

Water conservation worked so well, rates are going up

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Frugal water use last year helped the Sonoma County Water Agency achieve a state-mandated reduction in diversions from the Russian River.

Now, the region's primary water purveyor says it must increase wholesale rates to its customers - North Bay cities and water districts - in part to compensate for the lost sales.

Wholesale rate hikes of 6.7 percent for Santa Rosa and Windsor, 7.2 percent for Sonoma and 10.7 percent for south county cities including Rohnert Park and Petaluma are proposed for adoption in the spring.

Officials in some cities said the increases will be absorbed but others said the higher costs are likely to be passed on to water users.

In Petaluma, City Council members said it was frustrating to learn that conservation efforts led to a rate hike - although city officials said it won't be felt by Petaluma residents just yet.

"You don't want to get penalized for doing the right thing," Councilwoman Teresa Barrett said at council meeting Monday.

North Bay residents stepped up beginning in July after a state order to reduce diversions from the Russian River by at least 15 percent to save water for winter salmon runs.

They cut back on things like lawn watering and car washing and used more well water, saving more than 21 percent from the river by October compared with diversions during the same period in 2004.

Water Agency officials warned that the resulting \$2.5million reduction in gross water sales would have a negative side effect. And it will.

In addition to raising the wholesale price to pay for capital improvements such as a \$75million aqueduct planned for Petaluma and northern Marin County, the agency needs a rate hike to recover lost revenue, said Spencer Bade, the agency's director of finance.

Bader said about half of the proposed increase can be traced to reduced sales, which account for about 10 percent of the agency's \$25 million operating and maintenance budget.

He said those costs are fixed and must be covered despite losses in revenue.

"The wholesale price we charge to our contractors, the eight cities we have a contract with, that did go up, partially, at least, because of the cutback in quantity delivered," Bader said.

The Board of Supervisors, which also serves as Water Agency directors, is expected to take up the proposed wholesale rate hikes in April.

New rates would range from \$441 per acre-foot to \$613 per acre-foot but it wasn't immediately clear how that would translate into retail prices.

Some cities planned ahead, and said retail increases won't occur right away.

Mike Ban, Petaluma's director of water resources and conservation, said residents won't see the increase in water bills.

The city plans to defer some capital costs to make up the difference and will ask that payments on the aqueduct be spread out to avoid sharp spikes in the future, Ban said.

If that isn't possible, the city may have to look at its rates at the end of the year, Ban said.

As it stands, Petaluma's water and sewer rates are being challenged by a ballot initiative to roll them back to 2006 levels. The initiative will appear on the Nov. 4 ballot.

"It's an unfortunate paradox with conservation," Ban said. "If the revenue goes down you still have to keep the pumps running and the equipment maintained."

Santa Rosa anticipated the wholesale increase in its current rate schedule, adopted in January, Deputy City Manager Greg Scoles said.

He said a city increase of more than 9 percent covers the wholesale water price and the city's own delivery costs.

"We're probably OK," Scoles said.

Sonoma officials said they, too, anticipated the increase in rates adopted earlier this month.

Rohnert Park City Manager Steve Donley said his city has a rate stabilization reserve for just such an occasion. But just how long the city can subsidize the increase is unclear, he said.

"I don't think we're in a position where we could wait a long time," Donley said.

Meanwhile, Petaluma Mayor Pam Torliatt, who serves on an advisory committee to the Water Agency, said the success of conservation was not driving the increase.

She said it had more to do with increased payroll and the 18-mile aqueduct, which is in design stages.

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