

SANTA FE IRRIGATION DISTRICT PSAWR PROGRAM & FEES

Administrative & Finance Committee
April 6, 2021



PSAWR Background

- The San Diego County Water Authority (SDCWA) established the Transitional Special Agricultural Water Rate (TSAWR) in 2008, which allowed member agency customers to receive a discounted price on their agricultural water use in exchange for a lower level of water supply reliability;
- District did not participate in TSAWR and could not subsequently join the program; however, due to a combined effort from SDCWA to offer competitive agriculture water waters & increasing interest from member agency customers to re-open the program, the Permanent Special Agricultural Water Rate (PSAWR) was established;
- Member agencies who participated in TSAWR could roll over existing customers into the PSAWR program effective January 1, 2021;
- Other member agencies (including the District) who did not participate in TSAWR could begin enrolling customers in the PSAWR program effective July 1, 2021;

PSAWR Background

- This outlines the basis for these fees to properly administer the PSAWR program for the District.
 - For District cost recovery – not included in rates / service formulated during cost-of-service;
 - Charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege;
 - Committee can make recommendation / Board can adopt or not adopt fee – up to Board to determine cost recovery;
- Volumetric discount – SDCWA pass-through
- Fees for cost recovery – District imposed for application & reporting not previously conducted by the District

PSAWR Volumetric Discount

- The discount per HCF for participation in the PSAWR program was evaluated by Carollo based on the reduced level of service from SDCWA;
- Outlined in Attachment A, Carollo determined that the volumetric discount for participation in the PSAWR program currently is \$1.20 per HCF for FY22 (blended rates between CY21 & CY22 for SDCWA);
- Based on the District's current rate of \$6.11 per HCF for agricultural water use, the PSAWR rate charged to customers would be a uniform rate of \$4.91 per HCF.

PSAWR Fees

- Carollo's findings are outlined in Attachment B, titled "Permanent Special Agricultural Water Rate (PSWAR) Program Fee"
- There are two separate costs that were defined for participation in the PSAWR program: 1.) an application fee and 2.) a bi-monthly charge for continued participation.
- The application fee is outlined in section 1.2.1 of Attachment B, as follows

Customer Application Review Task	Staff	Hourly/Loaded	Hours	Total \$
Review customer on grower's list	Customer Service Rep II	\$ 45.50	0.25	\$ 11.38
Review customer application & file accordingly for SDCWA review	Customer Service Rep II	\$ 45.50	0.25	\$ 11.38
Program customer as Ag/SFR/PSAWR in Springbook	Customer Service Rep II	\$ 45.50	0.25	\$ 11.38
Total One-Time Fixed Cost per Customer		\$ 136.50	0.75	\$ 34.13

- **Recommend rounding down to \$34 paid at the time of application**

PSAWR Fees

- Carollo's findings are outlined in Attachment B, titled "Permanent Special Agricultural Water Rate (PSWAR) Program Fee";
- The bi-monthly charge is outlined in section 1.2.2 of Attachment B, which is a fee to recover ongoing costs associated with SDCWA requirement compliance to maintain the District & customer eligibility in the program;
- The majority of costs associated with continuing compliance are for monthly reporting on District-wide and PSAWR customer water use (Attachment C)

Process	Staff	Hourly/Loaded	Hours	Total Cost
Completion of monthly certification	Customer Service Rep II	\$45.50	4	\$182.00
	Administrative Services Manager	\$119.60	3	\$358.80
A) SDCWA Monthly Reporting Total				\$540.80
B) Annual Total for SDCWA Monthly Reporting (A x 12 months)				\$6,489.60

PSAWR Fees

- Annual certification costs
 - Unknown site visit costs, may be selected (two PSAWR agencies, three accounts - \$6 per customer)

Process	Staff	Hourly/Loaded	Hours	Total Cost
Completion of annual certification	Customer Service Rep II	\$45.50	0.25	\$11.38
	Administrative Services Manager	\$119.60	3	\$358.80
Annual site visits	Utility Worker II	\$45.50	6	\$273.00
C) SDCWA Annual Reporting Total				\$643.18

PSAWR Fees

- The total monthly / annual compliance costs for the program is \$7,132.78;
- District Staff has made an assumption that 40 customers will be participating in the PSAWR program, which is used to then determine the individual customer charge to recoup this amount;
- Based on this assumption, the charge per customer would be \$178.32, which would be recovered through a bi-monthly charge on each PSAWR customer's bill of \$29.72. Staff recommends that the Board round down this number to \$177 per year or **\$29.50 per bi-monthly bill for simplification.**

Process	Staff	Hourly/Loaded	Hours	Total Cost
D) SDCWA Reporting Total (B+C)				\$7,132.78
E) Number of SFID PSAWR Eligible Accounts				40
F) Bi-Monthly Fixed Cost per Account (D ÷ E ÷ 6 billing cycles)				\$29.72

PSAWR Customer Billing

- It will be incumbent on each customer to determine if their enrollment in the program will be fiscally beneficial as District Staff cannot appropriately determine what their water use will be and if the program savings (if any) is worth the reduced reliability, among other reasons.

Ag Only Customer - 1" Meter		SFR / Ag Customer - 1" Meter	
Fixed Meter Charge	\$ 117.34	Fixed Meter Charge	\$ 130.83
Volumetric - 200 Units 200 @ \$4.91	982.00	Volumetric - 200 Units 10 @ \$2.48 22 @ \$3.35 12 @ \$4.90 156 @ \$4.91	923.26
PSAWR Charge	29.50	PSAWR Charge	29.50
Total Bill - PSAWR	\$ 1,128.84	Total Bill - PSAWR	\$ 1,083.59
Total Bill - Current Rate	\$ 1,339.34	Total Bill - Current Rate	\$ 1,174.81
Savings	\$ 210.50	Savings	\$ 91.22

PSAWR Implementation

- Counsel is developing a resolution and SFID customer agreement that will be a contract between the District and the customer in regards to the PSAWR program and associated fees;
- This resolution will adopt the form of this agreement, which will enable the District to begin the program as soon as the resolution is adopted by the Board;
- The resolution and agreement will be docketed with this item for review and proposed adoption at the August 19, 2021 meeting.
- Staff is recommending that the Board incorporate this program into the next cost-of-service process, which may meld these fees into the regular meter and volumetric charges to customers who participate in this program. If adopted in the cost-of-service process, these fees would no longer occur.
- PSAWR customers are subject to cutback due to the reduced rate not including supply reliability from the SDCWA Emergency Storage & desalination projects
- Failure to meet the cutback requirement may be subject to penalties levied by SDCWA

Questions?



SANTA FE IRRIGATION DISTRICT SDCWA REFUND

Administrative & Finance Committee

August 10, 2021



SDCWA Refund

- March 2021, the Santa Fe Irrigation District (District) received \$748,699.93 as its proportionate share of the SDCWA refund from MWD (refund);
- Refund was due to imported water purchases from the San Diego County Water Authority made by the District during CY11 to CY14 to satisfy customer demand above local water availability;
- Discussions at the July 15, 2021 Board meeting included additional questions on how imported water was charged to customers / who paid for imported water during the refund time period;
- This items is to answer additional questions & make proposal in regards to the refund's use,

District Rate Structure During Refund Time Period

- The District had consistent potable water rate structures for customers during the refund time period; with single-family residential (SFR) customers having a three-tier structure (with same breakpoints) and a uniform rate structure for all other potable water customers;
- The SFR three tier rate structure, with the same usage breakpoints, was in effect from December 1, 2010 until August 1, 2016. This SFR rate structure is as follows:

Tier One:	1 – 15 HCF
Tier Two:	16 – 300 HCF
Tier Three:	301 + HCF

District Rate Structure During Refund Time Period

- Cost-of-service in place during the refund time period included approximately 3,250 AF of local water for potable water customer rate setting purposes;
 - SFR's tier one breakpoint of 15 HCF during this time period represents the availability of approximately 1,400 AF of local water for all potable water customers.
 - The second tier then included the SFR proportionate share of the 1,850 AF of local water between what was included in the first tier and total local water, or approximately 20 HCF per SFR bi-monthly bill
- The 20 HCF of local water was then blended into the entire second tier allotment of 285 HCF –
 - i.e. a SFR customer's 16th HCF of consumption has the same amount of local water allocated to it as the 300th HCF of consumption.
- Therefore, each unit of tier two is approximately 90% imported water & each unit of tier three is 100% imported water. SFR customers who used as little as 16 HCF on a bi-monthly basis paid for imported water.

District Rate Structure During Refund Time Period

- All other customers – uniform rate structure
 - Received their proportionate share of the approximate 3,250 AF of local water blended into their uniform rate, so each unit consumed paid for imported water. Therefore, all other potable water customers paid for imported water with each unit of consumption.

Proposed Utilization of Refund

- Based on feedback from Board & how the refund was generated
- Placing the full refund in the Local Water Fund, SFR customers who only use 33 HCF or more currently would benefit from this resource through offsetting the cost of imported water from SDCWA.
 - Been shown that customers during the refund time period who used 16 HCF or more paid for imported water.
 - Assuming similar customer consumption levels then and now, placing the full amount of the refund in the Local Water Fund would not allow customers who used 16 – 32 HCF during the refund time period to benefit
 - No detailed consumption information available for the refund time period

Proposed Utilization of Refund

- Based on the differing rate structure for SFR & Staff not having detailed consumption records for the time period, splitting the refund into two projects may be preferable: 1.) a use that would benefit current imported water customers, and 2.) a use that would benefit all water customers.
- Reminder that one-time resources should pay for one-time expenditures
- At the July 15, 2021 Board meeting, Staff heard Board member comments on ways to use the refund, including, but limited to:
 - Utilize a portion of these one-time funds for one-time resources to offset imported water costs – Local Water Fund;
 - Invest in a project that would be financially beneficial to District ratepayers - project discussed was for a photo-voltaic (solar) project;
 - Utilize a portion of these funds to offset rates via the Rate Stabilization Fund;
 - Invest in a feasibility study on long-term water supply;
 - Upgrade District AMI portal.

Proposed Utilization of Refund – Solar Project

- District only project as joint facilities project is not able to be accomplished currently under 10-year capital plan and availability of SDWD resources;
 - Would supplant core treatment / local water projects;
 - District Staff is still exploring potential of projects for FY25 and beyond due to benefits
- District-only solar project that would offset electricity consumption at the District administration, engineering, and operation facilities at 5920 Linea del Cielo - cost savings would benefit all ratepayers (all consumption levels & customer types) through the reduction in general operating expenditures.
- Discussions with the District's energy consultant, DHK Engineers, and additional solar vendors, estimated that a solar project to offset these District facilities energy consumption would be approximately \$400,000;
 - Approximate 90-100 kW array that would be located on stanchions within the District yard;
 - Placing these funds in the Capital Improvement & Replacement Fund, District Staff may begin working on design & eventual bid documents.

Proposed Utilization of Refund – Local Water Fund

- The refund of \$748,699.93, less the \$400,000 deposited in the Capital Improvement & Replacement Fund, leaves \$348,699.93 to be deposited in the Local Water Fund to offset imported water costs.
- This amount represents an approximate 4 month offset of SDCWA costs beginning January 1, 2022, dependent on consumption.
- This amount would benefit SFR customers who utilize 33 HCF or more on a bi-monthly basis & all uniform rate customers.

Questions?

