

CITY OF SANTA ROSA
BOARD OF PUBLIC UTILITIES

TO: BOARD OF PUBLIC UTILITIES
FROM: KIMBERLY ZUNINO, DEPUTY DIRECTOR ADMINISTRATION
SANTA ROSA WATER
SUBJECT: AGRICULTURAL RECYCLED WATER USE MISCELLANEOUS
FEE SCHEDULE

AGENDA ACTION: RESOLUTION

RECOMMENDATION

It is recommended by the Agricultural Ad Hoc Subcommittee and Santa Rosa Water (SRW) that the Board, by resolution, adopt an agricultural recycled water use miscellaneous fee schedule.

EXECUTIVE SUMMARY

The SRW staff worked with agricultural customers, stakeholders and the Board of Public Utilities (BPU) Agricultural Ad Hoc over the last two years to develop a fee schedule for use of recycled water for agricultural purposes. The fee schedule would standardize fees for agricultural recycled water use and recover a portion of the costs to distribute the recycled water to agriculture customers.

BACKGROUND

SRW has provided recycled water to agriculture customers for over 30 years. The disposal of recycled water includes discharges to the Geysers Power Company steam fields, urban recycled water irrigation, agricultural recycled water and discharges to the Russian River through the Laguna de Santa Rosa. Due to multiple mechanical, environmental and/or weather-related circumstances that may occur, it is extremely important to maintain various disposal options. Irrigation of agricultural properties is interruptible, providing operational flexibility for our system which allows compliance with our NPDES Permit.

Throughout the years, various needs, opportunities and projects related to agricultural recycled water irrigation have created a multitude of agreements and fee structures with different agricultural recycled water users. Agreements have ranged from SRW paying customers to take recycled water, to no fees for using recycled water, to charging \$50 an acre foot. As the older agreements began to reach the end of their term, SRW

determined it was appropriate to move to standard and consistent agreements and fees for all agricultural recycled water users.

Two years ago, SRW began meeting with a group of agricultural users to discuss possible fee structures. It was determined that additional involvement from the BPU was an important component and therefore, the Agricultural Ad Hoc Committee (Ad Hoc) was formed. At that time, a request was sent to all holders of an agricultural recycled water agreement to solicit volunteers to sit on an Agricultural Recycled Water User Group (User Group). There have been multiple meetings held with both groups to determine an appropriate fee and to discuss standardization of the agreement. The agreement was negotiated to provide benefit to both the users and SRW. The standard template agreement provides for a 12 year term agreement, identifies the intent of both parties to maintain the recycled water agricultural program, outlines the needs of SRW and the responsibilities of the user to avoid violations of our NPDES Permit, defines SRW's responsibility for mosquito abatement as well as allowing users to request reimbursement for damages or costs incurred when SRW requests additional water be applied to assist SRW with an emergent disposal need.

The agriculture agreement holders were updated on the progress multiple times and a website was created to provide the documentation and notes from the meetings. After a fee proposal and template agreement were formed with the Ad Hoc and User Group, SRW mailed out copies of the proposed fee schedule and template agreement for a comment period as well as scheduling and holding a meeting at the Sonoma County Farm Bureau to address any additional concerns or comments.

The proposed fees were developed to recover a portion of the electrical costs to operate the pumping system for urban and recycled water use. The fees are designed to increase over a 5-year period to approximately half of the electrical cost to deliver the recycled water per acre foot. SRW staff find this to be a reasonable and appropriate fee as the ability to interrupt agricultural recycled water use provides SRW with much needed operational flexibility is one of its current disposal methods.

If the Board of Public Utilities adopts the proposed fee schedule at the Public Meeting on October 3, 2019, the changes to the miscellaneous fees will take effect 60 days after adoption, on December 3, 2019.

PRIOR BOARD OF PUBLIC UTILITIES REVIEW

On December 6, 2018, SRW staff provided a staff briefing update to Board of Public Utilities.

ANALYSIS

1. Agricultural recycled water use is an important component of the SRW disposal of highly treated waste water from Santa Rosa's collection system. This option provides operational flexibility which is important for maintenance and/or shutdowns of the other disposal options for SRW.
2. Agricultural recycled water users work in partnership with SRW to balance capacity in the recycled water storage ponds. The users have worked with SRW to extend recycled water storage when there was an abundance due to rain events and have been interrupted and received less recycled water when there was a lack of recycled water available due to periods of dry weather, allowing SRW to meet other contractual obligations.
3. With the installation and operation of the Geysers Recharge Project and increased regulatory requirements, the availability of recycled water for agricultural use has not increased as previously projected and no longer requires additional projects that necessitate payment to users or providing the recycled water at no cost.
4. The fees developed are deemed equitable and reasonable for the benefits provided to both SRW and the users.
5. It is the desire of SRW to have all users paying the same fee and using agreements with consistent language. Therefore, the fee schedule has been developed to charge all users at the same amounts as they enter into new user agreements over the next few years. This will decrease fees for some users for several years and increase fees for others at the same rate until they all reach the \$50 per acre foot fee.

FISCAL IMPACT

In the first year there will be a decrease in revenue, however, staff has determined this will be absorbed without an increase to the overall budget based on other increasing miscellaneous revenues to the fund. Over the next several years the fee will provide additional revenue for the Regional Water Reuse System.

ENVIRONMENTAL IMPACT

This action is exempt from the California Environmental Quality Act (CEQA) because it is not a project which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, pursuant to CEQA Guideline section 15378.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

On February 26th, June 12th and October 25th, 2018, June 13th and September 12, 2019 staff met with the Board of Public Utilities Agricultural Ad Hoc Subcommittee regarding the development of interruptible agricultural recycled water fees.

ATTACHMENTS

- Attachment 1 – Agricultural Recycled Water Use Fee Schedule
- Resolution

CONTACT

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