individual retail customer level as a straight pass-through, the penalty rates for City of San Diego customers are:

A. >100% to 115% of allocation	=	\$2.42 HCF
B. >115% of allocation	=	\$4.85 HCF

² Average SFR uses 8 HCF (5,984 gallons) per month during the winter and 17 HCF (12,716 gallons) per month during the summer.

These penalties are in addition to the normal cost of water consumed and will be applied and collected through the Water Department's existing billing process.

It is the recommendation of the Water Department to impose the above penalty rates upon customers who exceed their individual four-month allocations by the given percentages. This penalty pass-through is critical to protecting the Water Fund from exposure to a significant year-end penalty by the County Water Authority. If a 20% reduction were required and no further conservation was achieved by City customers, such a penalty could amount to a financial liability of more than \$30 million and would require the drastic reduction in the Water Department operations and maintenance expenditures, CIP program curtailment, or additional rate increases.

While the City will assess penalties to over-users in order to ensure sufficient revenue to pay a potential penalty by the County Water Authority, additional measures may be needed to ensure that customers stay at or below the determined allocation for the property. Given the inelasticity of water demand to price, individuals may be willing to pay the over-use penalty rate for the water they wish to consume. Fundamentally, in the event of a Level 2 or higher drought response, the Water Department must take reasonable steps to preserve water available in local or regional storage for current and future years, regardless of individuals' willingness to pay the pass-through penalty. Therefore, it is recommended that customers who exceed their four-month allocation for a second time within the allocation year by a at least 150% and 20 HCF for the allocation period receive a minimum \$100 fine, in addition to the per-unit penalty rate for overuse. Higher fines may be imposed based upon higher HCF consumption and greater percentage over use. Per the Municipal Code, flow restrictors which limit the flow rate of water to a property may also be used to enforce water use restrictions on customers, though the Department will use this method only in the most severe cases of use violations.

Monies collected from penalties and fines will be used to offset penalties imposed by CWA should the City exceed its agency-wide allocation. Any additional monies above and beyond those needed to pay CWA will be used to offset the cost of allocation enforcement action, including but not limited to:

1. Field enforcement staff.
2. Conservation incentive devices or programs above and beyond any currently in place.
3. Development of alternative allocation reduction methodology involving site surveys, the collection of individual user demographics or water use characteristics for the purpose of establishing property-specific water budgets.
4. Public education and outreach.
5. Additional resources needed to ensure allocation reduction targets are met.

The Water Department will maintain separate accounting of fines and penalties collected in conjunction with the water allocation program. In addition, the Water Department shall track

separately all expenditures incurred as part of allocation enforcement actions, as indicated above. The Water Department shall include such accounting of fines, penalties and expenditures in the fiscal year-end report normally issued in connection with the Dedicated Reserve of Efficiencies and Savings (DRES). This will be a separate report and separate accounting to the DRES.

Allocation Variance

While the Water Department will make every effort to ensure the applicability of its property consumption data prior to the issuance of allocations, given the number of customers and accounts, it is expected that there will be requests from customers for a modification to the initial use allocation due to unique and special circumstances. As a result, the Water Department recommends establishing an allocation variance process to provide for the submission of data by customers describing the extenuating circumstances they feel warrants an increase in their allocation, and for Water Department staff to formally evaluate and consider such requests within established guidelines.

It is recommended that the allocation variance process reflect the following key elements:

- A. In order to be considered for a variance, customers must demonstrate that they are efficient in the use of water in those areas not effected by the conditions for which the variance is sought. Certain minimum conservation actions, such the installation of Ultra Low Flush Toilets and low flow shower heads, will be required. For specialized commercial customers, such as restaurants, medical labs, hotels, and professional office buildings, specific agreed-upon water efficient Best Management Practices will be required.
- B. An allocation variance may be granted upon showing that the property usage encompassed in the baseline period (FY 2005 – 2007) is not reflective of current property characteristics. Such changes in property characteristics include: a significant change in occupancy or tenancy; significant change in business characteristics resulting in additional water consumption; the establishment of a new facility or home with no prior usage history; significant periods where the property was unoccupied during the baseline period; and/or other similar property changes.
- C. In recognition of the critical role water use has in certain manufacturing and production processes, “process water” will be evaluated separately under the variance process for possible exclusion from the use reductions. Customers filing industrial waste discharge permits (>25,000 gal/day in consumption) will have process water variance considered prior to the effective date of use allocations. Process water is defined as water typically used in a manufacturing or treatment process or in the actual product production. Examples would include water used for washing, rinsing, direct contact, cooling towers, and in industrial and food processing applications. In many cases, water is specifically treated to produce the quality of water needed for the process.
- D. Credit for Past Conservation will be given to commercial / multi-family unit customers that have been a “leading example of water conservation.” The intent of this provision is to recognize and reward commercial customers whose past water conservation practices,

including the installation of fixture-based water conservation devices, went above and beyond those normally required as a condition of the development, tenant improvement, or building permit process. The Water Department will work with commercial customers and their representatives to develop approved industry-specific water efficient Best Management Practices which reflect leading water conservation practices within such industries.

- E. A non-refundable allocation variance filing fee will be required to recover the cost of reviewing and evaluating allocation variance requests. Such fees will be based upon size of property meter, which is a reflection of the typical complexity associated with water use characteristics. These fees are:
 - i. \$25 for ¾” and 1” meters (Single family residence, very small commercial properties)
 - ii. \$50 for 1 ½” and 2” meters (medium commercial properties, and most irrigation meters)
 - iii. \$100 for >2” (large commercial properties)

Filing fees will be accounted for and reported in the same manner as the penalty and fines for overuse, discussed above. Requests for customer allocation variance will be processed as expeditiously as possible, and resolved within 30 days. (See Attachment A for examples of forms that can be used with the variance process.)

Proposition 218 Noticing

The Water Department has reviewed with the City Attorney’s Office the proposed allocation methodology, including the fine and penalty structure. While there is limited legal authority addressing the question whether the imposition of a penalty rate and fines for over-use beyond the allocations would trigger a noticing requirement and public hearing under Proposition 218, staff recommends that such noticing and public hearing take place to ensure maximum public review of the proposed process and to minimize potential legal challenges.

The Notice of Public Hearing would be similar in format and design as used in the past two notices, and would:

1. Review the requirements of the Emergency Water Regulations and the provisions enabling the establishment of individual customer water use allocations in lieu of behavior restrictions under a Level 2 Water Alert.
2. Describe the allocation methodology and use reduction calculations for each customer class.
3. Outline the proposed penalty rate structure, including the use to which these monies may be put and the year-end accounting required.
4. Describe the allocation variance process and associated filing fees.

5. Provide notice to the public of the date of a public hearing, anticipated to be June 23, 2009, at which the City Council will consider the adoption of the penalty rates and fines for over-use of water beyond that established by the proposed water allocation methodology.
6. Provide for an opportunity for each water customer to register a protest to the proposed penalty rates and fines for over-use.

It is anticipated that the Notice of Public Hearing, as described above, would be reviewed by Council at its April 20/21 Council meeting, with a public hearing to be held June 23, 2009.

Conclusion

Based upon the above, it is recommended that the proposed methodology for allocating water use reductions to individual customers be adopted, with the associated penalty rate and fines for over-use. It is also recommended that the provision detailing the allocation variance process be approved for implementation by the Water Department in the event that allocations are established.

FISCAL CONSIDERATIONS:

Implementing the proposed allocation methodology will require the establishment of over-use penalty rates and fines to ensure adequate revenue to pay an over-use penalty imposed by the CWA on the City should it exceed its agency-wide allocation. Failure to implement this proposal could place the water fund at risk and could result, if a 20% reduction was required and no further conservation was achieved by customers, a penalty payment to the County Water Authority of over \$30 million. Therefore, establishment of the penalty-rate, the rate paid by individual customers for exceeding their individual water allocations, is critical to ensuring the on-going viability of the water fund.

While no specific resources are requested with this action, should the Mayor, at a future time, recommend and Council approve by resolution the *implementation* of the water allocation methodology herein recommended as part of a Level 2 mandatory water use restrictions, it is anticipated that the Water Department would simultaneously request the approval of additional, temporary staff in order to provide the resources for field enforcement and allocation variance review and resolution.

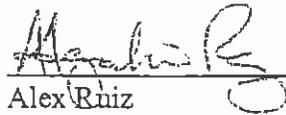
PREVIOUS COUNCIL ACTION:

The City Council approved "Stage 1 –Voluntary Compliance- Water Watch" on July 28, 2008. The Council approved amendments to the existing Emergency Water Regulations on November 10, 2008, which, among other elements, provided for the establishment of individual customer allocations which would superseded behavior restrictions.

COMMUNITY PARTICPATION AND PUBLIC OUTREACH EFFORTS:

The Mayor's Office and Water Department engaged the public and community in the development and review of proposed allocation methodologies. Such actions included public and community forums, stakeholder meetings with representatives of various commercial customers, special meetings with institutional stakeholders, including the military and local universities, and included the establishment of a Water Emergency website where the public could obtain answers to frequently asked questions or provide additional feedback via email. A complete list of outreach efforts is provided in Attachment B.

Respectfully submitted,

 3/20/09

Alex Ruiz
Assistant Water Department Director

 3/20/09

J. M. Barrett
Director of Public Utilities

- Attachments:
- A. Sample Allocation Variance Forms
 - B. List of Public and Customer Outreach Efforts

City of San Diego Water Dept Logo

Control # rev. 3/16/09

**DROUGHT RESPONSE LEVEL 2
REQUEST FOR WATER ALLOCATION VARIANCE
SINGLE FAMILY RESIDENCE & SMALL MULTI-FAMILY RESIDENCE (<= 4 UNITS)**

Customer Name: _____
Last Name First Name MI

Account Number: _____

Service Address: _____

Mailing Address: _____

Best Contact Phone #: () _____ E-Mail Address: _____

Section I: Water Use Questionnaire

Required Conservation Measures: In order to be considered for an allocation variance, resident(s) of the above service address must initial next to each measure included under the following 'Required Conservation Measures' to verify that each water saving measure has been implemented/conducted at the residence. Write 'NA' where not applicable.

- 1. All toilets, faucets, and showerheads have been inspected for leaks, and and leaks have been repaired. *Toilet leaks can be detected through the use of food coloring or dye tabs. Dye tabs can be ordered on-line. If using food coloring, add ten drops to your toilet tank & wait five to ten minutes. Colored water in your bowl indicates leaky flapper valve in tank.* Initial: _____
- 2. Low-flow showerheads are installed on all showers (2.5 gallons per minute or less). Initial: _____
- 3. Kitchen faucet aerator(s) are installed where applicable (2.2 gpm or less). Initial: _____
- 4. Bathroom faucet aerators are installed on all faucets (2.2 gpm or less). Initial: _____
- 5. House line and/or irrigation leaks have been checked for and all needed repairs have been made. *For information on how detect a leak go to: _____* Initial: _____
- 6. Low-flow toilets are installed (1.6 gallon per flush or less) Initial: _____
- 7. Trigger activated spray nozzle (positive shut-off spray nozzles) is used on all garden hoses. Initial: _____
- 8. If there is a pool or spa, cover is used regularly to reduce evaporation. Initial: _____

Suggested Conservation Measures: These measures are optional, but encouraged where applicable.

- 1. Is a High Efficiency Washing Machine installed? Yes ___ No ___
- 2. Are rotating spray nozzles installed on sprinkler heads? Yes ___ No ___

(OVER TO COMPLETE FORM)

3. Has some/all of the landscape been replaced with artificial turf or low water use plants? Yes ___ No ___
- If yes:
- How many square feet of artificial turf replaced existing plant material? Sq. ft.: _____
 - How many square feet of low water use plant material replaced existing plant material? Sq. ft.: _____
 - What year(s) materials were replaced? Years _____

Section II: Request for Allocation Variance

After initialing that each 'Required Conservation Measure' has been implemented where applicable (Section I: Water Use Questionnaire), please specify the reason for the requested variance to your allocation. Check all relevant boxes and provide written explanation and documentation.

- New Residence- Existing Home.** I am requesting a variance because I moved to this home some time after July, 2004, and the allocation, which is based on water use (by previous owners) between July, 2004 and June, 2007, is not sufficient. * Documentation for # of occupants is required. See reverse side for acceptable forms of verification.
 - Move in date: Month ____ Year ____ . Total # of occupants currently living in home: ____

- New Residence- Newly Built Home.** I am requesting a variance because I moved to this newly constructed home which was built after July, 2004 and the citywide average used to establish the allocation is not sufficient. * Documentation for # of occupants is required. See reverse side for acceptable forms of verification.
 - Move in date: Month ____ Year ____ . Total # of occupants currently living in home: ____

- Increase In Occupancy.** I am requesting a variance due to an increase in the number of people permanently residing in the home since July, 2004. * Documentation for # of occupants is required. See reverse side for acceptable forms of verification.
 - Total # of occupants currently living in home: ____

- Fire Prevention / Erosion Control.** Reducing irrigation water by the amount allocated to the facility may result in dangerous conditions to the employees or public. Provide written explanation in Section III.
 - If applying for a variance for fire prevention, in accordance with the City of San Diego's Brush Management Regulations for properties falling within Brush Management Zone 1, all vegetation within 35 feet of a structure must be permanently irrigated. Please provide the total area of landscape falling Zone 1: _____ sq ft. (Contact San Diego Fire-Rescue Department or Development Services Department to determine if property is subject to regulations).
 - If applying for variance in order to control erosion, please provide the total landscaped area that is susceptible to erosion: _____ sq ft.

Note: 1. The addition of new landscaping (plant material installed where dirt or hardscape previously existed) is not considered grounds for an allocation variance. 2. To qualify for a 'fire prevention/erosion control' allocation variance, customers must have rotating spray nozzles installed on irrigation distribution system (where applicable).

- Average Base Period is not representative.** Average water use between July, 2004 and June, 2007 was not representative of the typical water use at the property. Explain:

(OVER TO COMPLETE FORM)

Section III: Additional Information

1. Additional water requested per billing period: _____ hcf per billing period (60 days). Note, water usage is reported on your bill in hundred cubic feet. One hcf is 748 gallons.
2. Year house was built: _____
3. What is the total landscaped area at the property? _____ Sq. ft.:

PLEASE READ:

- The addition of pools/spas, new landscaping (plant material installed where dirt or hardscape previously existed), or square footage to a residence is not grounds for a Variance in allocation.
- If a variance request is made due to an increase in occupancy or a change in residence, please submit written documentation verifying the total number of people currently living at residence along with this form. Acceptable proof of occupancy includes copies of: current address on CA driver's license/ID card; utility bills; school enrollment records; lease agreement with names of occupants, etc. Do not send originals as they cannot be returned.
- Notification will occur by mail. Penalties will accrue while request is being processed, but will be reversed if variance is approved.

PROCESSING FEE.

CHECK #: _____ (fee is non-refundable)

- Properties with meters between ¾" and 1": \$25 processing fee applies.
 - Properties with meters between 1 ½" < 2": \$50 processing fee applies.
 - Properties with meters ≥2": \$100 processing fee applies.
- Check your water bill to determine meter size.

I certify under penalty of perjury that all the information provided is truthful and correct. I understand that this form is required to be submitted to the City of San Diego, and that all information provided is subject to verification by the City, which may include a water use audit and inspection of the interior and exterior of the premises by the City. I acknowledge that the City reserves the right to bill the associated penalties to the customer service account if, upon inspection, it is determined that any information provided on this form is inaccurate or falsified. Knowingly providing false or misleading information for the purpose of receiving a water allocation variance is subject to civil and criminal penalties, including, but not limited to, issuance of an Administrative Citation in an amount up to \$1000.

Customer Signature _____

Date _____

Send this form along with processing fee to:

Residential Allocation Variance Request
City of San Diego Water Department
Water Conservation Program MS 912
600 B Street, Suite 1200
San Diego, CA 92101

Visit: www.sandiego.gov/water/conservation/variance

Call: 619-533-_____

Section II: Request for Allocation Variance

After initialing that each 'Required Conservation Measure' has been implemented where applicable (Section I: Water Use Questionnaire), please specify the reason for the requested variance to your allocation. Check all relevant boxes and provide written explanation and documentation.

- Increase in Tenancy/Occupancy.** There has been a significant increase in the number of people at the facility since the base period (July, 2004 - June, 2007). Provide written explanation below (include description of business and facility type) and attach relevant documentation to validate increased occupancy.
 - Average daily tenancy/occupancy during base period: _____
 - Current tenancy/occupancy: _____

- Fire Prevention / Erosion Control.** Reducing irrigation water by the amount allocated to the facility may result in dangerous conditions to the employees or public. Provide written explanation in Section III.
 - If applying for a variance for fire prevention, in accordance with the City of San Diego's Brush Management Regulations for properties falling within Brush Management Zone 1, all vegetation within 35 feet of a structure must be permanently irrigated. Please provide the total area of landscape falling Zone 1: _____ sq ft. (Contact San Diego Fire-Rescue Department or Development Services Department to determine if property is subject to regulations).
 - If applying for variance in order to control erosion, please provide the total landscaped area that is susceptible to erosion: _____ sq ft.

Note: 1. The addition of new landscaping (plant material installed where dirt or hardscape previously existed) is not considered grounds for an allocation variance. 2. To qualify for a 'fire prevention/erosion control' allocation variance, customers must have rotating spray nozzles installed on irrigation distribution system (where applicable).

- Unique Circumstances or Requirements.** For example, average use of water during the base period is not representative of typical water use at the facility. Or, the facility is required to adhere to regulatory standards, which necessitates additional water. Provide written explanation in Section III.

- Past Conservation Credit.** The business has maintained a long-term commitment to implementing conservation. All required conservation measures included on the Water Use Questionnaire have been implemented/completed throughout the facility(ies) prior to July 1, 2004. A site visit and receipts showing purchase dates for conservation devices may be requested.

Section III: Additional Information

1. **Additional water requested per billing period:** _____ hcf per billing period. Note, water usage is reported on your bill in hundred cubic feet. One hcf is 748 gallons.

2. **Year building/facility was constructed:** _____

3. **What is the total landscaped area at the property?** Sq. ft.: _____

4. **Provide written explanation for requested increase to allocation and attach up to an additional 2 pages, including proof of documentation:**

(OVER TO COMPLETE FORM)

PLEASE READ:

- Submittal of documentation to substantiate variance request is required.
- If variance request is due to increased tenancy/occupancy or a change in residence, please submit written documentation verifying the total number of people currently living at residence along with this form.
- The addition of pools/spas or new landscaping (plant material installed where dirt or hardscape previously existed) is not grounds for a variance to the allocation.
- Notification will occur by mail. Penalties will accrue while request is being processed, but will be reversed if variance is approved.

PROCESSING FEE.

CHECK #: _____ (fee is non-refundable)

- Properties with meters between ¾" and 1": \$25 processing fee applies.
- Properties with meters between 1 ½" < 2": \$50 processing fee applies.
- Properties with meters ≥2": \$100 processing fee applies.

Check your water bill to determine meter size.

I certify under penalty of perjury that all the information provided is truthful and correct. I understand that this form is required to be submitted to the City of San Diego, and that all information provided is subject to verification by the City, which may include a water use audit and inspection of the interior and exterior of the premises by the City. I acknowledge that the City reserves the right to bill the associated penalties to the customer service account if, upon inspection, it is determined that any information provided on this form is inaccurate or falsified. Knowingly providing false or misleading information for the purpose of receiving a water allocation variance is subject to civil and criminal penalties, including, but not limited to, issuance of an Administrative Citation in an amount up to \$1000.

Customer Signature _____ **Date** _____

Send Allocation Variance Request Form and processing fee to:

MFR Allocation Variance Request
City of San Diego Water Department MS 912
600 B Street, Suite 1200
San Diego, CA 92101

Visit: www.sandiego.gov/water-conservation/variance

Call: 619-533-_____

**DROUGHT RESPONSE LEVEL 2
REQUEST FOR WATER ALLOCATION VARIANCE
IRRIGATION-ONLY METERS**

Company Name: _____

Contact Name: _____, _____, MI _____
Last Name First Name

Account Number(s): _____
Attach separate sheet if more space is needed to list account numbers associated with property

Service Address: _____

Mailing Address: _____

Best Contact Phone #: () _____ E-Mail Address: _____

Section I: Water Use Questionnaire

Required Conservation Measures: In order to be considered for an allocation variance, representative of the above service must initial next to each measure included under the following 'Required Conservation Measures' to verify that each water saving measure has been implemented/conducted at the facility. Write 'NA' where not applicable.

1. Low application rate irrigation distribution system is in place throughout irrigated area. Initial: _____
2. Industry standard pressure levels are maintained throughout irrigated area. Initial: _____

Suggested Conservation Measures: These measures are optional, but encouraged where applicable.

1. Has some/all of the landscape been replaced with artificial turf or low water use plants? Yes ___ No ___
 If yes:
 - How many square feet of artificial turf replaced existing plant material? Sq. ft.: _____
 - How many square feet of low water use plant material replaced existing plant material? Sq. ft.: _____
 - What year(s) materials were replaced? Yr: _____
2. Are drought-tolerant plants used in non-recreational/non-active areas throughout the site? (go to: www. _____ for listing of plants with low water needs. Yes ___ No ___
3. Are weather based irrigation controllers (WBICs) used? Yes ___ No ___

Section II: Request for Allocation Variance

After initialing that each 'Required Conservation Measure' has been implemented where applicable (Section I: Water Use Questionnaire), please specify the reason for the requested variance to your allocation. Check all relevant boxes and provide written explanation and documentation.

- Economic Hardship.** Reducing water by the amount allocated to the facility will result in a disproportionate loss of production, jobs, etc. Provide written explanation on reverse side.
- Fire Prevention / Erosion Control.** Reducing irrigation water by the amount allocated to the facility may result in dangerous conditions to the employees or public. Provide written explanation in Section III. If applying for a variance for fire prevention, in accordance with the City of San Diego's Brush Management Regulations for properties falling within Brush Management Zone 1, all vegetation within 35 feet of a structure must be permanently irrigated. Please provide the total area of landscape falling Zone 1: _____ sq ft.

(OVER TO COMPLETE FORM)

- (Contact San Diego Fire-Rescue Department or Development Services Department to determine if property is subject to regulations).
- If applying for variance in order to control erosion, please provide the total landscaped area that is susceptible to erosion: _____ sq ft.

Note: 1. The addition of new landscaping (plant material installed where dirt or hardscape previously existed) is not considered grounds for an allocation variance. 2. To qualify for a 'fire prevention/erosion control' allocation variance, customers must have rotating spray nozzles installed on irrigation distribution system (where applicable).

- **Unique Circumstances or Requirements.** For example, average use of water during the base period is not representative of typical water use at the facility. Or, the facility is required to adhere to regulatory standards, which necessitates additional water. Provide written explanation in Section III.

Section III: Additional Information

1. **Additional water requested per billing period:** _____ hcf per billing period. Note, water usage is reported on your bill in hundred cubic feet. One hcf is 748 gallons.
2. **What is the total landscaped area at the property:** _____ sq. ft.
3. **Provide written explanation for requested increase to allocation and attach up to an additional 2 pages, including proof of documentation:**

PLEASE READ:

- Submittal of documentation to substantiate request is required.
- Notification will occur by mail. Penalties will accrue while request is being processed, but will be reversed if variance is approved

PROCESSING FEE.

CHECK #: _____ (fee is non-refundable)

- Properties with meters between ¾" and 1": \$25 processing fee applies.
- Properties with meters between 1 ½" < 2": \$50 processing fee applies.
- Properties with meters ≥ 2": \$100 processing fee applies.

Check your water bill to determine meter size.

I certify under penalty of perjury that all the information provided is truthful and correct. I understand that this form is required to be submitted to the City of San Diego, and that all information provided is subject to verification by the City, which may include a water use audit and inspection of the interior and exterior of the premises by the City. I acknowledge that the City reserves the right to bill the associated penalties to the customer service account if, upon inspection, it is determined that any information provided on this form is inaccurate or falsified. Knowingly providing false or misleading information for the purpose of receiving a water allocation variance is subject to civil and criminal penalties, including, but not limited to, issuance of an Administrative Citation in an amount up to \$1000.

Customer Signature _____

Date _____

Send this form along with required documentation and processing fee to:

Non-Residential Allocation Variance Request
 City of San Diego Water Department MS 912
 600 B Street, Suite 1200
 San Diego, CA 92101

Visit: www.sandiego.gov/water/conservation/variance

Call: 619-533-_____

**DROUGHT RESPONSE LEVEL 2
REQUEST FOR WATER ALLOCATION VARIANCE
MEDICAL CONDITION**

Customer Name:	_____	_____	_____
	Last Name	First Name	MI
Account Number:	_____		
Service Address:	_____		
Mailing Address:	_____		
Best Contact Phone #: () _____	E-Mail Address: _____		

Section I: Water Use Questionnaire

Required Conservation Measures: In order to be considered for an allocation variance, resident(s) of the above service address must initial next to each measure included under the following 'Required Conservation Measures' to verify that each water saving measure has been implemented/conducted at the residence. Write 'NA' where not applicable.

1. All toilets, faucets, and showerheads have been inspected for leaks, and and leaks have been repaired. *Toilet leaks can be detected through the use of food coloring or dye tabs. Dye tabs can be ordered on-line. If using food coloring, add ten drops to your toilet tank & wait five to ten minutes. Colored water in your bowl indicates leaky flapper valve in tank.* **Initial:** _____
2. Low-flow showerheads are installed on all showers (2.5 gallons per minute or less). **Initial:** _____
3. Kitchen faucet aerator(s) are installed where applicable (2.2 gpm or less). **Initial:** _____
4. Bathroom faucet aerators are installed on all faucets (2.2 gpm or less). **Initial:** _____
5. House line and/or irrigation leaks have been checked for and all needed repairs have been made. *For information on how detect a leak go to: _____* **Initial:** _____
6. Low-flow toilets are installed (1.6 gallon per flush or less) **Initial:** _____
7. Trigger activated spray nozzle (positive shut-off spray nozzles) is used on all garden hoses. **Initial:** _____
8. If there is a pool or spa, cover is used regularly to reduce evaporation. **Initial:** _____

Suggested Conservation Measures: These measures are optional, but encouraged where applicable.

1. Is a High Efficiency Washing Machine installed? Yes ___ No ___
2. Are rotating spray nozzles on sprinkler heads? Yes ___ No ___

(OVER TO COMPLETE FORM)

3. Has some/all of the landscape been replaced with artificial turf or low water use plants? Yes ___ No ___
- How many square feet of artificial turf replaced existing plant material? Sq. ft.: _____
 - How many square feet of low water use plant material replaced existing plant material? Sq. ft.: _____
 - What year(s) materials were replaced? Years _____

Section II: Request for Allocation Variance

After initialing that each 'Required Conservation Measure' has been implemented where applicable (Section I: Water Use Questionnaire), please provide information and documentation as requested below.

Medical requirements:

When did increased water use due to medical condition begin? Month: _____ Year: _____

The following person(s) _____, residing at the address listed above has a medical condition(s) that require(s) the use of _____ gallons of non-recirculated water per week above and beyond regular water usage. If this is a temporary condition, please indicate the final date through which the additional water usage will be required: _____.

Name of Medical Doctor: _____ Phone Number: _____

Doctor's Letter:

A letter on official letterhead by the doctor listed above must be submitted in addition to this form. The letter must specify the amount of additional water required for medical purposes each week, and should include the period of time this additional water will be required.

Section III: Additional Information

1. Additional water requested per billing period: _____ hcf per billing period (60 days). Note, water usage is reported on your bill in hundred cubic feet. One hcf is 748 gallons.
2. Year house was built: _____
3. What is the total landscaped area at the property? _____ Sq. ft.:

Notification will occur by mail. Penalties will accrue while request is being processed, but will be reversed if variance is approved.

I certify under penalty of perjury that all the information provided is truthful and correct. I understand that this form is required to be submitted to the City of San Diego, and that all information provided is subject to verification by the City, which may include a water use audit and inspection of the interior and exterior of the premises by the City. I acknowledge that the City reserves the right to bill the associated penalties to the customer service account if, upon inspection, it is determined that any information provided on this form is inaccurate or falsified. Knowingly providing false or misleading information for the purpose of receiving a water allocation variance is subject to civil and criminal penalties, including, but not limited to, issuance of an Administrative Citation in an amount up to \$1000.

Customer Signature _____ Date _____

Send this form along with doctor's letter to:
 Medical Allocation Variance Request
 City of San Diego Water Department
 Water Conservation Program MS 912
 600 B Street, Suite 1200
 San Diego, CA 92101

Visit: www.sandiego.gov/water/conservation/variance

Call: 619-533-_____

**DROUGHT RESPONSE LEVEL 2
REQUEST FOR WATER ALLOCATION VARIANCE
NON-RESIDENTIAL CUSTOMERS**

Company Name: _____

Contact Name: _____
Last Name
First Name
MI

Account Number(s): _____
Attach separate sheet if more space is needed to list account numbers associated with property

Service Address: _____

Mailing Address: _____

Best Contact Phone #: () _____ **E-Mail Address:** _____

Section I: Water Use Questionnaire

Required Conservation Measures: In order to be considered for an allocation variance, representative of the above service must initial next to each measure included under the following 'Required Conservation Measures' to verify that each water saving measure has been implemented/conducted at the facility. Write 'NA' where not applicable.

- | | |
|---|-----------------------|
| 1. All toilets, faucets, and showerheads have been inspected for leaks, and leaks have been repaired. | Initial: _____ |
| 2. Low-flow showerhead(s) are installed on all showers (<2.5 gallons per minute or less). | Initial: _____ |
| 3. Kitchen faucet aerator(s) are installed (<2.2 gpm or less). | Initial: _____ |
| 4. Bathroom faucet aerator(s) are installed (<2.2 gpm or less). | Initial: _____ |
| 5. Metering or self-closing bathroom faucets. | Initial: _____ |
| 6. Line and/or irrigation leaks have been checked for and repaired. | Initial: _____ |
| 7. Low-flow toilets are installed throughout facility (≤1.6 gpf). | Initial: _____ |
| 8. High efficiency or waterless urinals are installed throughout facility (≤1.0 gpf). | Initial: _____ |
| 8. Water efficient cooling tower and conductivity controllers are installed. | Initial: _____ |
| 9. X-Ray processing units are used (hospital/medical office facilities) | Initial: _____ |
| 10. Steam sterilizers are used (lab, hospital, and research facilities) | Initial: _____ |
| 11. Connectionless food steamers are used (restaurants and commercial kitchens) | Initial: _____ |
| 12. Pre-rinse spray valves are used in restaurants and commercial kitchens. | Initial: _____ |
| 13. Trigger activated spray nozzles (positive shut-off) are used on all garden hoses. | Initial: _____ |
| 14. High Efficiency Washing Machines (HEWs) are used. | Initial: _____ |

Suggested Conservation Measures: These measures are optional, but encouraged where applicable.

- | | |
|--|----------------|
| 1. Has some/all of the landscape been replaced with artificial turf or low water use plants? | Yes ___ No ___ |
| If yes: | |
| • How many square feet of artificial turf replaced existing plant material? | Sq. ft.: _____ |
| • How many square feet of low water use plant material replaced existing plant material? | Sq. ft.: _____ |
| • What year(s) materials were replaced? | Yr: _____ |
| 2. If applicable, are air-cooled ice machines installed? | Yes ___ No ___ |

(OVER TO COMPLETE FORM)

Section II: Request for Allocation Variance

After initialing that each 'Required Conservation Measure' has been implemented where applicable (Section I: Water Use Questionnaire), please specify the reason for the requested variance to your allocation. Check all relevant boxes, provide written explanation (in Section III), and attach documentation when required.

- Process Water.** A significant portion of the water used at the facility is considered to be part of, or essential to, the process of making product(s) or service(s). Refer to definition of "process water" as it relates to your business at: sandiego.gov/water/processwater. Include a written explanation in Section III of how process water is used and measured, attach relevant documentation, and calculation used to determine process water.
- What percentage of all water used at the facility annually is considered "process water"? _____ %.
- Increase in Tenancy/Occupancy.** There has been a significant increase in the number of people at the facility since the base period (July, 2004 - June, 2007). Provide written explanation in Section III (include description of business and facility type) and attach relevant documentation to validate increased occupancy.
- Average daily tenancy/occupancy during base period:
 - # of full time people: _____ # of part time people: _____ # of visitors/customers: _____
 - Current daily tenancy/occupancy:
 - # of full time people: _____ # of part time people: _____ # of visitors/customers: _____
- Economic Hardship.** Reducing water by the amount allocated to the facility will result in a disproportionate loss of production, jobs, etc. Provide written explanation in Section III.
- Fire Prevention / Erosion Control.** Reducing irrigation water by the amount allocated to the facility may result in dangerous conditions to the employees or public. Provide written explanation in Section III.
- If applying for a variance for fire prevention, in accordance with the City of San Diego's Brush Management Regulations for properties falling within Brush Management Zone 1, all vegetation within 35 feet of a structure must be permanently irrigated. Please provide the total area of landscape falling Zone 1: _____ sq ft. (Contact San Diego Fire-Rescue Department or Development Services Department to determine if property is subject to regulations).
 - If applying for variance in order to control erosion, please provide the total landscaped area that is susceptible to erosion: _____ sq ft.
- Note: 1. The addition of new landscaping (plant material installed where dirt or hardscape previously existed) is not considered grounds for an allocation variance. 2. To qualify for a 'fire prevention/erosion control' allocation variance, customers must have rotating spray nozzles installed on irrigation distribution system (where applicable).
- Unique Circumstances or Requirements.** For example, average use of water during the base period is not representative of typical water use at the facility. Or, the facility is required to adhere to regulatory standards, which necessitates additional water. Provide written explanation in Section III.
- Past Conservation Credit.** The business has maintained a long-term commitment to implementing conservation. A site visit and receipts showing purchase dates for conservation devices may be requested. Check one sub-category:
- All required conservation measures included on the Water Use Questionnaire were implemented prior to July, 2004.
 - Approved industry specific Best Management Practices have been implemented/completed throughout the facility(ies). Date BMP plan will be completely implemented: _____

Section III: Additional Information

1. **Additional water requested per billing period:** _____ hcf per billing period. Note, water usage is reported on your bill in hundred cubic feet. One hcf is 748 gallons.
2. **Year building/facility was constructed:** _____

(OVER TO COMPLETE FORM)

3. Total area of landscape under irrigation at property: _____ sq ft.
4. Provide written explanation for requested increase to allocation and attach up to an additional 5 pages, including proof of documentation:

Section IV: Conservation Pledge

_____ (company or facility name) is aware of the need for immediate action by all water users at the facility to conserve water, while still maintaining productivity. We believe that water conservation measures and awareness can reduce demand. We pledge to take the following course of action:

- o Designate an employee or person affiliated with the facility(ies) as conservation coordinator to be responsible for implementing conservation measures at the facility, and is the contact person for leaks, waste, and suggested conservation enhancements.
- o Post water conservation signage throughout the facility (including all bathroom facilities, kitchens, cafeterias, restaurants, break rooms, laundry rooms and other places that are highly visible) as a reminder to conserve water. Signage templates are available at: www.sandiego.gov/water/conservationtemplates.
- o Hold employee training sessions quarterly on water conservation methods, techniques, etc. Sample training topics and content are available at: www.sandiego.gov/water/conservationtrainings.

By taking the initiative and working together in this manner, we can make a significant contribution to helping San Diego during this water crisis. Please provide the name and contact information of the individual that will be known to your employees, tenants, or occupants as the conservation coordinator for the facility.

Name: _____ Title: _____
 Telephone: _____ Email: _____

PLEASE READ:

- For a definition of "process water" please go to: www.sandiego.gov/water/processwater.
- Submittal of documentation to substantiate request is required.
- Notification will occur by mail. Penalties will accrue while request is being processed, but will be reversed if variance is approved.

PROCESSING FEE. CHECK #: _____ (fee is non-refundable)

- Properties with meters between ¾" and 1": \$25 processing fee applies.
- Properties with meters between 1 ½" < 2": \$50 processing fee applies.
- Properties with meters ≥2": \$100 processing fee applies.

Check your water bill to determine meter size.

I certify under penalty of perjury that all the information provided is truthful and correct. I understand that this form is required to be submitted to the City of San Diego, and that all information provided is subject to verification by the City, which may include a water use audit and inspection of the interior and exterior of the premises by the City. I acknowledge that the City reserves the right to bill the associated penalties to the customer service account if, upon inspection, it is determined that any information provided on this form is inaccurate or falsified. Knowingly providing false or misleading information for the purpose of receiving a water allocation variance is subject to civil and criminal penalties, including, but not limited to, issuance of an Administrative Citation in an amount up to \$1000.

Customer Signature _____ **Date** _____

Send this form along with processing fee to:
 Non-Residential Allocation Variance Request
 City of San Diego Water Department MS 912
 500 B Street, Suite 1200
 San Diego, CA 92101

Visit: www.sandiego.gov/water/conservation/variance

Call: 619-533-_____



2008-2009 WATER ALLOCATION METHODOLOGY

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

The Mayor's Office and Water Department engaged the public and community in the development and review of proposed allocation methodologies. Such actions included public and community forums, stakeholder meetings with representatives of various commercial customers, special meetings with institutional stakeholders, including the military and local universities.

Mayor Sanders held press conferences to announce the public and community evening forums, to promote conservation efforts and to provide water supply updates.

The Mayor's Office and Water Department were also made presentations upon request.

In addition to the public and stakeholder forums and workshops, the Water Department established the Water Emergency website where the public could obtain information on water supply, conservation incentives and programs, information on the City's Water Emergency Regulations, answers to frequently asked questions, submit additional questions or provide additional feedback via email. The website is:
www.sandiego.gov/wateremergency

Following is the list of outreach efforts:

FIVE (5) Public and Community Evening Forums/Public Input Workshops:

February 9	Otay Mesa-Nestor
February 10	Rancho Peñasquitos
February 12	Balboa Park
February 19	Scripps Ranch
February 25	City Council Natural Resources and Culture Committee (NR&C)

FIVE (5) Water Allocation Development Workshops (Input/Dialogue Sessions) hosted by the Water Department:

2008	November 18, December 11, December 17
2009	February 13, February 18

FOUR (4) Water Allocation "Subcommittee" Industrial/Commercial Working Group

2008	December 18, December 30
2009	February 19, February 26

Institutional and Agency Meetings:

Various meetings with individual institutions, agencies, as well as one large meeting for all of the large institutions and agencies.

Presentations to Boards, Committees and Associations:

- Restaurant Association
- Apartment Association
- BIOCUM
- Hotel/Motel Association
- Taxpayers Association
- San Diego Association of Realtors
- San Diego Regional Chamber of Commerce
- NAIOP – (National Association of Industrial and Office Properties)
- BOMA (Building Owners and Managers Association)
- San Diego County Hospital Association
- Asian Business Association
- Rancho Bernardo Community Council – Government Relations Committee

IROC – Independent Rates Oversight Committee:

Informational Presentations to IROC and the IROC Public Outreach, Education and Customer Service Committee (PO&CS).