



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: October 30, 2007

TO: Mayor and Councilmembers

FROM: Water Resources Division, Public Works Department

SUBJECT: Agricultural Rate Allotment Amendment

RECOMMENDATION:

That Council adopt, by reading of title only, A Resolution of the Council of the City of Santa Barbara Amending Resolution No. 07-052, Establishing Certain City Fees, Including Water and Wastewater Rates, to Establish a Procedure for Carryover of Annual Allotment for Agricultural Customers.

DISCUSSION:

The City's water rates include a classification for "Agricultural" irrigation rates, available to customers conducting a bona fide commercial agricultural enterprise. There are approximately 72 such accounts, representing about 1% of total water sales revenue. Most water provided under this classification is for irrigation of avocados.

Agricultural customers receive an annual first block allotment of 870 hundred cubic feet (hcf) per year, at the rate of \$1.51/hcf for each acre of irrigated crop land. This is the lowest rate of any City water customer. This annual first block allotment is based on the estimated amount needed for irrigation of avocados during a year of average rainfall. The rate for usage above that amount increases to \$4.44/hcf for the next 240 hcf/acre/year, and then to \$4.68/hcf for all other use. These rates are consistent with the second and third block rates for residential customers.

During the recent record dry winter, the Water Commission received input from several agricultural customers requesting that the allotment procedure be modified to provide more flexibility to respond to such unusually dry conditions. After considering input from customers and staff at several meetings, the Commission voted on July 9, 2007 to recommend an amendment to the City's rate resolution to provide for a carryover of

REVIEWED BY: _____Finance _____Attorney

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unused agricultural allotment from one year to the next under certain circumstances. This would allow growers to save up water during a wet year for use in anticipation of a subsequent dry year. This has the effect of recognizing the variability of water needs while still providing a pricing incentive for careful water management.

Under the proposed amendment to the fee resolution, unused first block allotment would be carried forward into the next year with certain limitations. The carryover would apply if the amount of water stored at Lake Cachuma has not been reduced to less than 100,000 acre-feet, the point at which we traditionally begin planning for potential drought response measures. The carryover would also be limited such that the first block allotment could only accumulate to an amount equal to 200 percent of the regular first block allotment.

The carryover provision would be effective July 1, 2007, allowing for any remaining first block allotment from Fiscal Year 2007 to be added to the allotments for the current year.

BUDGET/FINANCIAL INFORMATION:

Staff expects little or no budget impacts as a result of this change. The agricultural accounts are a very small portion of our overall customer base, and we expect the most likely impact will be a minor shifting of revenue from one year to another.

SUSTAINABILITY IMPACT:

This action is one of a number of accommodations that have been made over the years for agricultural customers, with the intent of recognizing the community benefits of open space preservation and locally grown food.

PREPARED BY: Rebecca Bjork, Acting Water Resources Manager/BF/mh

SUBMITTED BY: Paul Casey, Acting Public Works Director

APPROVED BY: City Administrator's Office