ORDINANCE NO. 2020-04

AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE SAN DIEGO COUNTY WATER AUTHORITY ESTABLISHING THE PERMANENT SPECIAL AGRICULTURAL WATER RATE PROGRAM AND SETTING THE POLICIES AND PROCEDURES FOR ADMINISTRATION OF THE PERMANENT SPECIAL AGRICULTURAL WATER RATE PROGRAM

WHEREAS, on July 25, 2019, the Board Chair reconstituted the Fiscal Sustainability Task Force (FSTF) and charged it with reviewing the Water Authority’s existing rate structure, among other issues, including the Transitional Special Agricultural Water Rate (TSAWR), to identify opportunities to reduce rate volatility and increase revenue stability; and

WHEREAS, on November 2019, the Board unanimously approved the FSTF recommendation to approve a permanent Special Agricultural Water Rate (PSAWR) and directed staff to develop PSAWR Program policies and procedures to succeed TSAWR, with the caveat to reevaluate the PSAWR Program in five years to review the then-current and forecasted demands as well as supplies; and

WHEREAS, the Board of Directors, on June 25, 2020, adopted Ordinance No. 2020-01, setting the Water Authority’s rates and charges for calendar year 2021, including a rate category for the PSAWR Program; and

WHEREAS, at its meeting on September 24, 2020, staff provided a report and recommendation for implementation for the PSAWR Program to the Board of Directors, including recommendations for eligibility criteria, eligibility verification, and other program administrative procedures as set forth in the report and as supplemented by the oral staff presentation (collectively, the “Report”); and

Therefore, the Board of Directors of the San Diego County Water Authority does ordain as follows:

1. The PSAWR Program as described in the Report is established.

2. PSAWR Program customers pay a water rate that reflects a reduced level of service and supply reliability. PSAWR Program customers are exempt from the Storage Charge and Supply Reliability Charge, and those deliveries are not included in member agencies’ three- and five-year rolling-average deliveries, respectively.

3. In exchange for the cost benefits associated with the supply rate differential and exemptions from the Storage Charge and Supply Reliability Charge, PSAWR Program customers are subject to higher cutbacks compared to municipal and industrial customers in the event of a supply allocation from the Metropolitan Water District of Southern California, or other water supply shortages. The General Manager is authorized to impose and collect penalties with respect to member agencies participating in the PSAWR Program that fail to comply with supply reduction requirements.
4. The PSAWR Program establishes service limitations on customers receiving the permanent special agricultural water rate that correspond to separate class of service.

5. The PSAWR Program requires participating member agencies to provide monthly certifications attesting to the total volume of PSAWR water delivered to agricultural customers receiving the Water Authority’s permanent special agricultural water rate.

6. The PSAWR Program requires that eligibility verification be provided annually by member agencies. Eligibility will be confirmed through inclusion on one of the following four lists maintained by the County of San Diego or the San Diego Regional Water Quality Control Board:

   - County of San Diego
     - Grower’s List
     - Active Certified Producers List
     - Organic Producers List
   - San Diego Regional Water Quality Control Board
     - Agricultural Orders Enrollment List

7. The PSAWR Program requires member agencies to reasonably pass through the PSAWR cost benefit to customers receiving the Water Authority’s permanent special agricultural water rate. Member agencies will provide a written statement signed by the member agency’s general manager or water utility department head confirming that the cost benefit is reasonably passed thorough to PSAWR Program customers and a means to impose service limitation. The written statement shall include:
   - A description of the member agency’s method for allocating the costs benefits and associated service limitations to PSAWR Program customers;
   - A copy of the member agency’s applicable ordinance, resolution, or schedule of rates, charges, or fees; and
   - A sample billing statement or statements that demonstrates the differential in rate fees or charges for participating PSAWR Program customers.

   The member agency may include additional information demonstrating compliance with this ordinance.

8. If a member agency fails to submit a written statement or, upon recommendation of the general manager, if the Board of Directors after a public meeting determines that the written statement is false or fails to demonstrate compliance with this ordinance, the member agency will be deemed to have received full service deliveries and will pay the difference between the Water Authority’s full water rate and the amount paid under the PSAWR Program for the time period that the Board of Directors determines the agency failed to comply with the requirements of this ordinance. In addition, the member agency will pay to the Water Authority the reasonable costs of enforcement of this ordinance in an amount determined by the Board of Directors. If a member agency is deemed to have received full-service deliveries under this
section, the member agency will be eligible to participate in the PSAWR Program commencing January 1 of the next calendar year subject to compliance with this order.

9. For the PSAWR Program inaugural year of CY 2021, the rates and charges established by Ordinance No. 2020-01 shall apply to member agencies participating in the PSAWR Program. For subsequent calendar years, the corresponding rates and charges established by future ordinance shall apply to the PSAWR Program.

10. This ordinance shall be effective upon adoption.

11. The Clerk of the Board shall publish this ordinance, or a summary prepared by the General Counsel pursuant to Section 1.00.040 of the Administrative Code.

PASSED, APPROVED, and ADOPTED this 24th day of September 2020 by the following vote:

AYES: Unless noted below all Directors voted aye.

NOES: None.

ABSTAIN: None

ABSENT: Heidemann (P), Simpson, and Udrys.

ATTEST:

Christy Guerin, Secretary

I, Melinda Nelson, Clerk of the Board of the San Diego County Water Authority, certify that the vote shown above is correct and this Ordinance No. 2020-04 was duly adopted at the meeting of the Board of Directors on the date stated above.