

**MINUTES
SPECIAL CITY COUNCIL MEETING
MONDAY, NOVEMBER 30, 2015**

CALL TO ORDER Mayor Shoals called the meeting to order at 5:45 p.m. in the City Council Chambers, 154 South Eighth Street, Grover Beach, California.

ROLL CALL

City Council: Council Members Karen Bright, Barbara Nicolls, Mariam Shah, Mayor Pro Tem Jeff Lee, and Mayor John Shoals were present.

City Staff: City Manager Robert Perrault, City Attorney Martin Koczanowicz, City Clerk Donna McMahan, Administrative Services Director Gayla Chapman, Community Development Director Bruce Buckingham, and Public Works Director/City Engineer Greg Ray were also present.

Also present were Jim Garing, City Engineer (Water/Sewer); Bill Avery, Avery Associates; and (by telephone conference only during the initial Closed Session) Che Johnson, Special Legal Counsel.

PUBLIC COMMUNICATIONS

The Mayor opened the floor to any member of the public for comments on any item described in this agenda. No public comments were received at this time.

CLOSED SESSION

At 5:48 p.m., the City Council met in Closed Session concerning the following items:

1. **Public Employment**
Pursuant to Government Code Section 54957
Title: City Manager
2. **Conference with Labor Negotiators**
Pursuant to Government Code Section 54957.6.
Agency Negotiator: City Manager Robert Perrault, Special Counsel Che Johnson, Administrative Services Director Gayla Chapman, Assistant Administrative Services Director Eve Byrd, and Human Resources Coordinator/Deputy City Clerk Channelle Hubbard
Represented Employee Group: Grover Beach Police Officers' Association (GBPOA)
3. **Conference with Labor Negotiators**
Pursuant to Government Code Section 54957.6
Agency Negotiator: City Manager Robert Perrault, and Administrative Services Director Gayla Chapman
Unrepresented Employee Groups: Management & Confidential Employees
4. **Conference with Legal Counsel – Existing Litigation**
Pursuant to Government Code Section 54956.9(d)(1)
Santa Maria Valley Water Conservation District v. City of Santa Maria, etc., et al, and Related Cross-Actions: Santa Clara Superior Court Case No. CV 770214
5. **Conference with Real Property Negotiators**
Pursuant to Government Code Section 54956.8
Property: APN 060-381-010, 011
Agency negotiator: City Manager and City Attorney
Negotiating party: Pacifica Companies
Under negotiation: Terms and conditions of potential lease.

Closed Session Announcements: At 6:33 p.m., Mayor Shoals reconvened the meeting in open session with all Council Members present. It was announced that the Council had met in Closed Session regarding Closed Session Item Nos. 1, 2, and 3 on the posted agenda and that there were no reportable actions taken regarding those items. Further, the Council would resume meeting in Closed Session to consider Closed Session Item Nos. 4 and 5 after concluding discussions regarding the Business Items on the posted agenda.

BUSINESS

Prior to consideration of Agenda Item No. 1, Mayor Pro Tem Lee announced that he had previously recused himself from presentations or discussions regarding Zone 3 water-related matters, but that he no longer had a conflict of interest regarding those issues.

1. Status Report - Water Supply and Recommendations for Additional Action.

Mayor Shoals read the title to the foregoing item and deferred to staff for a report. City Manager Perrault introduced City Engineer (Water/Sewer) Jim Garing. Referencing a PowerPoint presentation, Mr. Garing provided an overview of the City's water supply and described the strategies to be implemented in response to low reservoir storage levels to reduce water delivery rates. He then presented data gathered from monitoring the area's groundwater system. Additionally, he noted the availability of State Water to San Luis Obispo County agencies as a result of State Water entitlements for Santa Barbara County. Mr. Garing and City staff responded to questions from the Council.

Referencing a separate PowerPoint presentation, Public Works Director/City Engineer Ray presented short-term and long-term recommended actions to preserve the City's water supply. City staff and Mr. Garing responded to questions from the Council.

Discussion ensued regarding a future Utility Rate Study, successful conservation efforts by water utility customers that resulted in decreasing water revenues, ongoing operational costs, and related impacts to the reserve fund. Additional discussion was held regarding the availability of State Water.

Mayor Shoals invited comments from those in the audience who wished to be heard on this matter.

Brad Snook, Surfrider Foundation, spoke in support of pursuing a recycled water project.

Mary Lucey, Board Member, Oceano Community Services District, spoke in support of increasing education efforts to conserve water and a recycled water project.

Ben Fine, Public Works Director, City of Pismo Beach, briefly described the tiered water rate structure being contemplated by the Pismo Beach City Council.

Jason Allen, Grover Beach resident, described recent interactions with City staff regarding his residential water utility bill. He expressed concerns with the process that penalized customers who failed to meet the required water use reduction.

Action: Upon consensus of the City Council, the report was received and filed.

Recess: Upon consensus of the City Council, the meeting recessed at 7:55 p.m.

Reconvene: At 8:09 p.m., the meeting reconvened with all Council Members present.

2. Proposed Modifications to the Water Shortage Contingency Plan and the Water Conservation Incentive Programs.

Mayor Shoals read the title to the foregoing item and deferred to staff for a report. Public Works Director/City Engineer Ray provided an overview of the City's Water Shortage Contingency Plan. He noted that the Council had declared a Stage III Water Shortage Condition in 2014, which resulted in a mandatory 10% reduction by all water utility customers, as well as prohibitions regarding certain water use activities.

Public Works Director/City Engineer Ray continued his presentation regarding the City's process for issuing courtesy and warning letters to customers that fail to meet the mandatory reductions and described the penalties for noncompliance. If drought conditions continued, the Council could consider declaring a Stage IV Water Shortage Condition, which would implement a mandatory 25% reduction in water use. However, water conservation efforts to date have successfully achieved an overall 30% average reduction in water consumption. He also described the City's Water Conservation Incentive Programs and suggested several modifications to further encourage participation. Public Works Director/City Engineer Ray then responded to questions from the Council.

Discussion ensued regarding the incentive programs, water conservation marketing and educational efforts, and onsite visits conducted by staff to further assist customers with identifying opportunities to conserve water and achieve compliance. Additional discussion was held regarding the decreasing number of customers receiving penalties, the process for requesting and receiving a waiver, and efforts by City staff to assist homeowners with considering options that included replacing front yard turf with drought-tolerant plants.

Mayor Shoals invited comments from those in the audience who wished to be heard on this matter.

Jason Allen, Grover Beach resident, requested improved communications between City staff and residents regarding achieving compliance with the mandatory requirements. He also commented that for some residents the Washing Machine Rebate Program was not an economically feasible option.

Brad Snook, Surfrider Foundation, described training opportunities for installing "ocean-friendly gardens".

No further public comments were received at this time.

Further Council discussion was held regarding modifying the Water Conservation Incentive Programs and surveying customers to determine factors that compelled compliance or lead to participation in a water conservation program. Suggestions were raised whether to revise the penalties to a fixed dollar amount, and whether to allow exceptions for seniors under certain circumstances. Additional discussion was held on amending the instructions to be more user-friendly; discouraging residents from replacing front yard turf with only hardscape surfaces; and continuing to require businesses to comply with the mandatory requirements.

Action: Upon motion by Mayor Pro Tem Lee, second by Council Member Bright, the City Council:

- 1) provided direction for staff to amend Exhibit A to the Resolution regarding the Terms and Conditions of the "Plumbing Fixture" Water Conservation Retrofit Program to simplify the instructions, to the extent possible, to make it more user friendly; and amend Exhibit B to the Resolution regarding the Terms and Conditions for the "Cash for Grass" Rebate Program to include pervious artificial turf as an acceptable landscape medium; and
- 2) adopted Resolution No. 15-68, as amended, modifying the Water Conservation Programs regarding the "Plumbing Fixture" Water Conservation Retrofit Program and the "Cash for Grass" Water Conservation Rebate Program. The motion carried on the following roll call vote, to wit:

AYES: Council Members Bright, Nicolls, Shah, Mayor Pro Tem Lee, and Mayor Shoals.
NOES: Council Members - None.
ABSENT: Council Members - None.
ABSTAIN: Council Members - None.

Resolution No. 15-68: Resolution of the City Council of the City of Grover Beach, California, Amending the Plumbing Fixture Water Conservation Retrofit Program and the "Cash for Grass" Water Conservation Rebate Program.

Action: Upon consensus, direction was provided for staff to schedule further Council consideration regarding whether to further amend the Water Conservation Incentive Program to: 1) implement penalties at a fixed rate rather than a percentage of the utility bill, and 2) waive penalties for non-compliant businesses that agreed to adopt an approved water conservation plan.

3. Discussion Regarding Participation in a Regional Project for Recycled Water.

Public Works Director/City Engineer Ray provided an overview of the request from the City of Pismo Beach to participate in a regional recycled water project and a governance system for a regional groundwater sustainability program. He noted another recycled water supply project was also being considered by the South San Luis Obispo County Sanitation District for a "scalping plant" that would intercept wastewater prior to it reaching the primary treatment facility. He noted, although both projects have the potential to provide significant benefits to the region, the City's ultimate participation in either one depended on the outcome of additional studies.

Mayor Shoals invited comments from those in the audience who wished to be heard on this matter.

Ben Fine, Public Works Director, City of Pismo Beach, responded to questions from the Council regarding the status of that agency's recycled water project and the anticipated level of participation by staff members and policy makers from other agencies in the discussion of a governance system.

The following persons spoke in support of the City participating in a regional recycled water project:

Brad Snook, Surfrider Foundation; and
Ron Reilly, Grover Beach resident.

No further public comments were received at this time.

Action: Upon unanimous consensus of the Council:

- 1) Staff was authorized to:
 - a) formally express the City's interest in both the City of Pismo Beach's recycled water facility project, as well as the South San Luis Obispo County Sanitation District's (SSLOCSD) recycled water facility project;
 - b) work collaboratively with the other participating agencies in the development of one or more regional recycled water projects; and
 - c) keep all options open for the City to pursue one or more regional water supply projects; and
- 2) Discussion regarding appointment of City representatives to attend the initial Pismo Beach recycled water facility "governance meeting" was deferred to December 21, 2015, at which time committee assignments for the coming year were scheduled for the Council's consideration.

4. Request for Confirmation of Interest in the Zone 3 Emergency Water Supply Project.

Public Works Director/City Engineer Ray described the request from the San Luis Obispo County Flood Control and Water Conservation District to formally endorse the City's interest in participating in evaluating the feasibility of a recycled water treatment facility. The facility was proposed to be located next to the Diablo Canyon power plant to deliver desalinated water to the South County region through the Zone 3 Lopez Water Pipeline Project.

Mayor Shoals noted that, although employed by Pacific Gas & Electric, he had not participated in any leadership role regarding the City's potential participation in this project.

Brief discussion was held regarding the proposed project and the unknown fiscal impacts to participating agencies.

Mayor Shoals invited comments from those in the audience who wished to be heard on this matter.

Brad Snook, Surfrider Foundation, objected to the City pursuing a desalination plant and objected to Mayor Shoals participating in the discussion due to the Mayor's employment with Pacific Gas & Electric.

No further public comments were received at this time.

Further Council discussion was held regarding the proposed project being intended as a short-term emergency supply of water, potential costs to Zone 3 agencies, and the Council's interest in considering alternative sources of water.

Action: Upon unanimous consensus of the Council, direction was provided for staff to develop a letter to the County Board of Supervisors for signature by the Mayor and copied to the County Department of Public Works:

- 1) expressing the City's interest in the Zone 3 Emergency Water Supply Project and encouraging the County to move the project to the next level, noting that the City's support and ultimate participation would be dependent upon cost and water priorities of the City; and
- 2) encouraging the County to pursue grant and loan opportunities in order to limit cost impacts to potential project participants.

Prior to meeting in Closed Session, Mayor Pro Tem Lee announced details of an upcoming dinner event benefitting the Five Cities Homeless Coalition to be held at Fin's Seafood Restaurant in Grover Beach.

CLOSED SESSION

At 10:30 p.m., the City Council reconvened in Closed Session concerning the following remaining scheduled Closed Session items:

4. **Conference with Legal Counsel – Existing Litigation**
Pursuant to Government Code Section 54956.9(d)(1)
Santa Maria Valley Water Conservation District v. City of Santa Maria, etc., et al,
and Related Cross-Actions: Santa Clara Superior Court Case No. CV 770214

5. **Conference with Real Property Negotiators**
Pursuant to Government Code Section 54956.8
Property: APN 060-381-010, 011
Agency negotiator: City Manager and City Attorney
Negotiating party: Pacifica Companies
Under negotiation: Terms and conditions of potential lease.

Closed Session Announcements: At 12:02 a.m., Mayor Shoals reconvened the meeting in open session with all Council Members present. It was announced that there were no reportable actions taken during the Closed Session regarding Closed Session Item Nos. 4 and 5.

ADJOURNMENT

There being no further business to come before the City Council, Mayor Shoals adjourned the meeting at 12:03 a.m.

/s/ JOHN P. SHOALS, MAYOR

Attest:
/s/ DONNA L. McMAHON, CITY CLERK
(Approved at CC Mtg 02/01/2016)