

Santa Rosa Water

Agricultural Reuse Ad Hoc Committee

October 25, 2018



OUR FUTURE IN EVERY DRÖP

Agenda

- Pricing Issues & Guiding Principles
- Agricultural Working Group discussions
 - Reuse O&M costs
 - Historical reuse
 - Pricing approaches
- Working group input
- Desired outcomes
- Next steps

Key Pricing Issues

- City needs to maintain disposal capacity through agricultural reuse
- Certainty/predictability has value to City
- Certainty/predictability has value to users
- Disparate pricing practices across users is inequitable
- Recycled water has value as a resource
 - Recycled water demand often exceeds the supply
- Contract terms need to be updated
 - Pricing practices should be uniformly applied to all users

Guiding Principles

- Geysers system lacks redundancy and subregional operations depend on disposal flexibility
- Agricultural reuse and disposal flexibility are important components of subregional operations
- Both subregional and grower operations benefit from flexibility and predictability
- Pricing policy should align with operational realities
- All agricultural users should be subject to the same pricing structure(s)
- Recycled water is a valuable resource and pricing should be informed by market conditions
- Phased implementation of new pricing may be considered to limit disruptions associated with change

Agricultural User Group

- Developed to solicit input, to provide a forum for understanding the needs of the City and users, and to disseminate information to all agricultural users
 - 6 agricultural recycled water users
 - Water staff
 - Reed Group

FY 16-17 Reuse O&M Costs

	Agric./Urban Reuse*	Geysers Reuse**	Difference
Deliveries (AF)	6,064	13,695	
Electricity	\$548,000	\$765,000	
Direct Oper.	\$1,041,000	\$954,000	
Total O&M	\$2,444,000	\$2,074,000	
Costs Per AF			
Electricity	\$90/AF	\$56/AF	\$34/AF
Direct Oper.	\$172/AF	\$70/AF	\$102/AF
Total O&M	\$403/AF	\$151/AF	\$252/AF

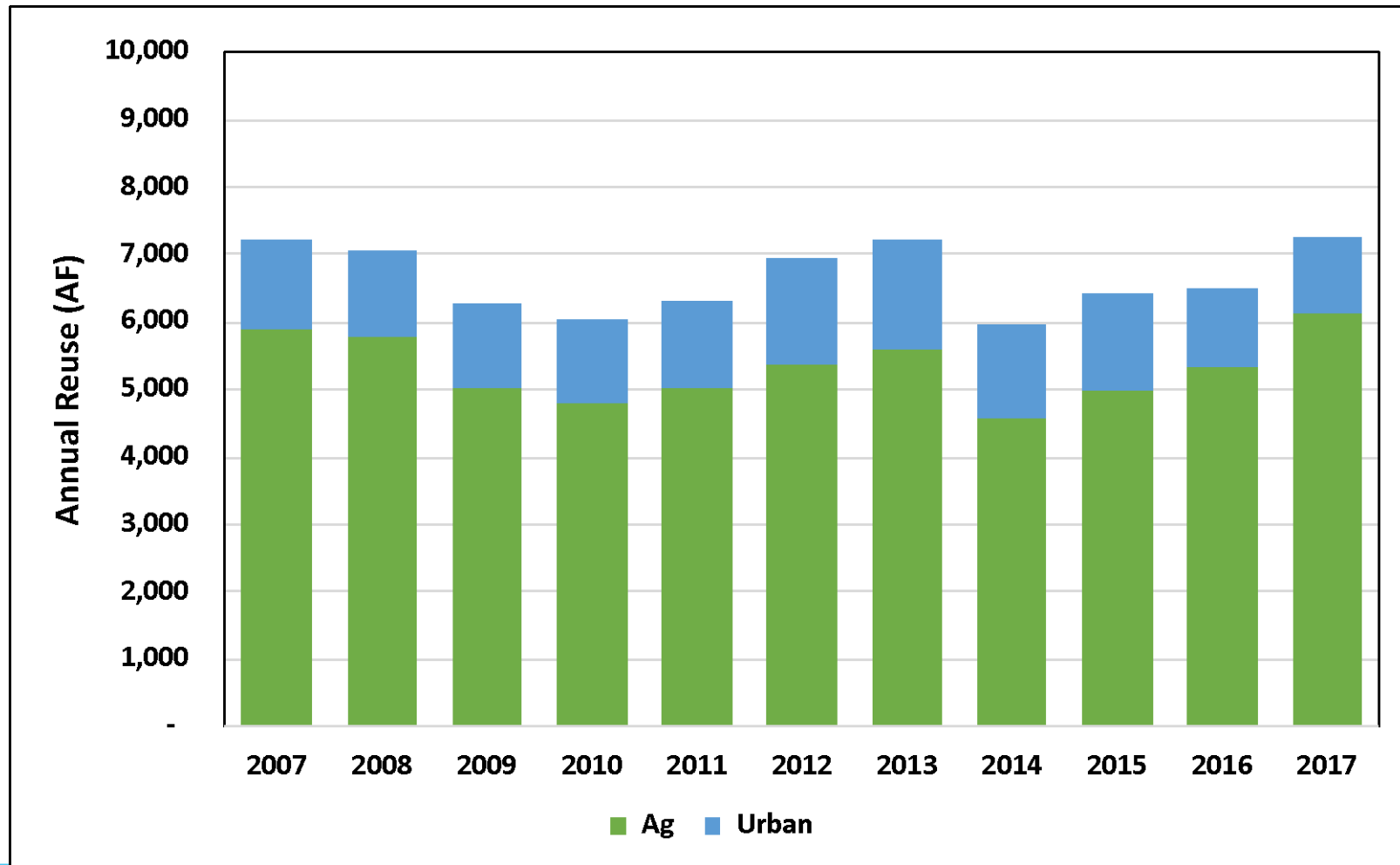
* Excludes incentive payment costs and Rohnert Park pumping costs.

** Includes Geysers PS electricity costs at the LTP.

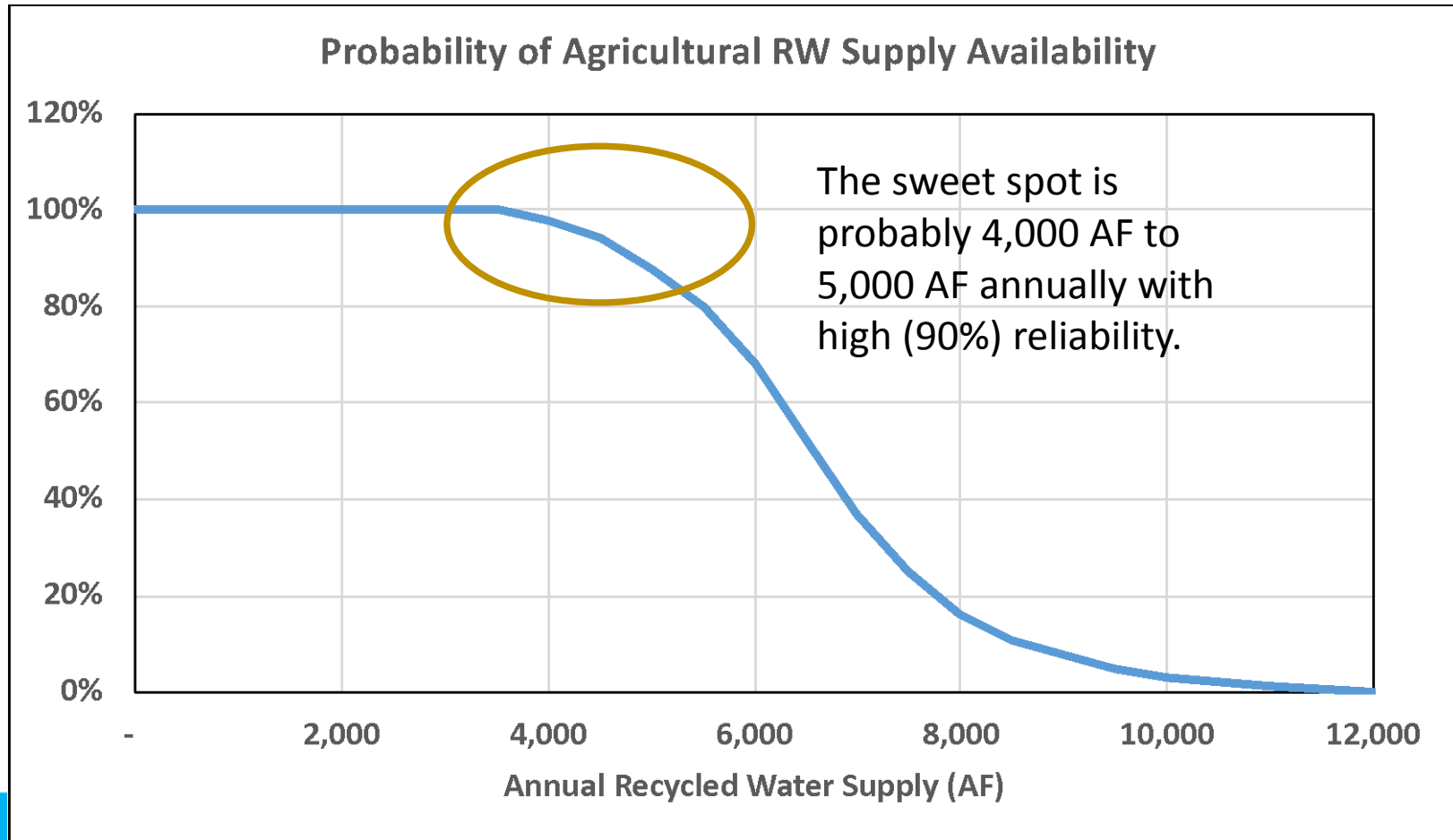


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Historical Ag & Urban Reuse



Certainty vs. Availability of Agricultural Recycled Water Supply



Agricultural Water Reuse Pricing Options

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
 - Frost protection
 - 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
- Recognition of market for water

Input from Ag User Group

- Agricultural users have been long-term partners with the City, but don't always feel appreciated
- Regular communication regarding the availability of water during the irrigation season is important
 - Surprises and restrictions are disruptive
- A simple rate structure/approach is preferred
- Reliable water availability is more important than total volume of supply
- Agricultural users are concerned about rising costs
 - Its easier to pay for water at the end of the irrigation season than during it
- At times, water quality is a concern
- Pumps and meters would be costly/burdensome for users to maintain

Desired Outcomes

- Concurrence on a rate structure(s)
- Development of a rate schedule(s)
- Consistent language in all agricultural interruptible water service contracts
- Adopted policy on agricultural recycled water pricing
- Coordinated implementation of land lease and agricultural user agreements

Next Steps

- Meeting #3 with agricultural users
 - Follow-up on Meeting #2 and Ad Hoc meeting
 - Refinement of pricing options and development of rate schedule(s)
 - Annual cycle and implementation
 - Feedback and remaining issues
 - Plan for BPU and City Council considerations
- Presentation of recommendations to BPU in study session

Discussion / Comments



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