

# Santa Rosa Water

## Agricultural Recycled Water Use Miscellaneous Fee Schedule

Public Hearing

Board of Public Utilities Meeting

October 3, 2019



OUR FUTURE IN EVERY DRÖP

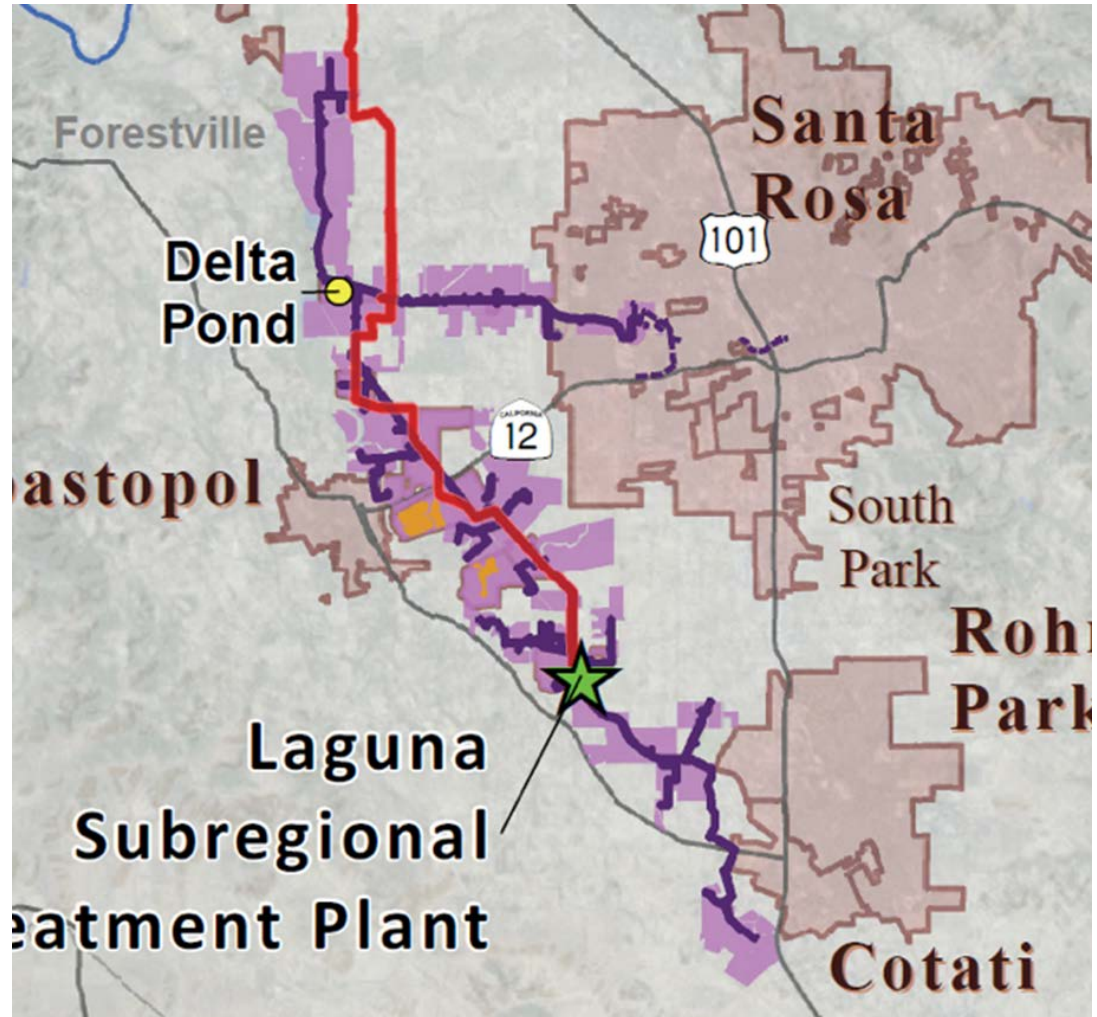
# Agenda

- Goals
- Guiding Principles
- Communication
- Previously discussed fee options
- Agreement
- Proposed fee
- Recommendation



# Goals

- Consistent agreement language
- Develop fee structure
- Strengthen relationships with ag recycled water users
- Communication
- Transparency



# Guiding Principles

- Geysers system lacks redundancy
- Subregional operations need disposal flexibility
- Subregional system and growers benefit from flexibility and predictability
- Develop appropriate consistency
- Recycled water is a valuable resource
- Recycled water users are important to the City
- Phased implementation of fees a consideration to limit disruptions

# Input from Ag User Group

- Users are long-term partners but don't always feel appreciated
- Regular communication important
  - Surprises and restrictions are disruptive
- Simple rate structure approach is preferred
- Reliable and predictable water availability is more important than total volume of supply
- Concern about rising costs
- Payment terms

# Communication



- Ag User Group
  - 6 agricultural recycled water users
- Developed website – [srcity.org/WaterSmartAg](http://srcity.org/WaterSmartAg)
- Written communications with all users
  - Electronic and hard copy
- Met with Executive Director of Farm Bureau
- Attended agriculture operations meeting
- Held evening meeting at Farm Bureau
- Posted public notices as well as hard copy mailed to users

# Agricultural Water Reuse Pricing Options Discussed

## Options

- Standard uniform rate for interruptible water supply
- 2-tier pricing
  - Inclining block
  - Declining block
- Fixed allocation pricing
- Temporary urgency disposal incentives
- Fixed base charges
- Non-standard rates
  - Off-season storage
  - Non-interruptible

## Considerations

- Simplicity and understandability
- Administrative ease
- Fairness and equity
- Assist with meeting disposal objectives
- Improved flexibility and predictability for subregional operations
- Improved flexibility and predictability for users
- Minimize disruption of service for users

# Interruptible Agreement

- Water and City Attorney's Office staff and Ag User Group
- Agreement beneficial to both
- Agreement consistent for all users
- 12 year term
- Fee schedule set by Board of Public Utilities
- Specific Addendums being developed
  - Irrigation equipment
  - Frost protection



# Negotiation Concerns

- Maintenance of the system
  - City commits to all efforts within reasonable fiscal limits
- Term
  - Longer term agreements desired
- Mosquito abatement
  - Clearly identifying City responsibility
- Protections in case of future regulation for users

# Fee Proposal

- 5 year schedule (price per acre foot)
  - Year 1 (2019 and 2020) - \$0
  - Year 2 (2021) - \$12.50
  - Year 3 (2022) - \$25.00
  - Year 4 (2023) - \$37.50
  - Year 5 (2024) - \$50.00
- All users to be charged based on adopted fee when user agreement is executed
- No charges when asked by City for temporary, urgent disposal needs
  - Ability to recover damages
- Pending approval today
  - Effective date – December 3, 2019

# Fiscal Impact

- Decreased revenue
  - 2020 up to \$100K
  - 2021 up to \$50k
  - 2022 up to \$25k
- Revenue higher than projected
  - High strength waste
  - Petaluma not expected to open for another year
- 2024 total revenue up to \$300k
  - Based on 6,000 acre feet @ \$50 acre foot
  - Dependent on availability and demand

# 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.

# Public Hearing



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