

RECLAIMED WATER RATES CITRUS GROWERS

Utilities Department

Board of County Commissioners

October 30, 2012



Reclaimed Water Rates

Citrus Growers

- **Background**
- **History of Citrus Rate**
- **What Customers Pay**
- **Issues**
- **Summary**



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Background

- **Conserv II developed in partnership with the City of Orlando and Citrus Growers**
- **Placed in service in 1986**
- **In partnership with 5 founding citrus growers**





Background

- Infrastructure equally owned by Orange County and City of Orlando
- Operating budget shared based on flow
- City has an equal voice in determining the price of reclaimed water





Background

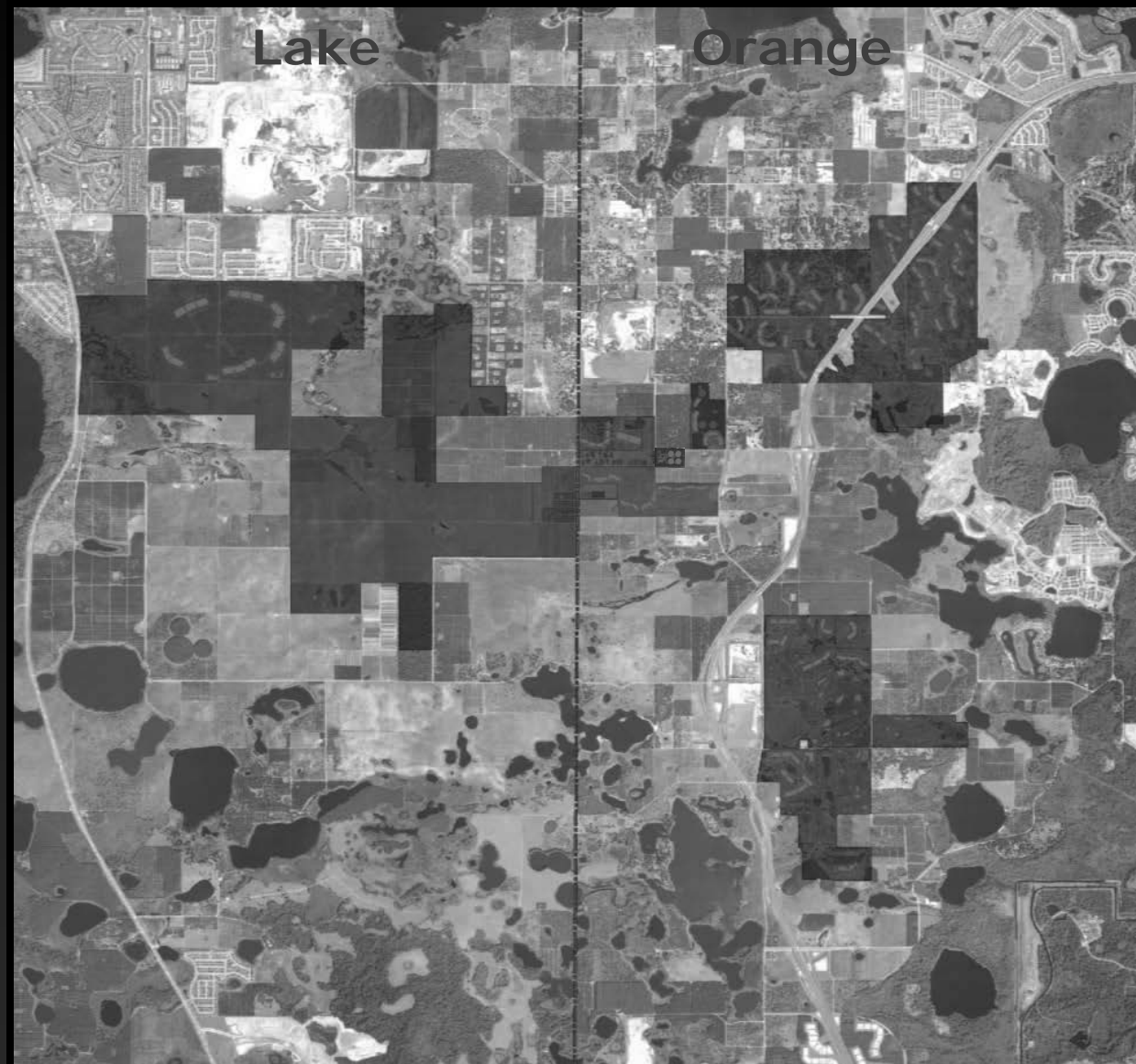
- **Citrus Growers Agreements**
 - **25 signed between 1985-1992**
 - Expired and currently paying for Reclaimed Water
 - **18 signed between 1993-1995**
 - Expire in 2014





Background

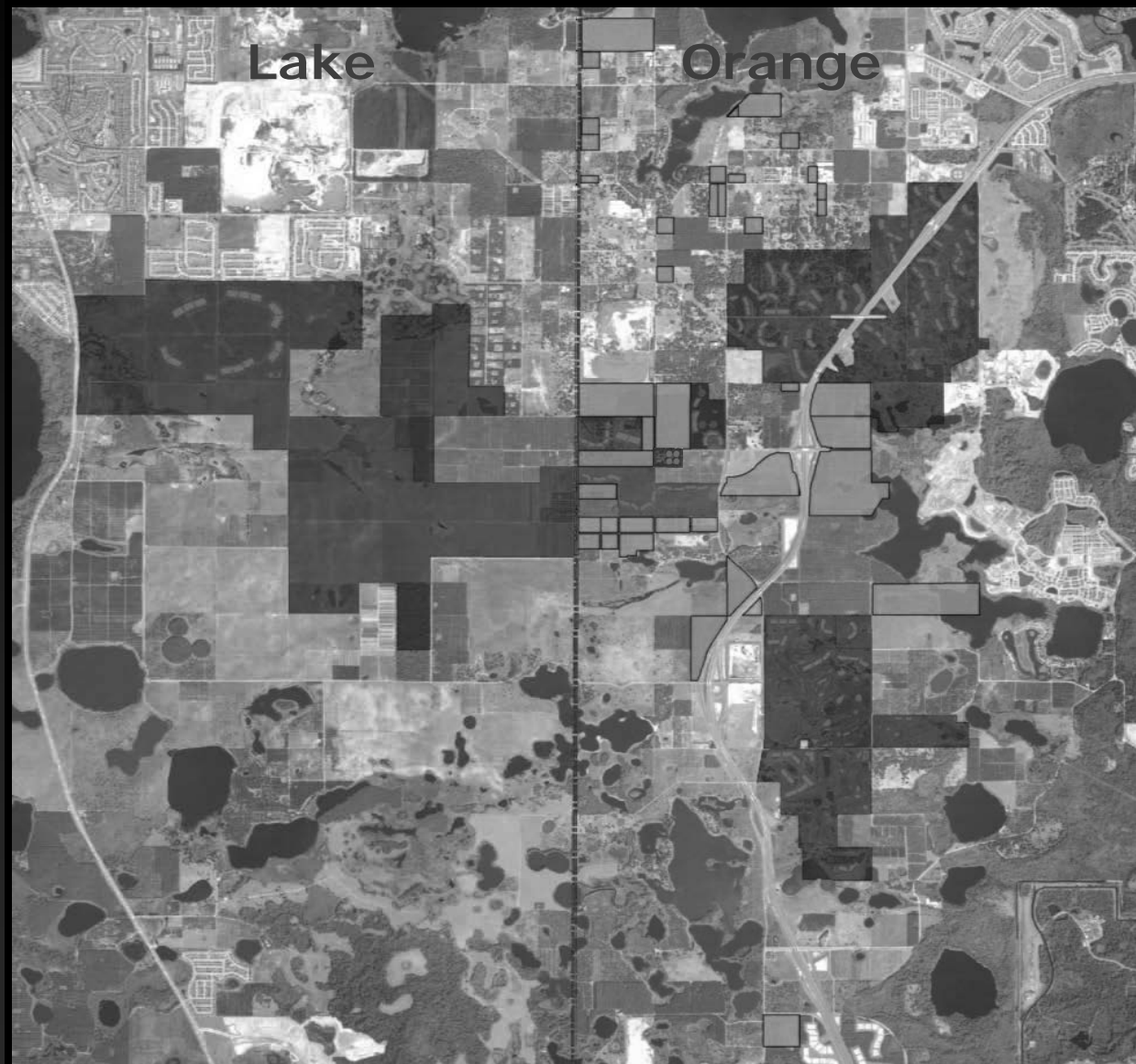
 Project-Owned Property





Background

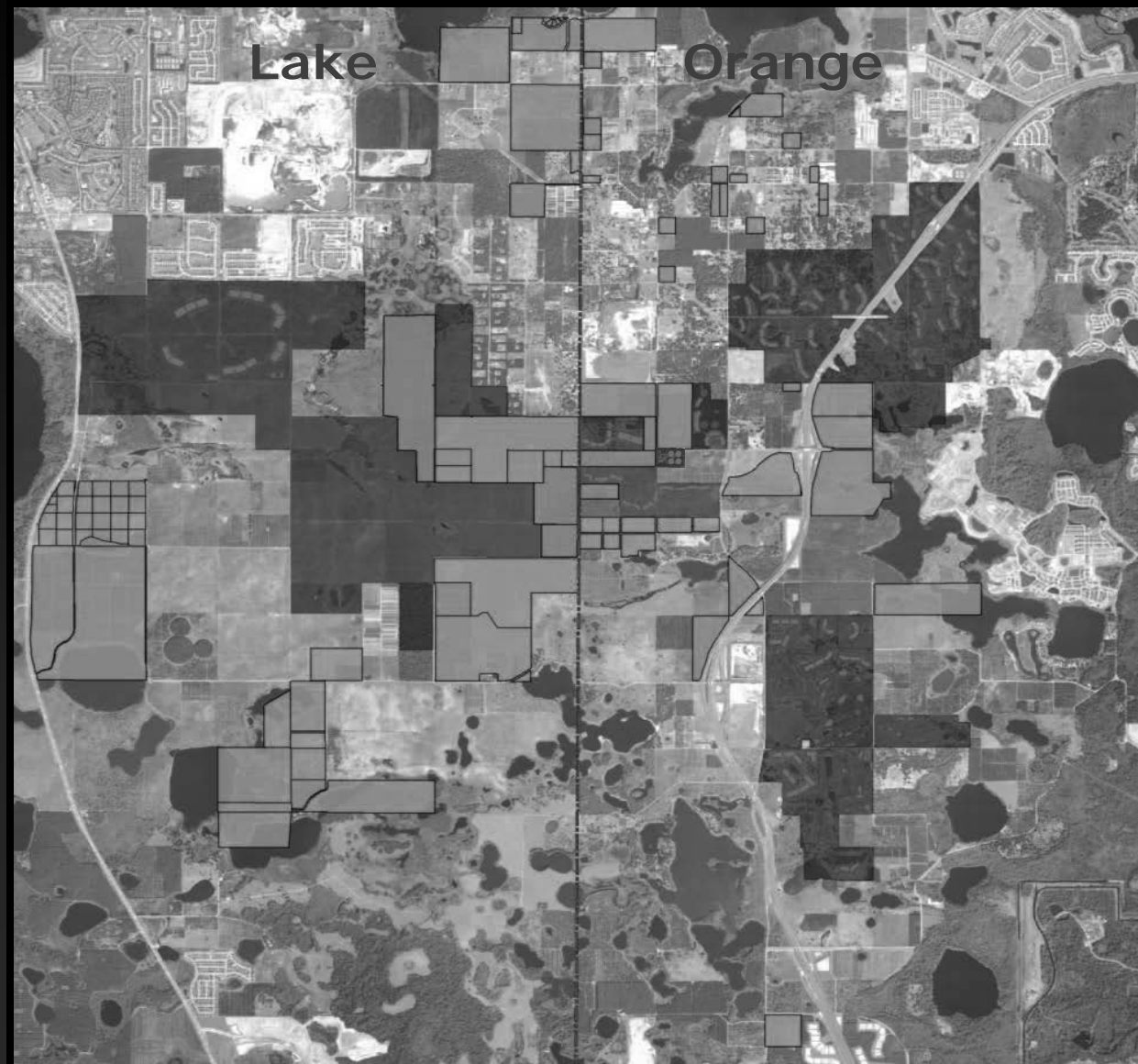
- Project-Owned Property
- Citrus Acreage





Background

- Project-Owned Property
- Citrus Acreage





Background

- **Contract operator**
- **High reliability for freeze protection**
- **Four-5 MG storage reservoirs at Conserv II**
- **25 supplemental wells**
- **150 RIBs**





Background

- Use of reclaimed water can protect trees from damaging cold
- Freeze alerts trigger preparations in advance
- Reclaimed water use by County and City customers curtailed
- All groves can irrigate simultaneously





Background

- 21 miles of 54" transmission main
- Over 70 miles of distribution piping
- 8 high service pumps
- Total capital investment \$270M





Background

- Largest agricultural reclaimed water project in the world
- Award winning





Background

- Disposal problem versus valuable commodity
- Reclaimed Water rates adopted January 2002
- Rates based on service reliability and impact on the system





Reclaimed Water Rates

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History of Citrus Rate

- In 2003, Board instructed staff to develop a reclaimed water rate for citrus growers
- Rate to be reasonably equivalent to cost of operating wells





History of Citrus Rate

- IFAS assisted in the development of the rate
- Equivalent cost determined to be \$0.19 per thousand gallons
- Recommendation to Board in August 2005





History of Citrus Rate

- **Phased approach suggested**
- **Starts at \$0.11 per thousand gallons and phased in to \$0.19 per thousand gallons**
- **No other special rates for any other users**





History of Citrus Rate

- **Litigation History**
 - **Lawsuit**
 - City and County prevailed
 - No promise of free reclaimed water
 - **Appeal**
 - Mediated Settlement





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What Customers Pay

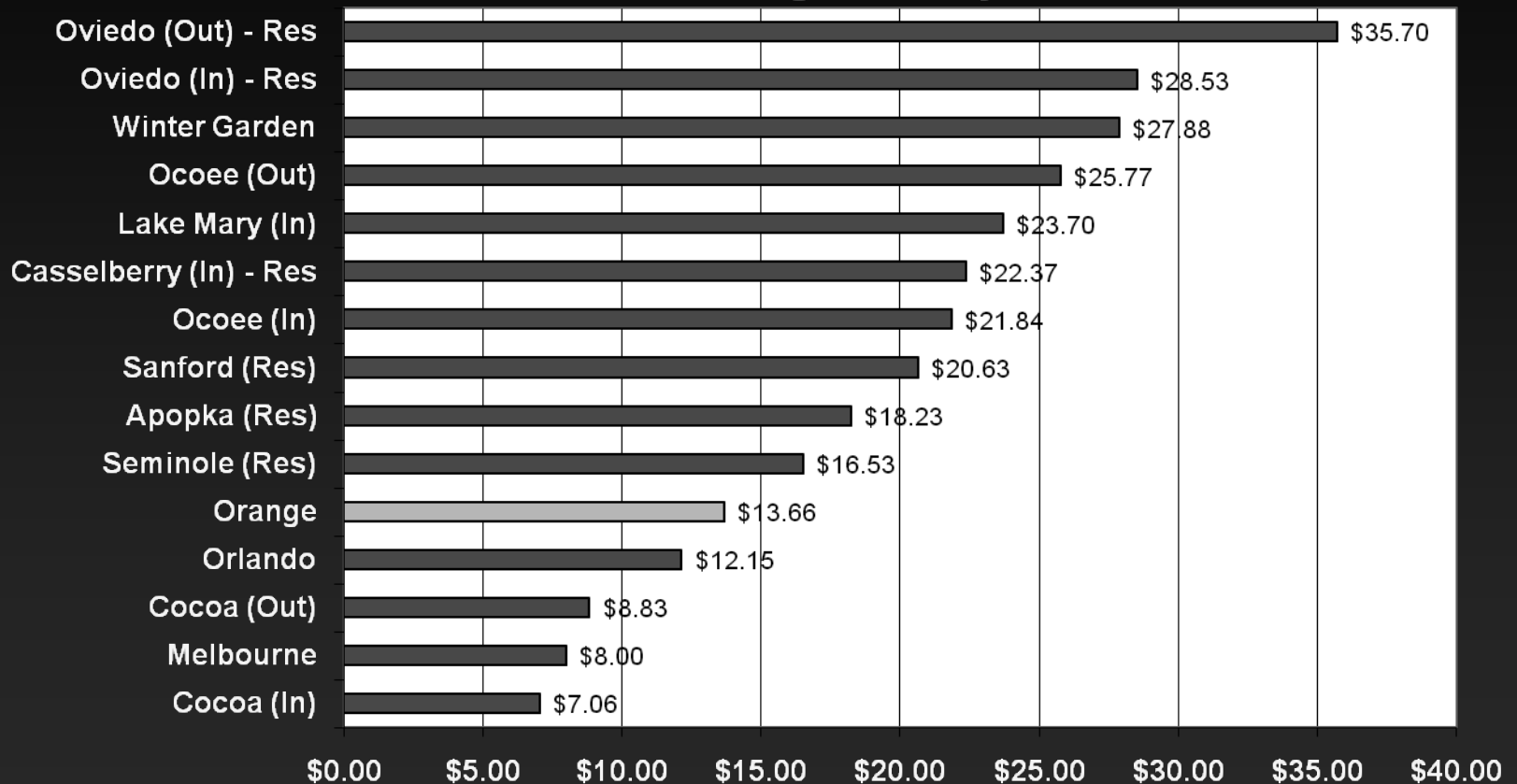
- **FY 2013 Reclaimed Water Rates** (per 1,000 gal)
 - **Retail Rate** **\$0.93**
 - **Priority User** **\$0.76**
 - **Interruptible – No Storage** **\$0.45**
 - **Interruptible – With Storage** **\$0.31**
 - **Commercial Citrus Growers** **\$0.19**

- **FY 2013 Potable Water** (per 1,000 gal)
 - **Base Water Rate** **\$1.43**
 - **Tier 3** **\$2.84**
 - **Tier 4** **\$5.68**
 - **Tier 5** **\$11.35**



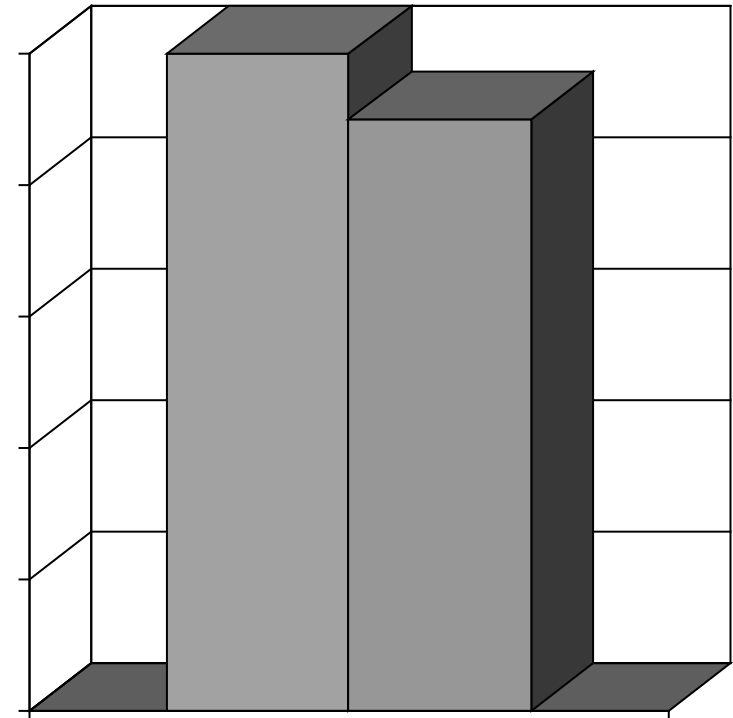
What Customers Pay

Reclaimed Water Average Monthly Bill 15K





What Customers Pay

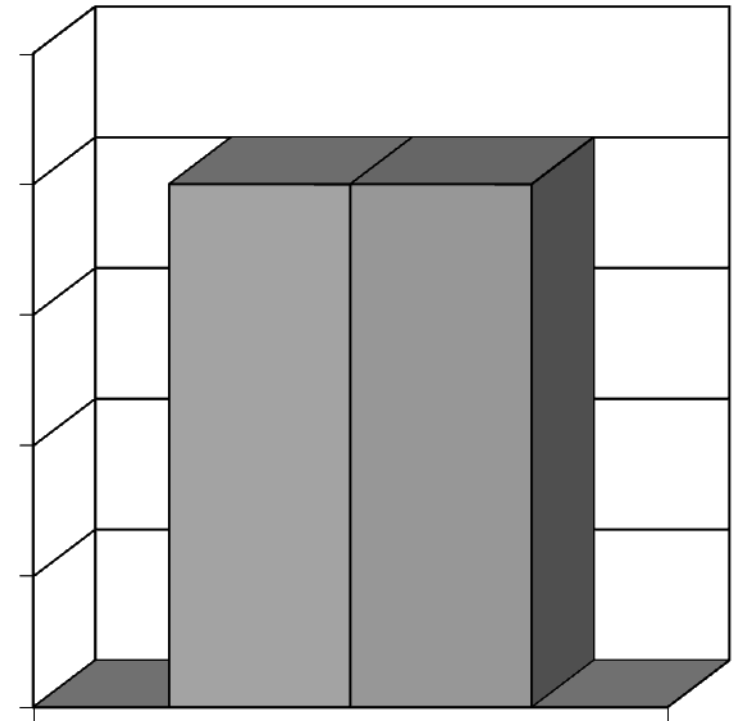


Single Family Home

■ Price ■ Reliability



What Customers Pay

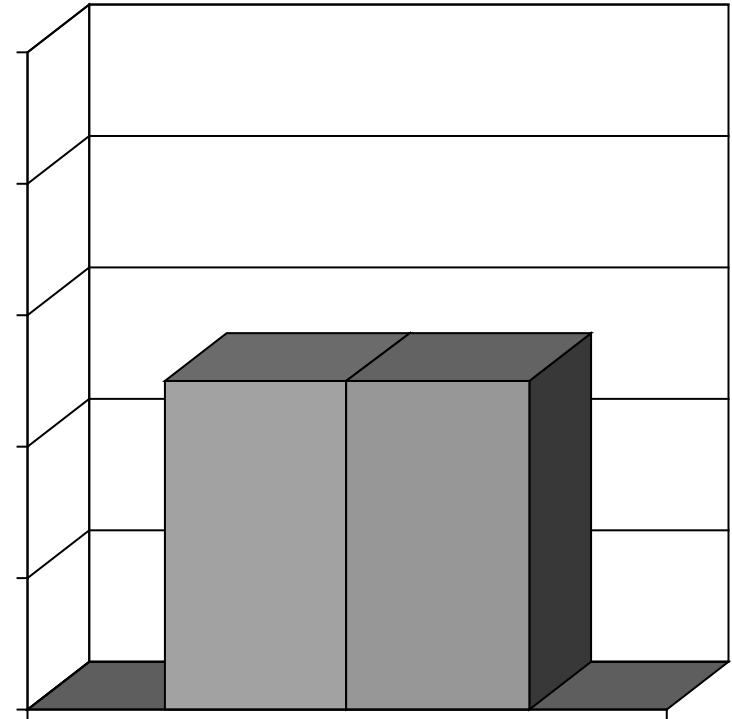


Priority User

■ Price ■ Reliability



What Customers Pay

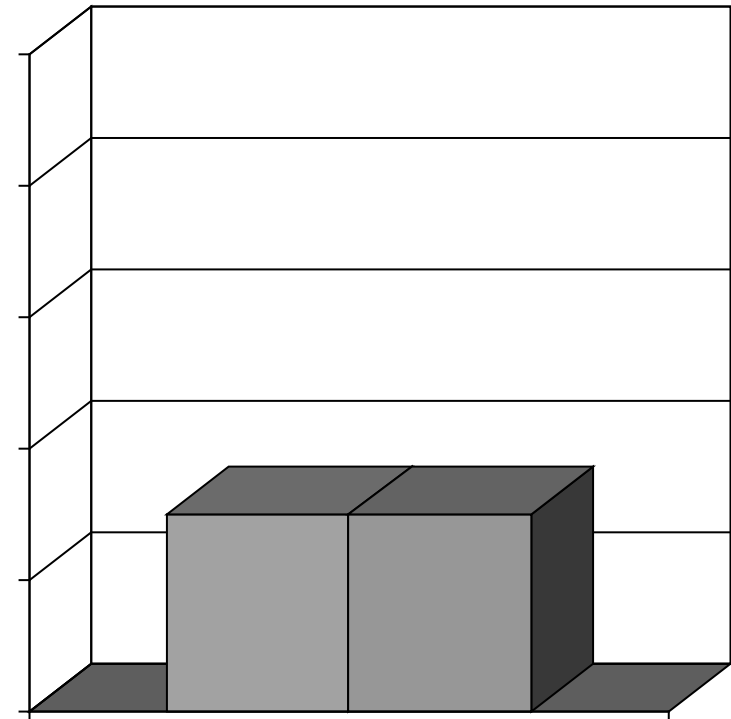


Bulk User Without Storage

■ Price ■ Reliability



What Customers Pay

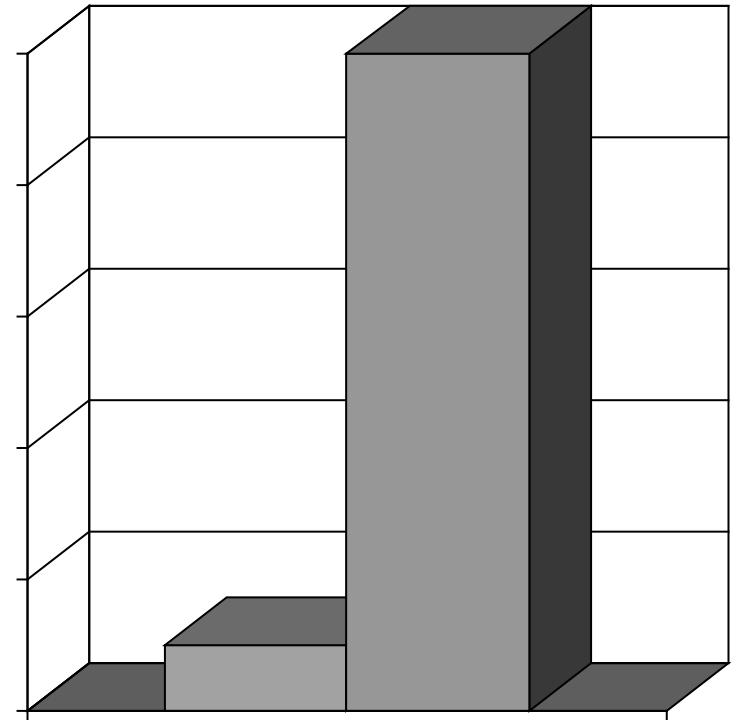


Bulk User With Storage

■ Price ■ Reliability



What Customers Pay

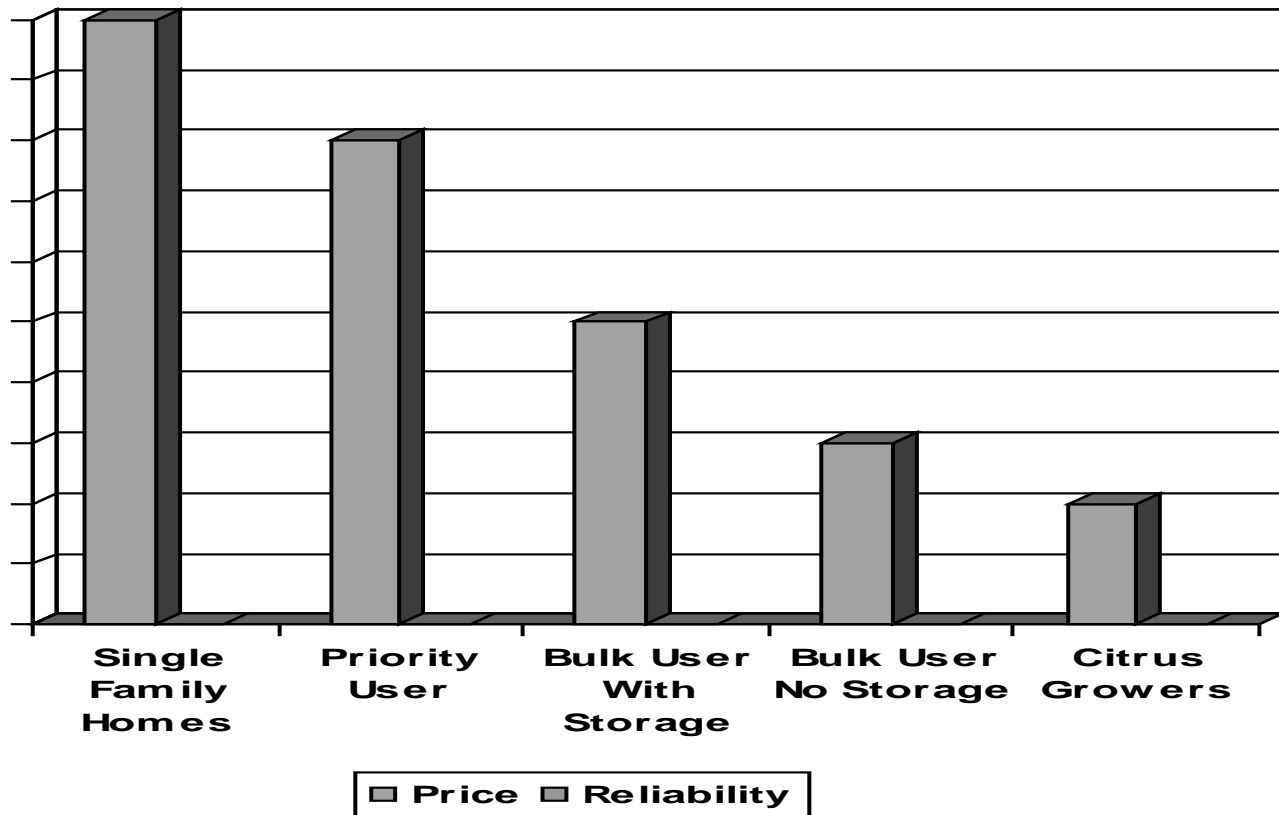


Citrus Growers

■ Price ■ Reliability

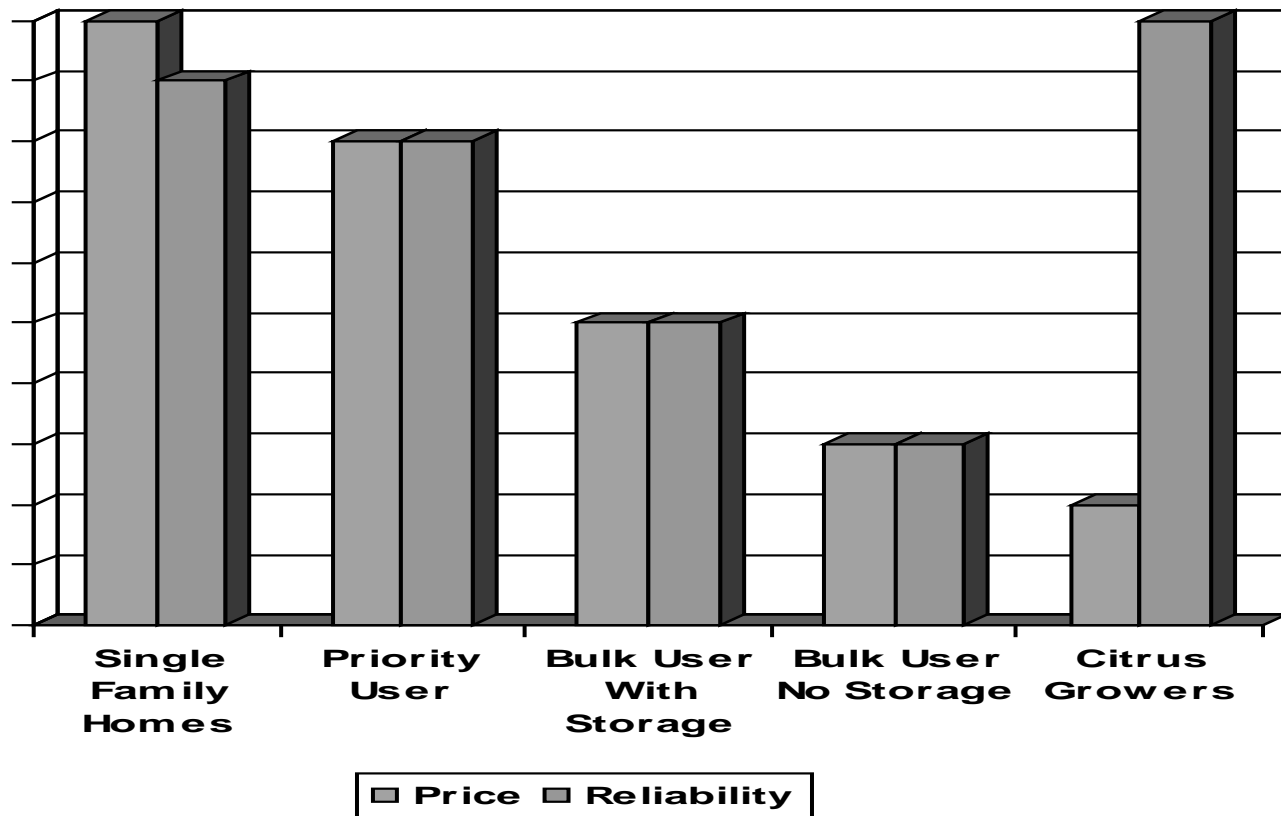


What Customers Pay





What Customers Pay





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Issues

- **Request for Free Reclaimed Water**
- **Impacts of Free Reclaimed Water**





Issues

- **Request for Free Reclaimed Water**
 - Claim that there was a promise of free reclaimed water for life
 - Claim that paying for reclaimed water puts them at a competitive disadvantage
 - Claim of positive economic impact on Orange County





Issues

- **Belief that there was a verbal promise of free reclaimed water for life**
 - 7 growers filed suit in 2006
 - Ruling in favor of City and County
 - Finding: Free reclaimed water good for term of agreement only





Issues

- **Belief that there was a verbal promise of free reclaimed water for life**
 - **Ruling appealed**
 - **Mediation results in settlement**
 - **All agreements to run for full 20 year term**





Issues

- **Claim that paying for reclaimed water puts growers at a competitive disadvantage**
 - **Rate based on cost of groundwater supply**
 - **Many growers have been paying for reclaimed water**





Issues

- **Claim of positive economic impact on Orange County**
 - **Argument could apply to providing any water for free to any business**





Issues

- **Impacts of Free Reclaimed Water**
 - **Conserv II Cost of Service**
 - **Fairness and equity**
 - **Water conservation**





Issues

- **Conserv II Cost of Service**
 - Rates fund operation, maintenance, and expansion of system
 - Cost of Service = \$0.63 per 1,000 gallons
 - Current Citrus Rate = \$0.19 per 1,000 gallons
 - Difference is subsidized by other County and City customers

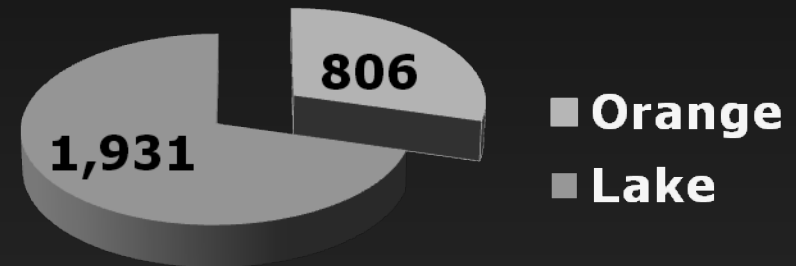




Issues

- **Fairness and Equity**
- **70% of Irrigated Acreage is in Lake County**
- **806 acres in Orange County**
- **1,931 acres in Lake County**

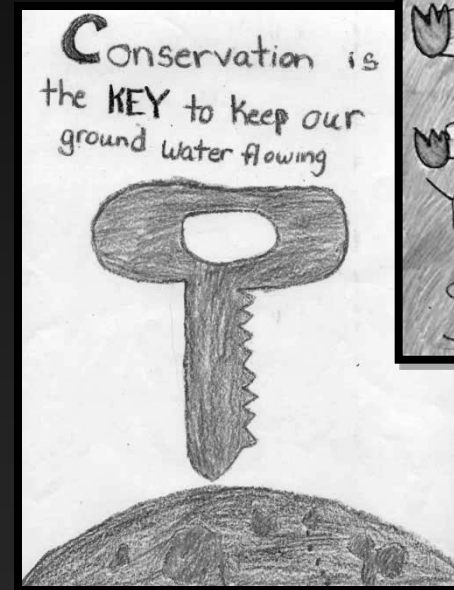
Irrigated Acreage





Issues

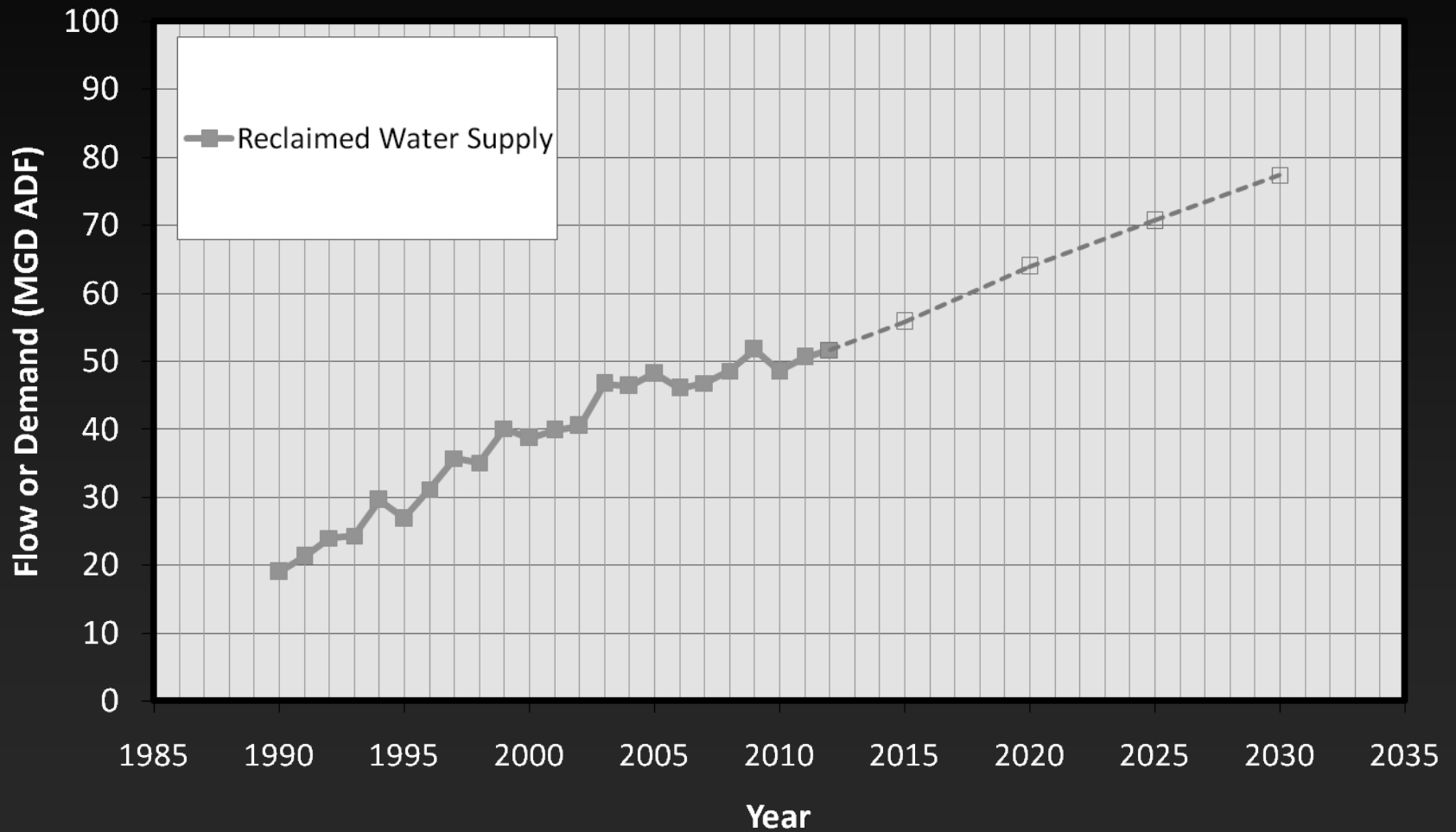
- **Water Conservation**
 - Free reclaimed water conflicts with water conservation
 - Reclaimed Water is a valuable resource
 - Alternative Water Supply impacts





Issues

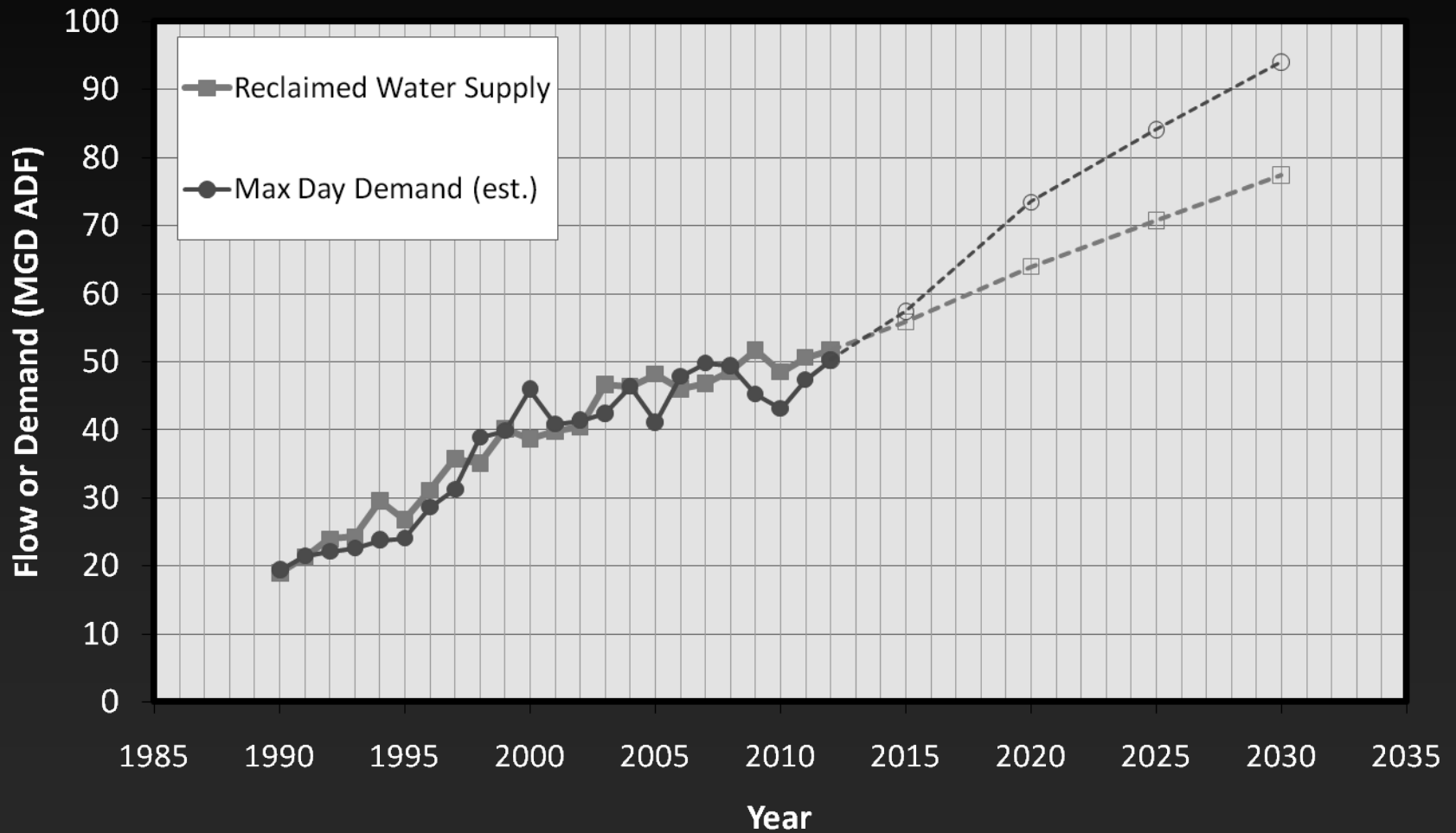
Reclaimed System under Peak Demand (e.g., May) Conditions, 1990-2030





Issues

Reclaimed System under Peak Demand (e.g., May) Conditions, 1990-2030





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Summary

- **Board of County Commissioners and the City Council established the Conserv II rate**
- **County and City prevailed on Citrus Growers' Litigation**
- **Unless the County and City want to revisit these decisions, the current rate schedule will continue to apply to citrus growers**

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DEVELOPMENT OF AN AGRICULTURE RECLAIMED WATER RATE

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Agricultural Rate

- **Commissioner Boyd's Request**
 - **Application of citrus growers' rate to other agricultural uses in Conserv II area to encourage economic growth**



Agricultural Rate

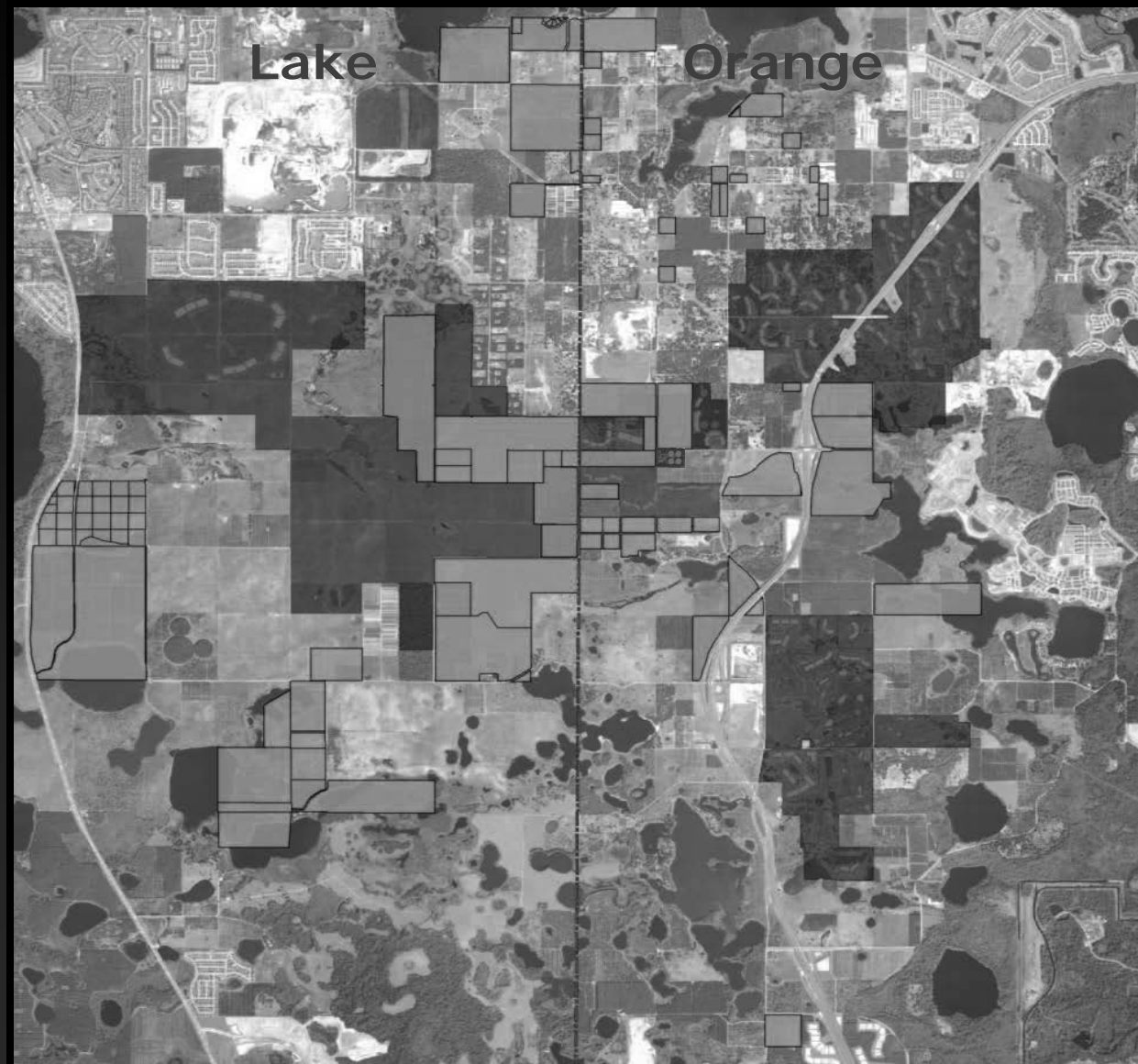
- **Non-Citrus Agricultural Reclaimed Water Customers**
 - Nurseries
 - Tree Farms
 - Fruits
 - Vegetables
 - Pasture
 - Horse Boarding
 - Landscape Materials





Agricultural Rate

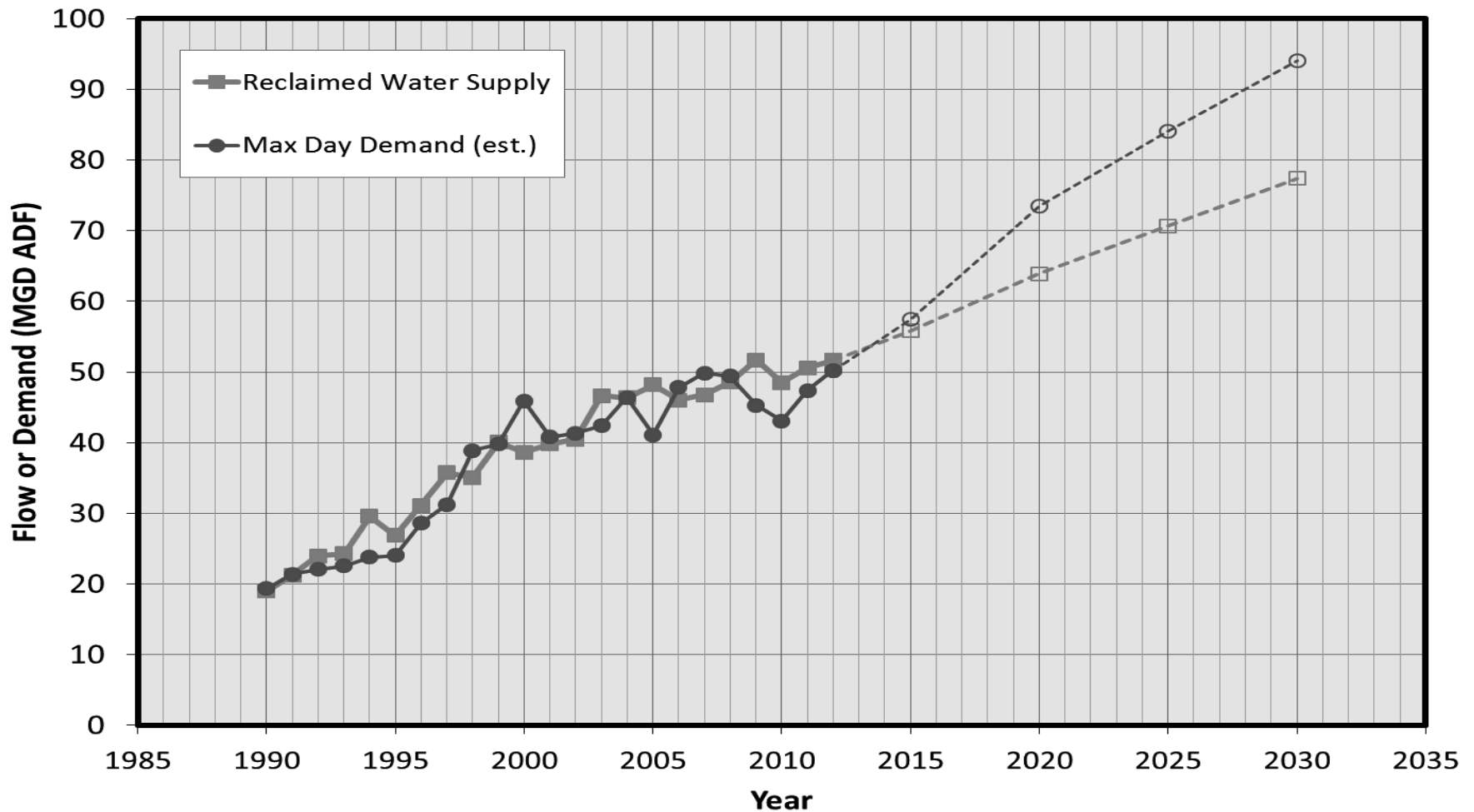
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Agricultural Rate

OCU Reclaimed System under Peak Demand (e.g., May) Conditions, 1990-2030





Agricultural Rate

- **Utilities' rates are all Countywide system rates**
- **Targeting geographic areas with specific rates would be counter to Utilities' rate philosophy**
- **Using General Fund or other source to provide this type of incentive could accomplish this**

DEVELOPMENT OF AN AGRICULTURE RECLAIMED WATER RATE

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