RECOMMENDATION
Staff recommends that Council hold a public hearing on the draft 2005 Urban Water Management Plan to consider public comments and permit the Council to provide direction as to any changes to be made to a final draft that the Council is scheduled to consider for adoption on December 19, 2005. By law, the deadline to adopt this plan is December 31, 2005.

COMMITTEE REVIEW AND RECOMMENDATIONS
At its November 2, 2005 meeting, the Utilities Advisory Commission (UAC) considered the draft Urban Water Management Plan (UWMP). Staff also presented a summary of the UWMP, which described the various parts of the plan. The UAC voted unanimously to recommend that the Council adopt the UWMP after it has incorporated the comments discussed during its meeting.

The comments raised by UAC Commissioners during its discussion of the draft 2005 UWMP on November 2, 2005 fell into two main categories: clarifications or questions and comments to be incorporated into the draft UWMP. The areas of discussion are listed below along with staff’s recommendation for whether and how to incorporate the comments.

Comments to be incorporated into the draft 2005 UWMP:

1. A Commissioner noted that in the Water Shortage Contingency Plan section on local distribution system reliability, the City has taken steps to deal with the identified reliability problem. The plan should state when the environmental review process is expected to be completed. Staff response: The plan does state that the Council has approved a capital program to address the deficiency. The estimated time of completion of the Environmental Impact Report (EIR) for the capital improvements, late 2006, was added to the draft plan.
2. A Commissioner stated that the treatment of recycled water was under-emphasized, since the City of Palo Alto Utilities (CPAU) has promised to provide financial assistance to a project to extend the recycled water pipeline from the Palo Alto Regional Water Quality Control Plant to Mountain View. Staff response: The plan does state that CPAU has committed to assist in the funding of this project. The description was strengthened to show the extent of CPAU’s financial commitment: $1 million up front and another $1 million if CPAU connects to the new pipeline in the future for future recycled water demands.

3. A Commissioner noted that Table 12 shows that the customer group with the largest growth in use from 2005 to 2030 is the City and public facilities. What is the reason for this growth? Staff responded that the projections of water use were developed by using an end use forecasting model, which depends on projections of population and employment. Therefore, the moderate growth shown in water use (0.4% per year) is driven by growth in those projections. In addition, natural conservation, due to changes in the plumbing code, for each customer group are factored in. Subsequent to the UAC meeting, staff found that the table does not include the water savings for the water efficiency programs that are described later in the report. Table 12 was relabeled and reformatted to reflect the information shown in the table. The water savings from efficiency programs as a whole was added to the bottom of the table but no breakdown by customer class was available. City facilities water efficiency has improved between 2000 and 2005 due to upgraded irrigation systems. These improvements result in fewer opportunities for efficiency improvements in the future.

Comments and clarifications that did not result in a change to the draft 2005 UWMP:

1. A Commissioner commented that Council should be aware of the importance of the capital program to address the local system reliability by building a new reservoir and improving wells and the Council should be strongly urged to resolve the problem as soon as possible since it is central to the City’s emergency preparedness. Another Commissioner noted that the delay in completing the identified capital projects was similar to San Francisco’s delays in implementing its Water System Improvement Program.

2. One Commissioner stated that the biggest reason that water use has declined in recent years is a decline in employment. The Commissioner then asked if the forecasts of future use could be trusted. Staff feels that the employment forecast used from the Association of Bay Area Governments was adequate for the purposes of projection water use.

3. One Commissioner asked why information on Best Management Practices (BMPs) goes back to 2003 and before. He noted that this is not helpful in consideration of the plan. Staff noted that inclusion of these reports (found in Appendix B) is a requirement.
4. One Commissioner noted that the unaccounted-for water, or distribution system losses, shown in Table 14 seems too high. Also, why is it expected to decline from 2000 to 2004? Staff responded that it is looking into the reasons that the unaccounted-for water was high (10%) in 2004. For the future, the historical average of 7% was used. Another Commissioner recommended that Utilities add a measure to its strategic plan to address unaccounted-for water volumes. Staff notes that this discussion can be brought up again by the UAC when discussing the Utilities Strategic Plan.

5. A Commissioner noted that he wished that the use of recycled water could be increased in some creative way. Staff notes that a recycled water market survey is underway, that will be completed by June 2006. A recommendation stemming from the findings in the study will follow its completion.

6. One Commissioner asked whether any state agency actually checks whether cities and water agencies complete the UWMP. Staff replied that the state does check and having a complete UWMP is necessary to be eligible for state grant funds. Recently, the legal adequacy of UWMP has become the subject of litigation.

7. One Commissioner asked why there was no recommendation as to whether the groundwater should be used in droughts. Staff noted that the question is being addressed in the Water Integrated Resource Planning (WIRP) process that the UAC has been involved in since 1999. At this time, staff is not ready to make a recommendation on whether or not to use groundwater as a supplemental supply in droughts. Such a recommendation will be developed after the environmental review of the planned new reservoir and wells is completed since the cost to use the groundwater depends on the wells location relative to a turnout from the San Francisco Public Utilities Commission (SFPUC).

8. One Commissioner commented that the plan was too general with respect to exactly what the City’s plans would be in a drought situation. For example, inverted rates are described in the plan, but no actual rates are provided. Staff responded that details regarding what the City would do in a drought are somewhat dependent on the situation at the time. It would be a mistake to have too much specificity in the UWMP. For example, exact rates can’t be developed in advance since any rates would need to meet the revenue requirement, which cannot be predicted with certainty at this time. In addition, there is usually plenty of time to prepare for a drought response since droughts, unlike other emergencies, can be seen coming for a relatively long time. After this discussion, the commission agreed with staff that too much specificity should not be included in the UWMP.

NEXT STEPS
Staff will incorporate any comments that the Council requests into the final draft of the 2005 UWMP. On December 19, 2005, the Council is scheduled to consider adoption of the final draft of the 2005 UWMP. Upon its adoption, staff will forward the adopted UWMP to the State Department of Water Resources as required by law.
ATTACHMENTS
A: November 2, 2005 report to the UAC: 2005 Urban Water Management Plan (without attachment)
B: Draft 2005 Urban Water Management Plan
C: Excerpt of November 2, 2005 Utilities Advisory Commission meeting minutes

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