

# Board of Public Utilities

FY 2022/23 O&M, CIP and Regional Budget

Study Session

April 7, 2022



OUR FUTURE IN EVERY DRÖP

Kimberly Zunino  
Deputy Director Administration

# Overview

- Water, Wastewater and Regional Budgets
- Staff Assumptions
- Revenue to Expenditures
- Reserves
- Regional Partner Contribution Allocations
- CIP Review
- Budget Schedule



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# Staff Assumptions

- Water and Wastewater use flat
- Regional miscellaneous revenues increasing
- All other revenues will remain flat
- Rates will increase per proposed schedule

	July 2021	July 2022	July 2023	July 2024
Water Usage	2%	3%	3%	4%
Water Fixed	2%	3%	3%	4%
Sewer Usage	2%	2%	2%	2%
Sewer Fixed	2%	2%	2%	2%

# Increases

- Salaries - \$1,727,788
  - Two years of increases at 5.5%
  - Employee wellness - \$500 per employee
- Benefits - \$1,098,171
- Professional Services – \$430k
  - Biosolids, accreditation program requirements
- O&M Projects – \$1.5m
  - Phosphorus credits, continued failures at treatment plant
- Energy, Vehicle, Operational Supplies, Insurance and IT- \$2.3m
- Purchase of Water - \$870k

# Staffing Changes

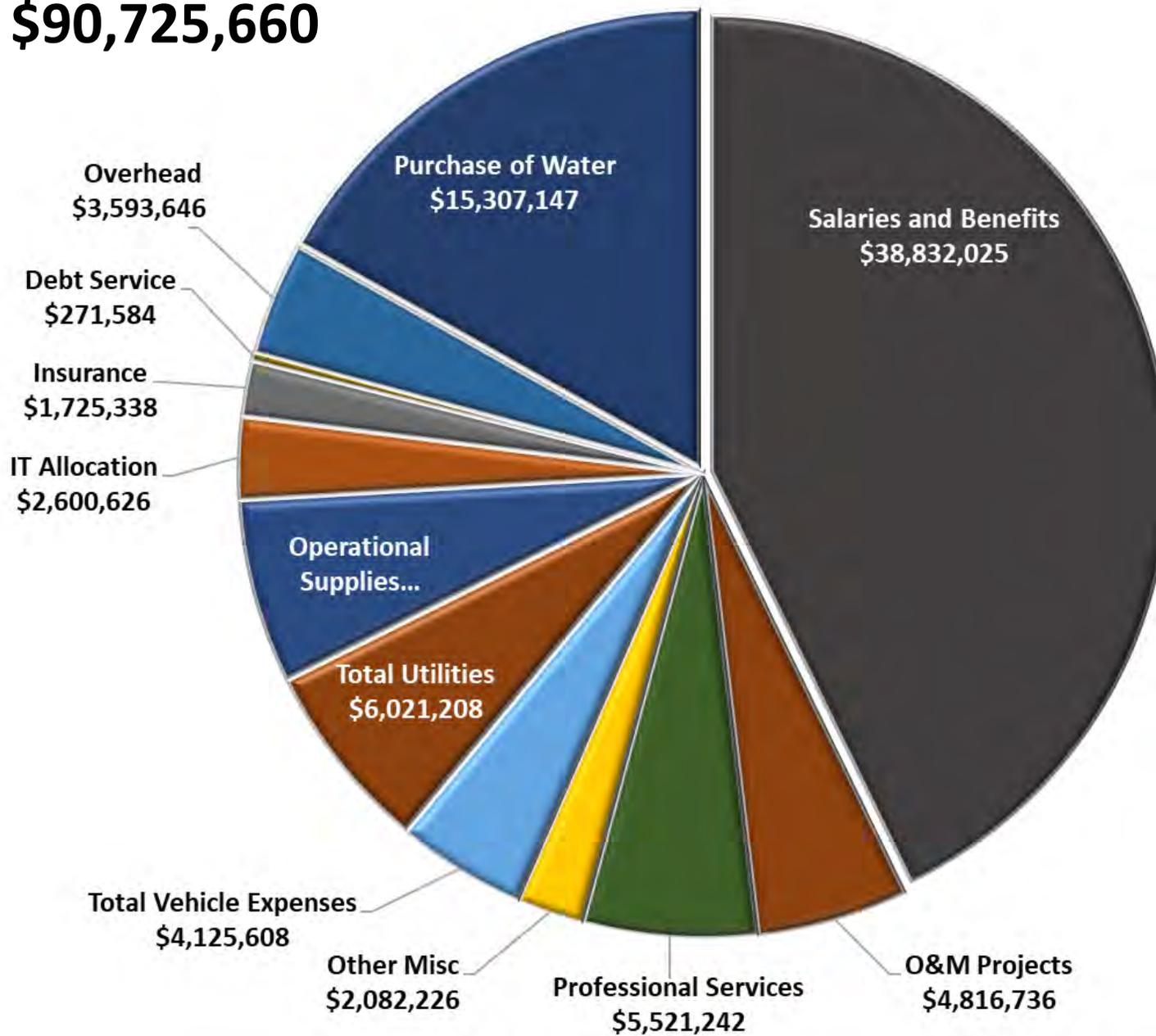
- New Staff – \$360k
  - 2-Utility System Operators, 1 Supervising Lab Analyst, increase half time Civil Engineering Technician to full time
- Reclassifications - \$120k
  - All vacant positions
- Vehicles - \$125k
  - 1 new vehicle for new USO's, 1 replacement vehicle not in replacement program

# Water and Local Wastewater Fund Changes

- Water Fund up – 6.0%
- Wastewater Fund up – 8.3%
- Subregional Fund up – 12.3%

# Santa Rosa Water FY 2022/23

## \$90,725,660



# Water Operations

Expenditure Object	2020-21 Total Request	2022-23 Total Request	Change	%
<b>1611 - Water Utility Operations</b>				
Operations and Maintenance Projects	\$1,228,343	\$430,632	(\$797,711)	-64.9
Salaries	\$3,746,611	\$4,242,620	\$496,009	13.2
Benefits	\$2,717,201	\$3,049,214	\$332,013	12.2
Professional Services	\$311,410	\$344,910	\$33,500	10.8
Misc - Training, Leases, Equip Rent, etc.	\$423,162	\$471,227	\$48,065	11.4
Vehicle Replacement and Maintenance	\$1,242,897	\$1,355,747	\$112,850	9.1
Water Billing Services	\$2,327,570	\$2,470,068	\$142,498	6.1
Utilities	\$1,384,686	\$1,490,846	\$106,160	7.7
Purchase of Water	\$14,437,103	\$15,307,147	\$870,044	6.0
Operational Supplies	\$1,132,150	\$1,302,450	\$170,300	15.0
Information Technology	\$680,389	\$758,901	\$78,512	11.5
Total Liab/Property Insurance	\$186,014	\$267,086	\$81,072	43.6
Internal & External Overhead	\$4,785,634	\$5,187,342	\$401,708	8.4
<b>Total Water Utility Operations</b>	<b>\$34,603,170</b>	<b>\$36,678,190</b>	<b>\$2,075,020</b>	<b>6.0</b>



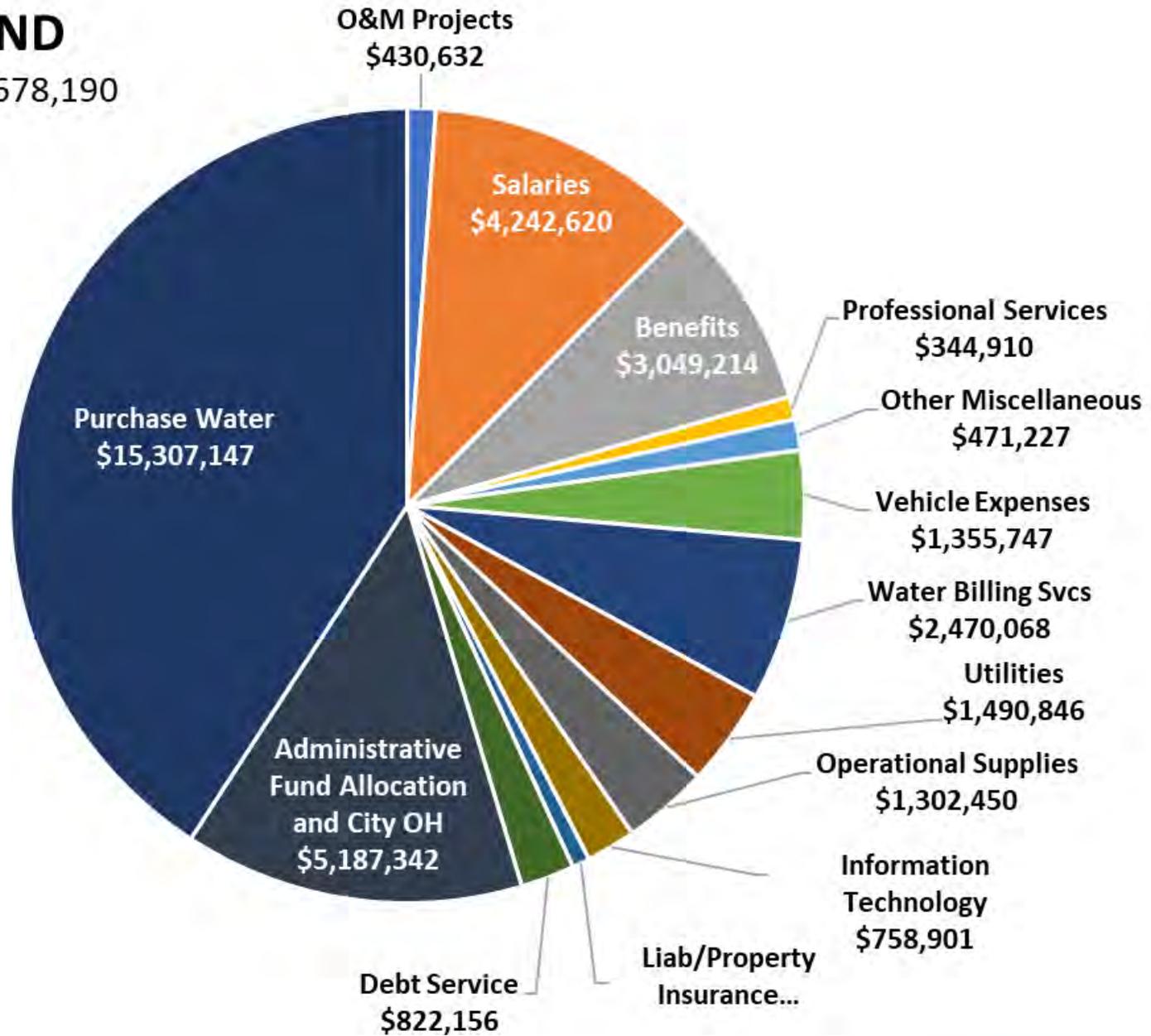
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# Purchase of Water

- Remaining Flat
  - Drought reduction made last year
- Sonoma Water increase 6.04%
  - From \$ 1,000.46 /Acre-foot to \$1,061.04/Acre-foot
- Long-range financial model incorporates 6% increase

# WATER FUND

Total Funding \$36,678,190



# Wastewater Operations

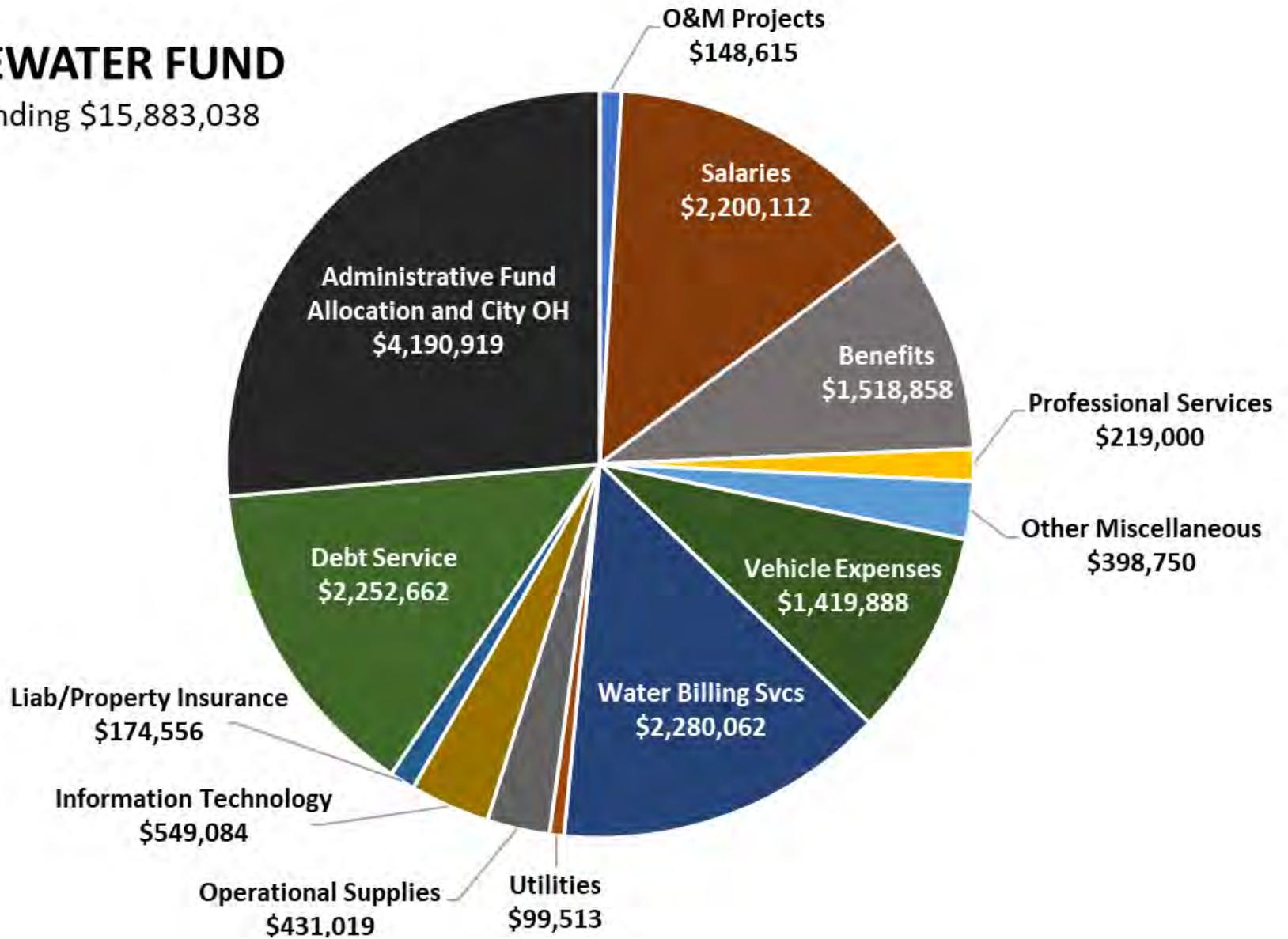
Expenditure Object	2020-21 Total Request	2022-23 Total Request	Change	%
<b>1621 - Local Wastewater Utility Fund</b>				
Operations and Maintenance Projects	\$113,943	\$148,615	\$34,672	30.4
Salaries	\$2,069,048	\$2,200,112	\$131,064	6.3
Benefits	\$1,412,183	\$1,518,858	\$106,675	7.6
Professional Services	\$217,000	\$219,000	\$2,000	0.9
Misc - Training, Leases, Equip Rent, etc.	\$407,650	\$398,750	(\$8,900)	-2.2
Vehicle Replacement and Maintenance	\$1,177,216	\$1,419,888	\$242,672	20.6
Water Billing Services	\$2,148,527	\$2,280,062	\$131,535	6.1
Utilities	\$92,913	\$99,513	\$6,600	7.1
Operational Supplies	\$387,400	\$431,019	\$43,619	11.3
Information Technology	\$493,651	\$549,084	\$55,433	11.2
Total Liab/Property Insurance	\$123,834	\$174,556	\$50,722	41.0
Internal & External Overhead	\$3,945,238	\$4,190,919	\$245,681	6.2
<b>Total- Local Wastewater Utility</b>	<b>\$12,588,603</b>	<b>\$13,630,376</b>	<b>1,041,773</b>	<b>8.3</b>



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# WASTEWATER FUND

Total Funding \$15,883,038

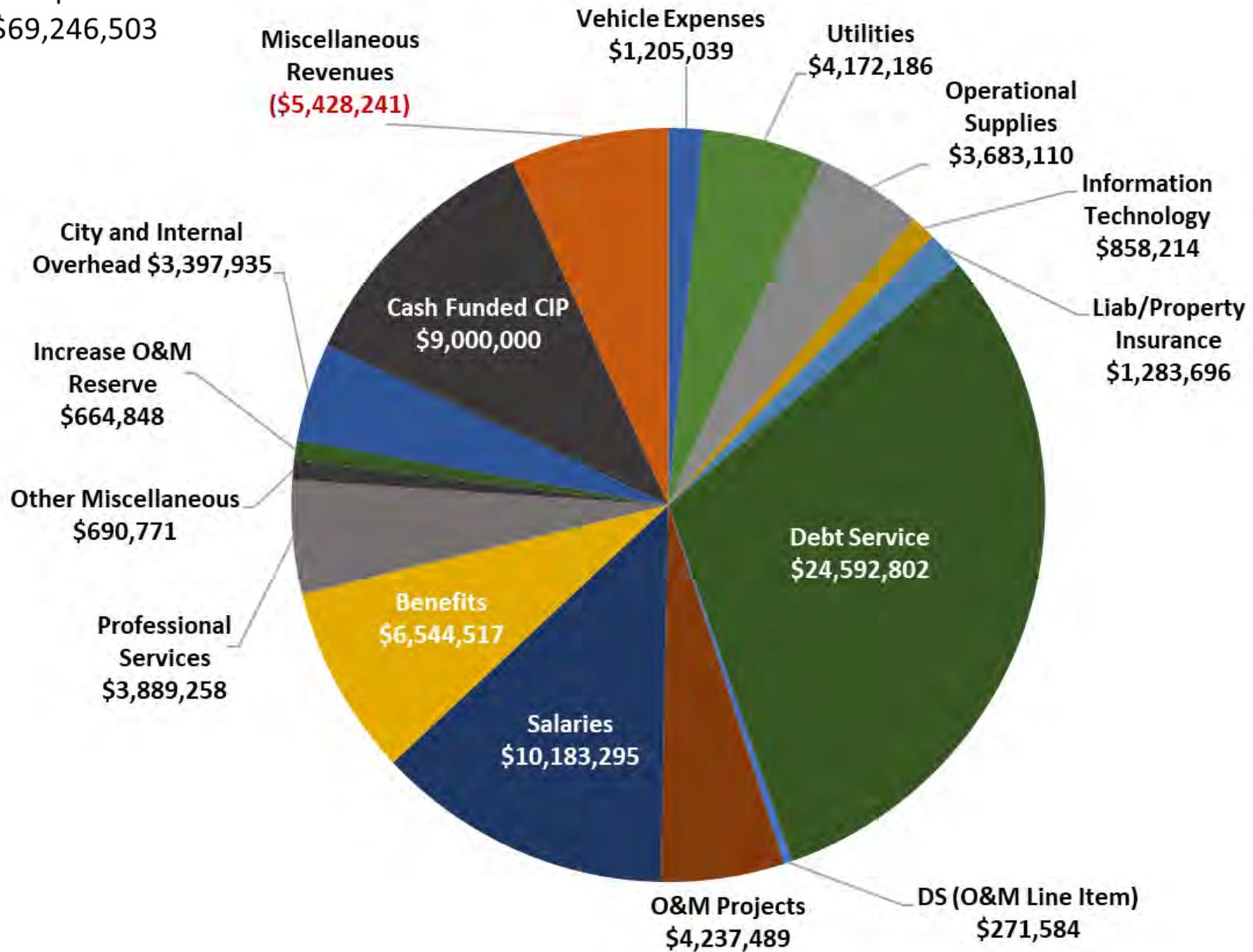


# Regional Operations

Expenditure Object	2020-21 Total Request	2022-23 Total Request	Change	%
<b>1631 - Regional Operations</b>				
Operations and Maintenance Projects	\$2,948,909	\$4,237,489	\$1,288,580	43.7
Salaries	\$9,354,803	\$10,183,295	\$828,492	8.9
Benefits	\$6,048,215	\$6,544,517	\$496,302	8.2
Professional Services	\$3,488,364	\$3,889,258	\$400,894	11.5
Misc - Training, Leases, Equip Rent, etc.	\$680,738	\$690,771	\$10,033	1.5
Vehicle Replacement and Maintenance	\$1,099,434	\$1,205,039	\$105,605	9.6
Utilities	\$3,967,295	\$4,172,186	\$204,891	5.2
Operational Supplies	\$3,063,560	\$3,683,110	\$619,550	20.2
Information Technology	\$767,681	\$858,214	\$90,533	11.8
Total Liab/Property Insurance	\$960,042	\$1,283,696	\$323,654	33.7
Debt Service	\$399,366	\$271,584	(\$127,782)	-32.0
Internal & External Overhead	\$3,206,370	\$3,397,935	\$191,565	6.0
<b>Total 1631 - Regional Operations</b>	<b>\$35,984,777</b>	<b>\$40,417,094</b>	<b>\$4,432,317</b>	<b>12.3</b>

# Regional Fund

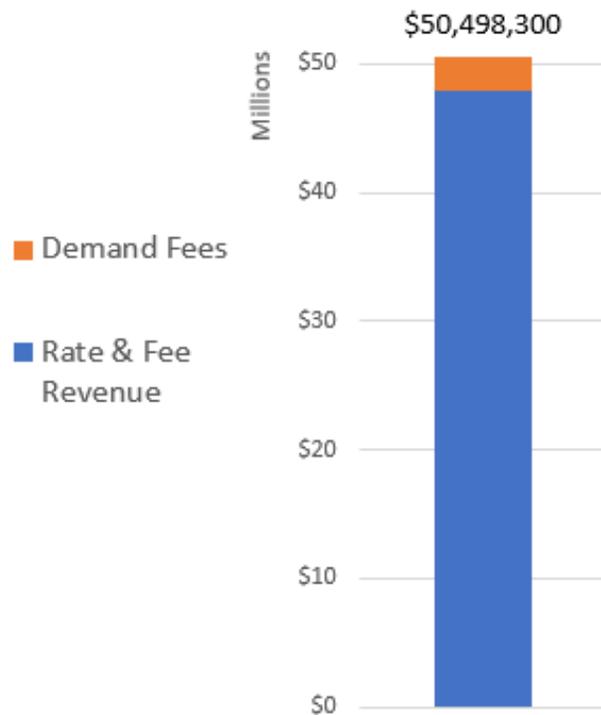
Total Expenditures  
\$69,246,503



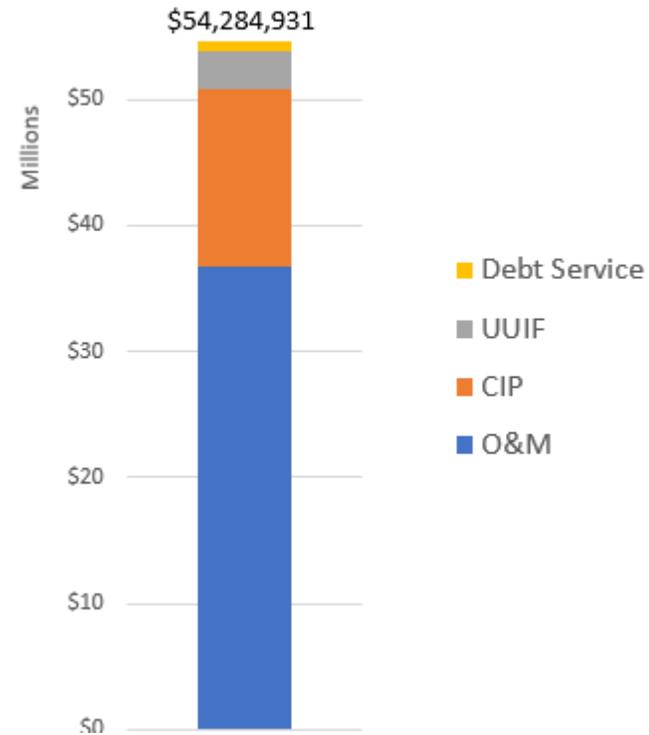
# Water Fund

## Revenues to Expenditures

### Revenue



### Expenditures

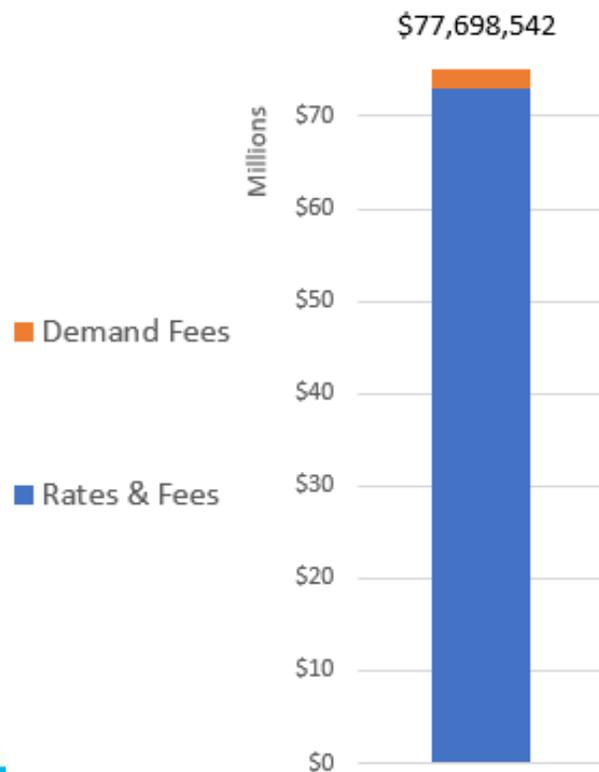


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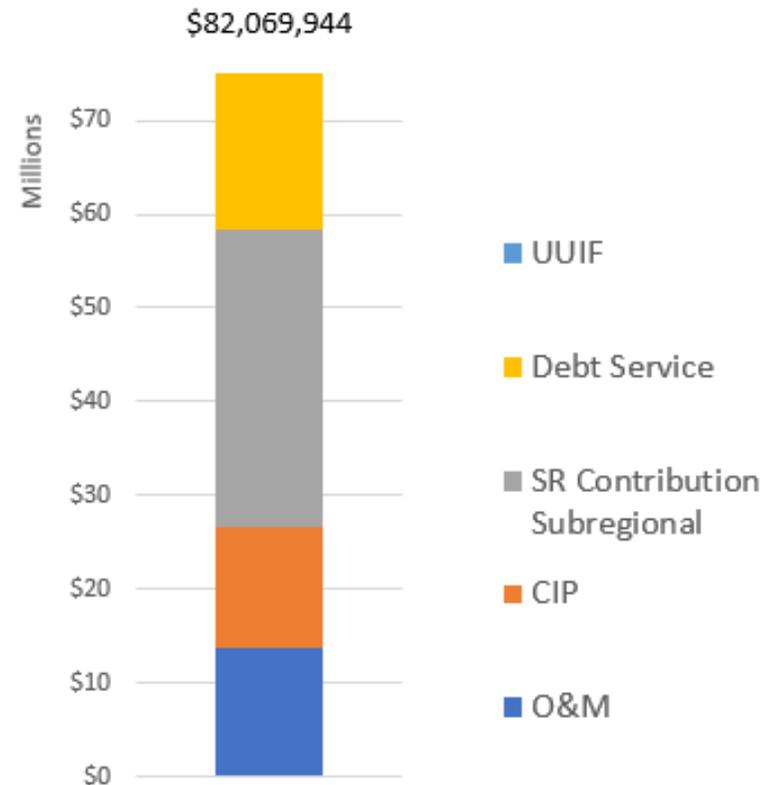
# Wastewater Fund

## Revenues to Expenditures

### Revenues



### Expenditures



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# Reserves

June 30, 2021

## Water

- **Operating**
  - \$5,118,576
- **Catastrophic**
  - \$5,750,000
- **Undesignated**
  - \$22,230,432

## Wastewater

- **Operating**
  - \$1,765,799
- **Catastrophic**
  - \$6,800,000
- **Undesignated**
  - \$24,552,030
- **Rate Stabilization**
  - \$1,000,000

## Regional

- **Operating**
  - \$4,953,436
- **Catastrophic**
  - \$1,700,000
- **Undesignated**
  - \$8,891,707
- **Geysers**
  - \$1,250,000

# Unfunded Liability

## 115 Trust

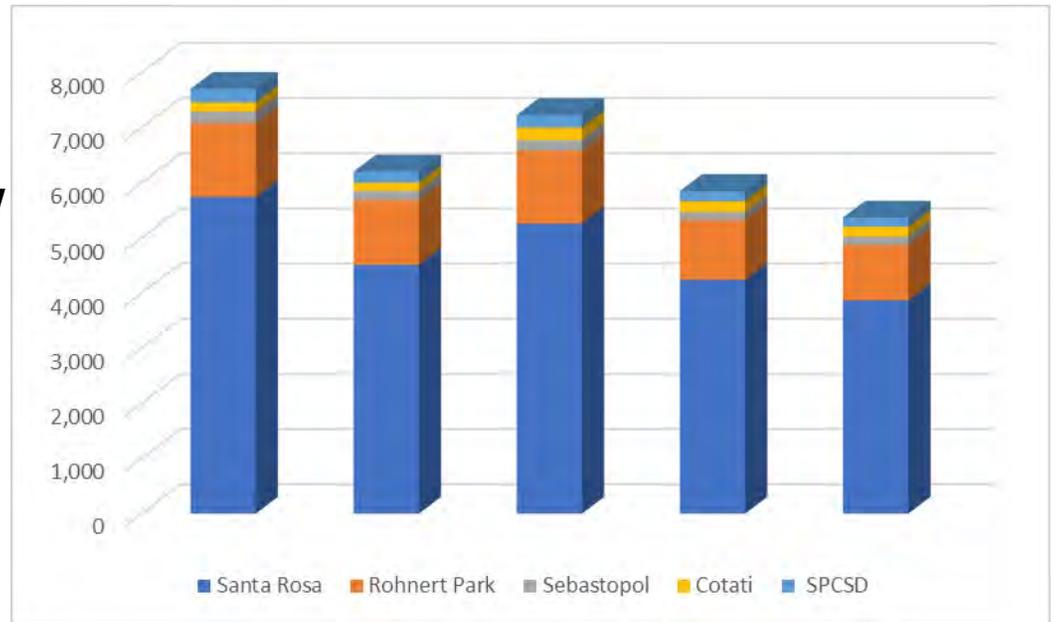
- Purpose for Trust
  - Build Trust Balance to Achieve 100% Funded Status
    - Water = \$3.5m – fully fund with undesignated fund balance
    - Local Wastewater = \$900k – fully fund with undesignated fund balance
    - Regional = \$3.2m (SRW 72%) – work on strategy for full funding
- Benefits
  - Increased generational equity by SRW reaching 100% funded status as early as possible
  - Would not burden future ratepayers for the pension of current employees
  - Establishes a clear goal for the fund tied to pension stabilization
- Risks
  - Will require additional funding for regional and possible future liability
  - Current budgeted funding for POB could be used moving forward

# Regional Contribution Allocations 2022/23



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# Annual Flow In Million Gallons



Actual Annual Flows	2016/17	2017/18	2018/19	2019/20	2020/21	2020/21 Percentage
Santa Rosa	5,741.70	4,512.33	5,259.45	4,240.24	3,867.02	72.04%
Rohnert Park	1,337.22	1,173.63	1,327.10	1,083.91	1,006.29	18.75%
Sebastopol	211.09	169.85	187.91	147.05	151.42	2.82%
Cotati	168.51	147.77	225.04	196.87	177.04	3.30%
SPCSD	242.01	200.61	230.58	183.63	166.31	3.10%
	7,700.53	6,204.19	7,230.08	5,851.70	5,368.08	



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## Fund Summary 2022/23

	2022/23 Budget
Operating Expenditure Request	\$40,417,094
Regional WW Capital (Cash funded CIP)	\$9,000,000
Additional Operating Reserve needed	\$664,848
<b>Expenditures Change in Operating Reserve</b>	<b>\$50,081,942</b>

### Regional System Reserves for 2022/23

Operating Reserves (15% of expenditures)	\$6,095,843	
Geysers Reserves	\$1,250,000	
Catastrophic Reserve	\$1,700,000	
User Agency Reserve	\$5,000,000	
	<b>\$13,254,170</b>	

### Agency Contribution Calculation:

Expenditures Change in Operating Reserve	\$50,081,942
Less Revenue	(\$5,428,241)
Fund Balance Applied	\$0
<b>Agency Contribution</b>	<b>\$44,653,701</b>

# Total Allocation

	Total 2021/22	2022/23 Budgeted O&M	2022/23 CIP Contribution	Sub Total O&M and CIP	2022/23 Debt Service	Total 2022/23	Difference
Santa Rosa	\$47,406,487	\$25,848,933	\$6,368,400	\$32,217,333	\$18,488,988	\$50,706,321	\$3,299,834
Rohnert Park	\$11,365,826	\$6,595,935	\$1,773,000	\$8,368,935	\$3,923,369	\$12,292,304	\$926,478
Sebastopol	\$1,747,669	\$891,343	\$293,400	\$1,184,743	\$719,116	\$1,903,859	\$156,190
Cotati	\$2,215,506	\$1,212,226	\$265,500	\$1,477,726	\$888,408	\$2,366,134	\$150,628
SPCSD	\$1,811,594	\$1,105,265	\$299,700	\$1,404,965	\$572,921	\$1,977,886	\$166,291
	\$64,547,081	\$35,653,701	\$9,000,000	\$44,653,701	\$24,592,802	\$69,246,503	\$4,699,422

*Miscellaneous Revenues removed from 2022/23 O&M*

# Capital Improvement Program 2022-23



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# Santa Rosa Water - Assets



627 Miles of Water Mains  
615 Miles of Sewer Main



23 Reservoirs



12,392 Sewer Manholes



20 Pump Stations  
17 Sewer Lift Stations



29,292 Water Valves



6,507 Hydrants



Geysers Operations



Laguna Treatment Plant

# CIP Funding

- Planned Funding
  - Water - \$14,200,000
  - Wastewater - \$13,100,000
  - Regional - \$9,000,000



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# Document Overview

PID	IFAS Key	Project Title	Funding Type	Carryover From 2015-16	2016-17 Budget Request	2016-17 Mid-Year Revisions	See Note [n]	YTD Expenditures	Current Encumbered	Total Available 2/28/2017	REQUEST - PROJECTED -					5 YEAR TOTAL
											YEAR 1 2017-18	YEAR 2 2018-19	YEAR 3 2019-20	YEAR 4 2020-21	YEAR 5 2021-22	
<b>SUBREGIONAL OPERATIONS</b>																
<b>FUND 1639 - SUBREGIONAL WW CAPITAL FUND</b>																
2093	86579	Reclamation Pipe Replacement	NEW	\$0	\$0	\$0		\$0	\$0	\$0	\$0	\$100,000	\$0	\$0	\$0	\$100,000
2096	86580	Filter Valve Actuators - Phase 2	NEW	\$0	\$0	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$1,300,000	\$0	\$1,300,000
2098	86581	Seismic Eval and retrofit - LTP Maint Building	NEW	\$0	\$0	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$900,000	\$0	\$900,000
2100	86582	Filter Influent Pmp Strn Discharge Piping	NEW	\$0	\$0	\$0		\$0	\$0	\$0	\$50,000	\$0	\$0	\$350,000	\$0	\$400,000
2102	86583	Biosolid Agitator Pos Ctl Improvements	NEW	\$0	\$0	\$0		\$0	\$0	\$0	\$0	\$250,000	\$0	\$0	\$0	\$250,000
2103	86584	LTP Booster Strn 1 Replacement	NEW	\$0	\$0	\$0		\$0	\$0	\$0	\$200,000	\$0	\$0	\$0	\$0	\$200,000
2104	86585	LTP Fleet Gas Station	NEW	\$0	\$0	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$300,000	\$0	\$300,000
1885	86553	Subregional System Master Plan, Phase 2	NEW	\$0	\$0	\$0		\$0	\$0	\$0	\$50,000	\$300,000	\$300,000	\$0	\$0	\$650,000
2110	86577	Reclamation System Condition Assessment Analysis - Phase 1	NEW	\$0	\$0	\$0		\$0	\$0	\$0	\$50,000	\$0	\$0	\$0	\$0	\$50,000
2097	86587	Cmbnd Heat and Power Exhaust Mods	NEW	\$0	\$0	\$0		\$0	\$0	\$0	\$200,000	\$0	\$0	\$0	\$0	\$200,000
2049	86573	Superstructure Removal Phase 2	NEW	\$0	\$0	\$0		\$0	\$0	\$0	\$250,000	\$550,000	\$1,000,000	\$930,000	\$700,000	\$3,430,000
2111	86586	Upsize Geysers connection - Delta Pond	NEW	\$0	\$0	\$0		\$0	\$0	\$0	\$400,000	\$0	\$0	\$0	\$0	\$400,000
2101	86588	Digester Gas Cond Improvements	NEW	\$0	\$0	\$0		\$0	\$0	\$0	\$450,000	\$0	\$0	\$0	\$0	\$450,000
2105	86589	Replace Chillers and HVAC Admin Bldg	NEW	\$0	\$0	\$0		\$0	\$0	\$325,000	\$725,000	\$0	\$0	\$0	\$0	\$725,000
<b>Subtotal - Subregional WW Capital Fund</b>				<b>\$3,369,928</b>	<b>\$3,548,004</b>	<b>\$3,375,000</b>		<b>\$3,507,983</b>	<b>\$1,110,437</b>	<b>\$5,674,513</b>	<b>\$3,080,000</b>	<b>\$4,080,000</b>	<b>\$5,080,000</b>	<b>\$6,080,000</b>	<b>\$7,080,000</b>	<b>\$25,400,000</b>
<b>SUBREGIONAL RESERVES</b>																
523	86458	Subregional CIP Project Contingency	CONT	\$1,000,000	\$0	-\$25,000		\$0	\$0	\$975,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$5,000,000
<b>SUBTOTAL SUBREGIONAL OPERATIONS &amp; RESERVES</b>				<b>\$4,369,928</b>		<b>\$3,350,000</b>		<b>\$3,507,983</b>	<b>\$1,110,437</b>	<b>\$6,649,513</b>	<b>\$4,080,000</b>	<b>\$5,080,000</b>	<b>\$6,080,000</b>	<b>\$7,080,000</b>	<b>\$8,080,000</b>	<b>\$30,400,000</b>

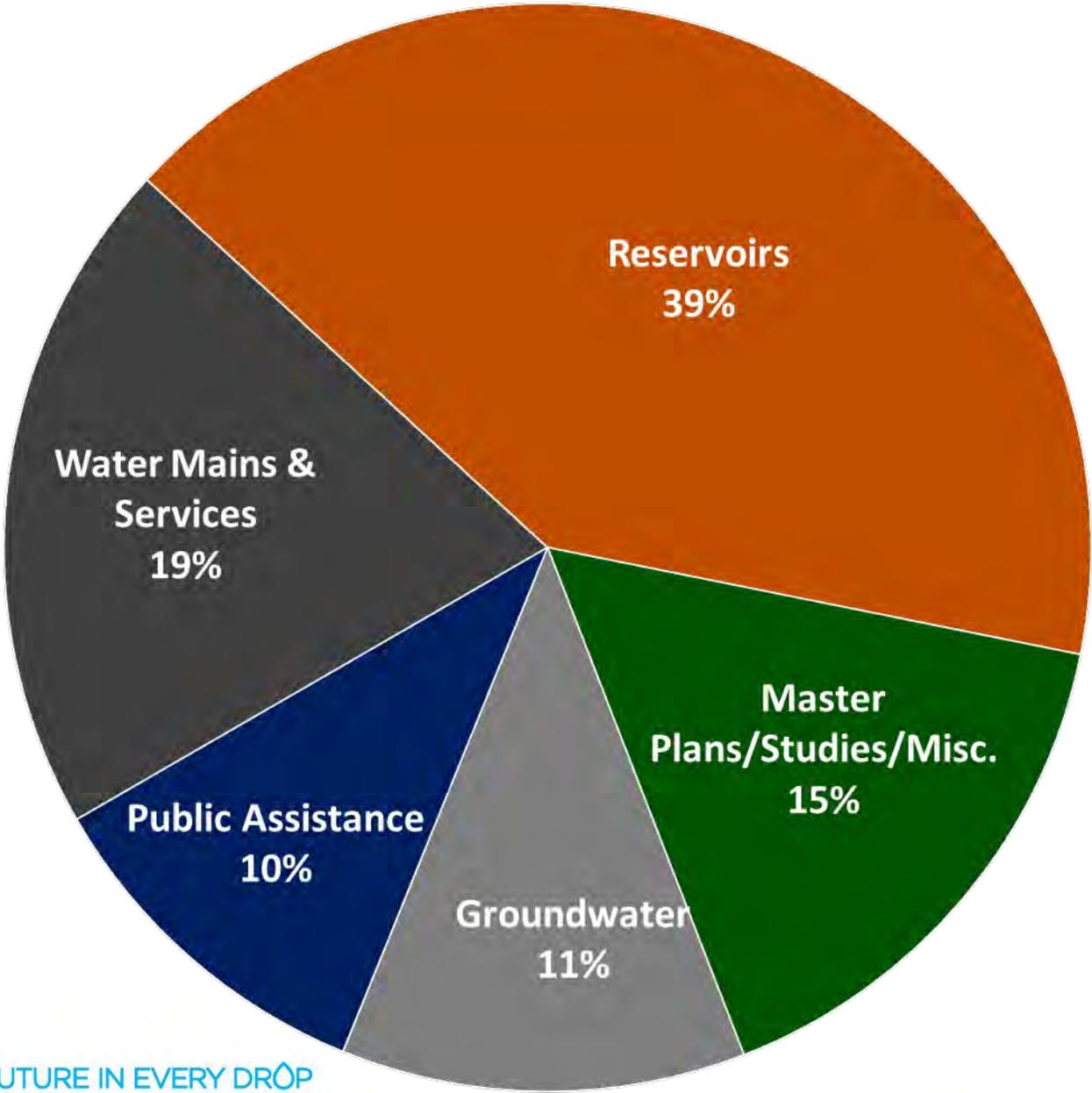
**Funding Type:**

- CANC = Project is expected to be completed by end of current fiscal year
- CONT = Continue project with additional funding
- CO = Carryover project with no additional funding
- NEW = New project with initial funding within five year plan



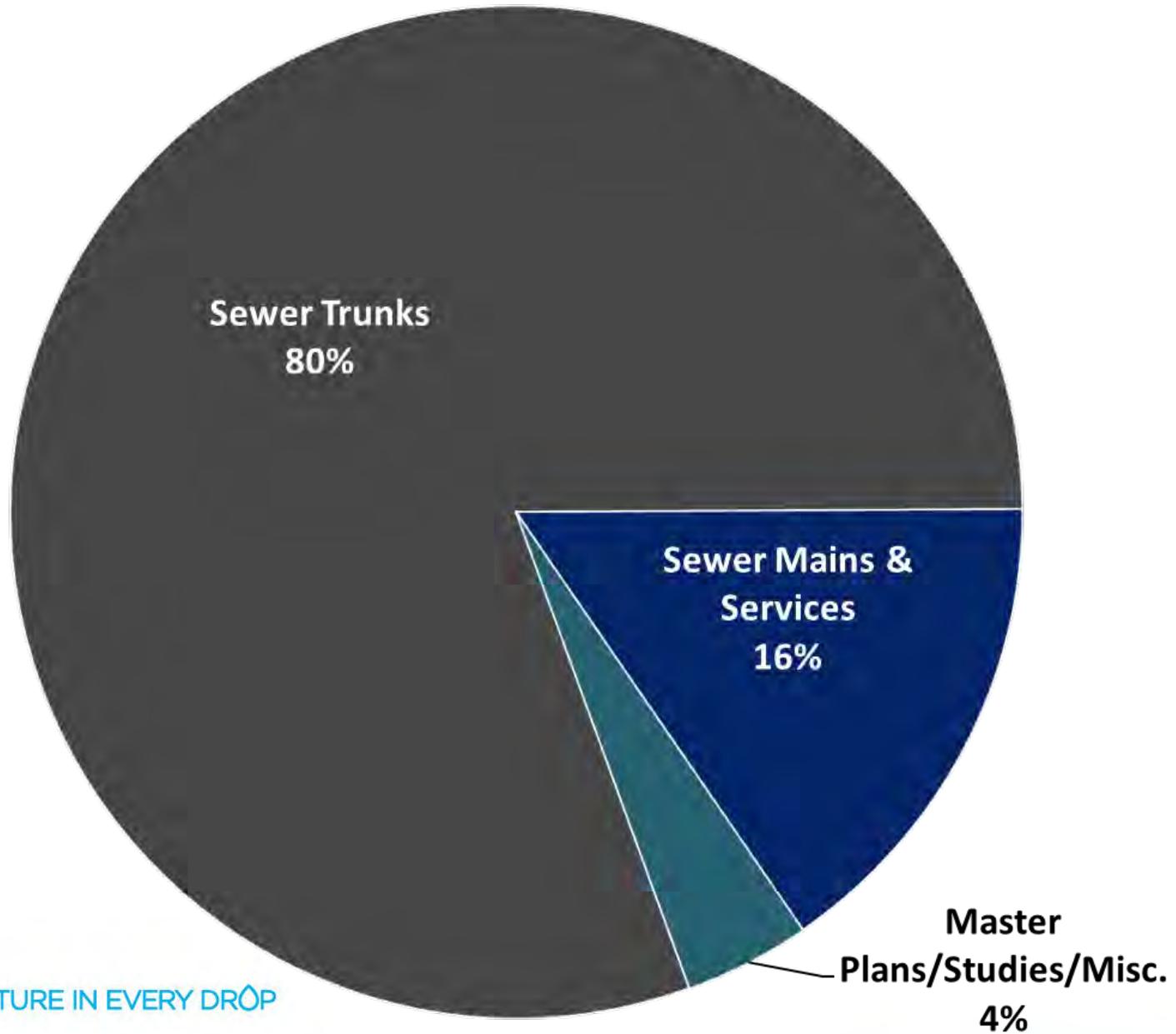
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# Water - \$14,203,700



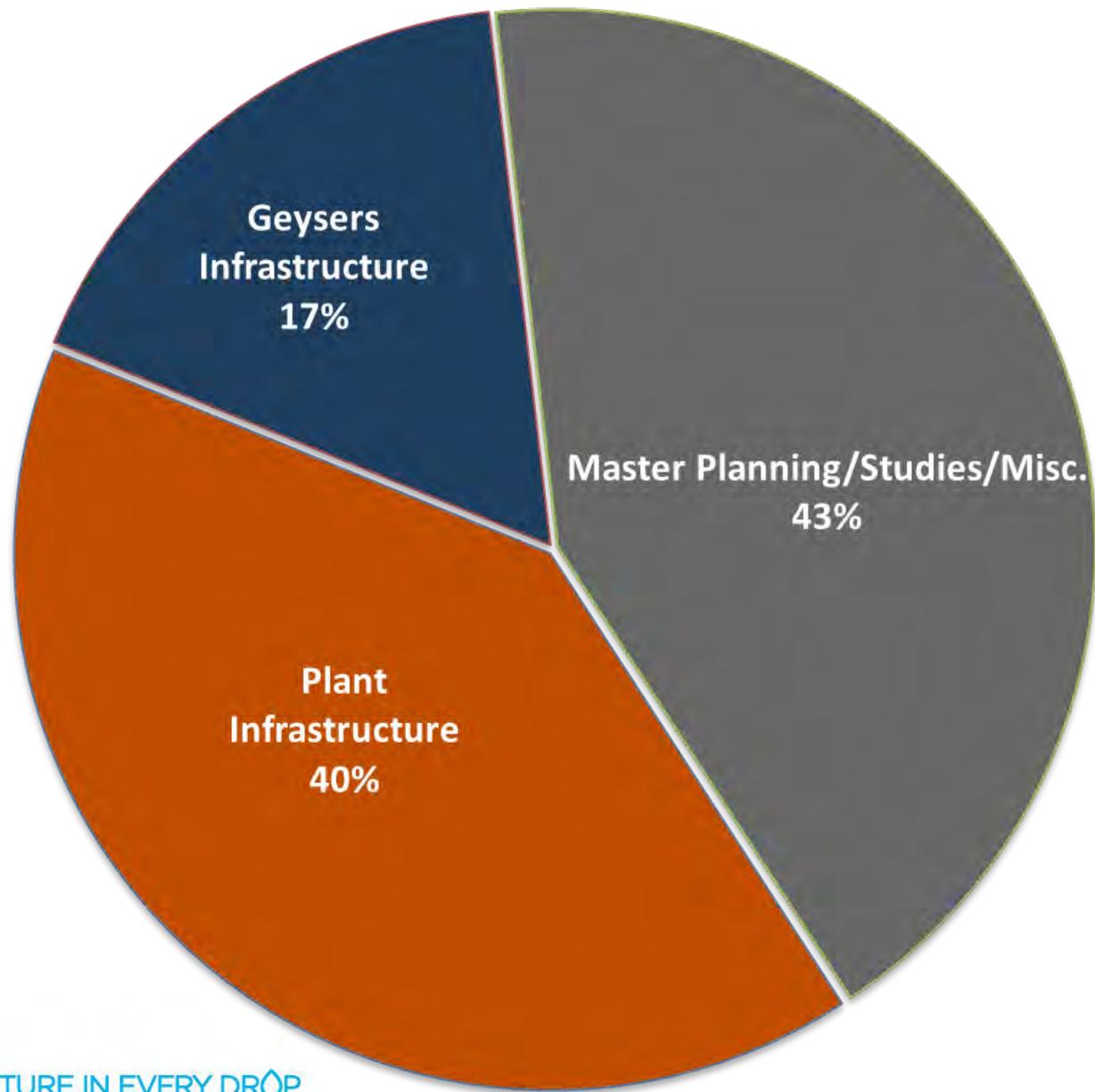
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# Wastewater - \$13,111,900



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# Regional - \$9,000,000



# 2022-23 Proposed CIP

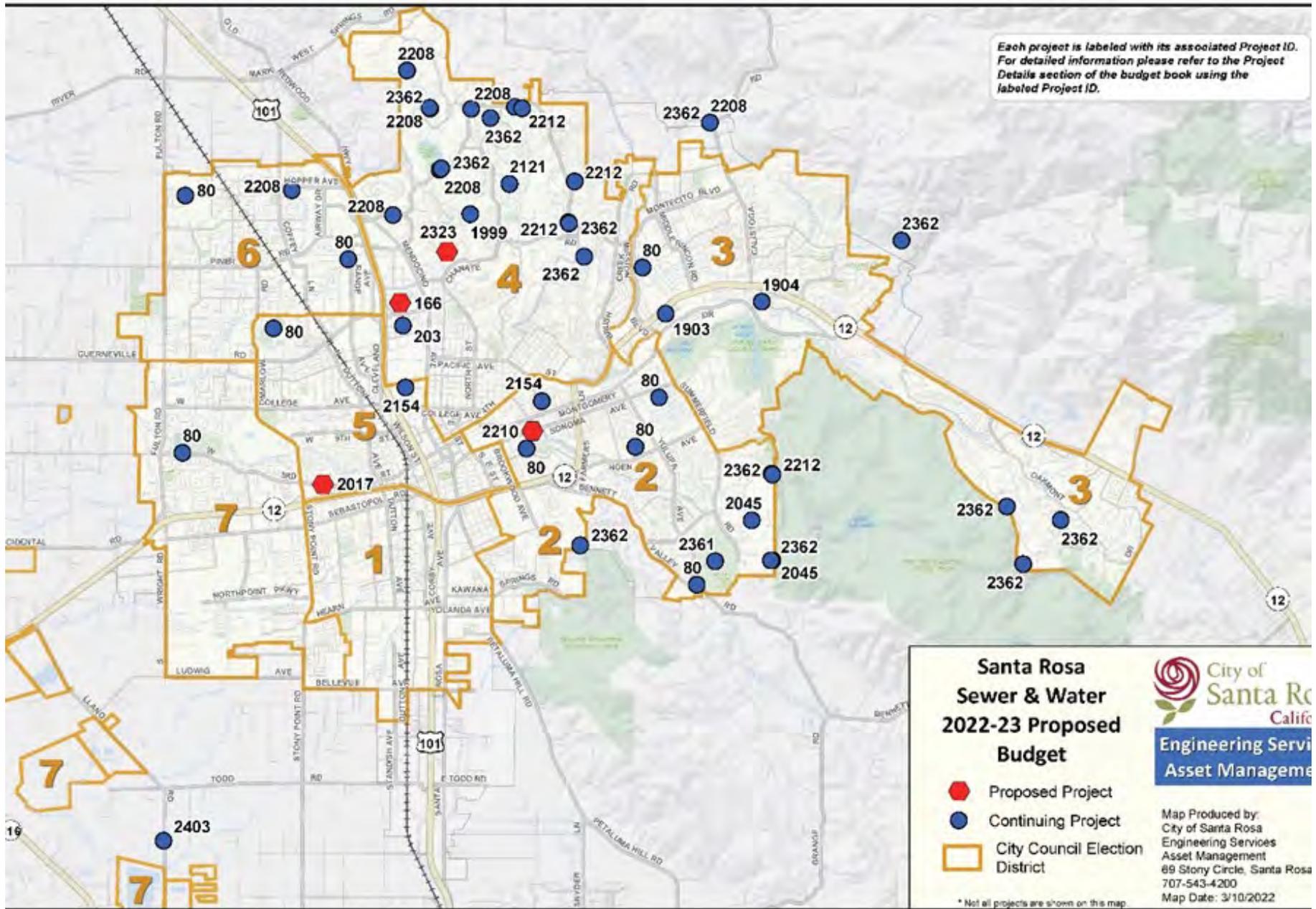
## Water and Wastewater Highlights

### Five\* New Projects

- PID 166 – Myers Drive Sewer and Water Project
- PID 2017 – Crosstown Trunk Replacement – 1
- PID2210 – Sonoma Avenue & Montgomery Drive Water Project
- PID 2323 – Terra Linda & Buena Vista Phase 2 - Sewer and Water Project
- \* PID 2403 – Sewer Trunk Lining using Design Build

### Multiple Continuation Projects

- Sewer Trunk Projects
  - Realignment
  - Lining
- Neighborhood Replacement Projects
- Reservoir and Pump Station Upgrades
- Undersized fuel tank with deformed walls



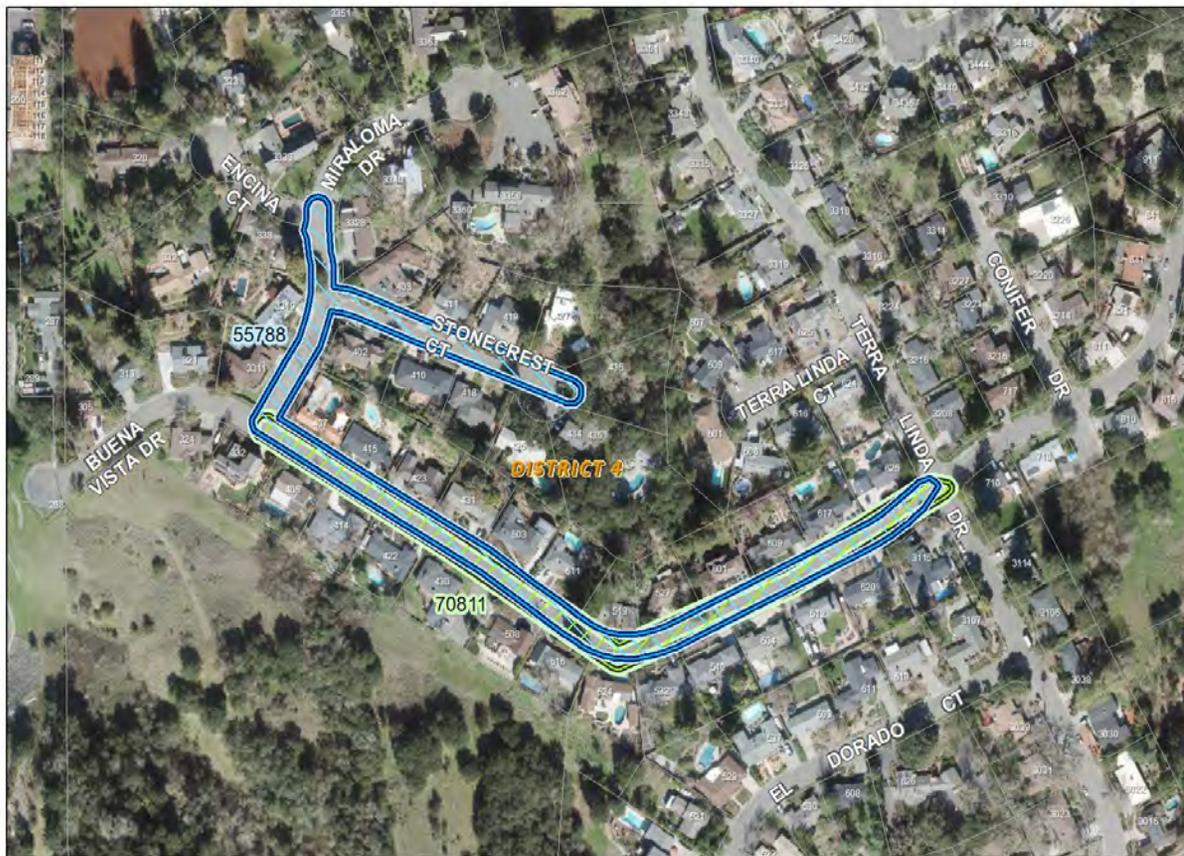
# 2022-23 Proposed CIP Local Water and Local Wastewater Highlights

- Terra Linda and Buena Vista Phase 2 - Sewer and Water Project

- PID 2323

- Project Objectives

- Replace the existing 6-inch AC Sewer Main with 8-inch PVC
- Replace the existing 4-inch and 6-inch AC and CI Water Main with 8-inch PVC
- Improve Fire Flow Deficiencies



Project Number: 2323

Terra Linda and Buena Vista Sewer and Water Replacement - Phase 2

Project Status: Future

Project Areas (JL Keys labeled)

Water Sewer



0 100 200 400 Feet City (2020) & County (2016) Aerials shown  
Map Date: 3/10/2022

-Information and features shown on this map are intended for general location use only and may contain errors. Map produced by City of Santa Rosa, Asset Management Division.

# 2021-22 Proposed CIP Local Water and Local Wastewater Highlights

- Llano Trunk Rehabilitation – Phase 1
  - PID 2403

- Project Objectives

- Line approximately 7,300 feet of 66-inch sewer trunk along Llano Road and within the Laguna Treatment Plant



Project Number: 2403

Llano Trunk Rehabilitation Phase 1

Project Status: Planning

Project Areas (JL Keys labeled)

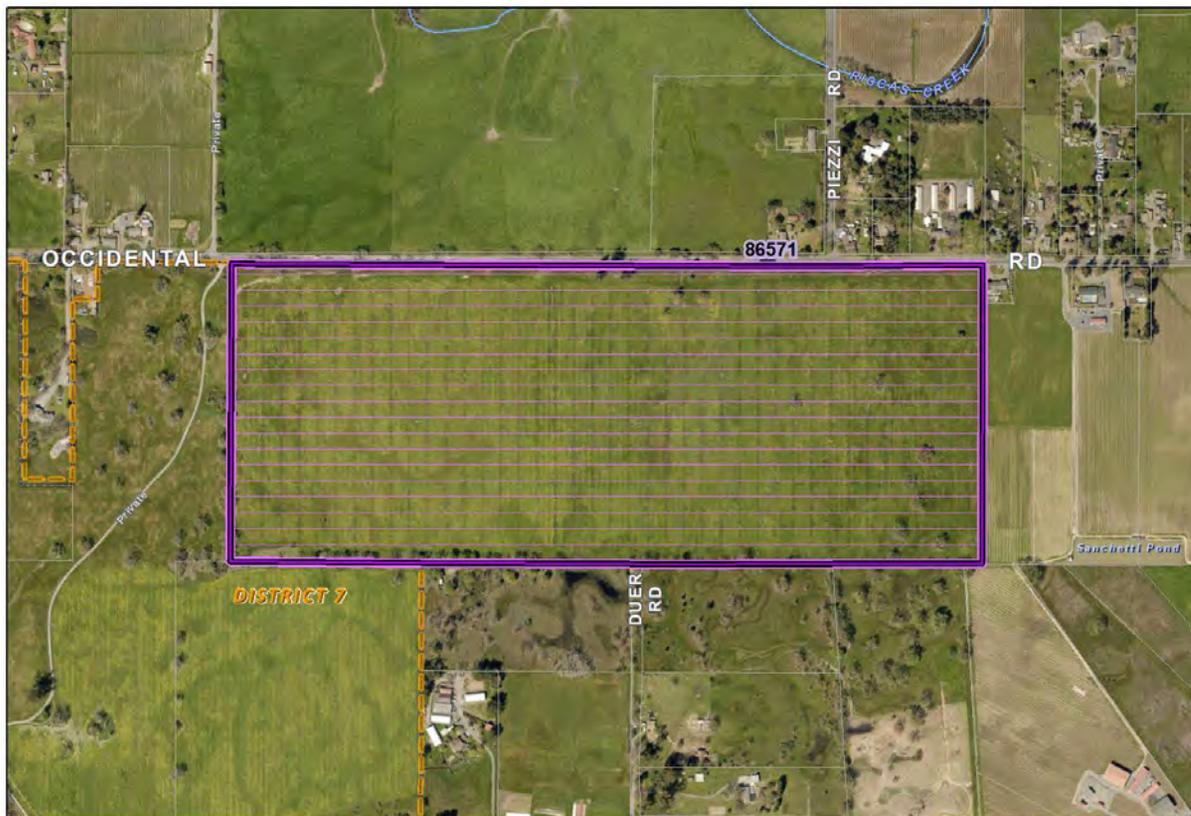
Sewer

0 200 400 800 1,200 1,600 2,000 2,400 2,800 Feet City (2020) & County (2015) Aerials shown. Map Date: 3/10/2022

- Information and features shown on this map are intended for general location use only and may contain errors. Map produced by City of Santa Rosa, Asset Management Division. -

# 2021-22 Proposed CIP Subregional Project Highlights

- Subregional Mitigation Bank Development
  - PID 2046
- Development of an endangered species (e.g. California Tiger Salamander) mitigation bank on Subregional Property.
- The mitigation credits would be used for City Projects only, with emphasis placed on high priority and Subregional projects.



Project Number: 2046

Subregional Mitigation Bank Development

Project Status: Design

Project Areas (JL Keys labeled)

Subregional



0 100 200 400 600 800 1,000 1,200 1,400 Feet City (2020) & County (2018) Aerials shown Map Date: 3/10/2022

- Information and features shown on this map are intended for general location use only and may contain errors. Map produced by City of Santa Rosa, Asset Management Division. -



- LTP Electrical Infrastructure Replacement
  - PID 2050
- 1. Emergency Generator Switchgear
- 2. Standby Power System Redundancy
- 3. Replace SWGR M1, Install new Switchgear M3
- 4. Install ductbank system from new SWGR M3 to Load Centers
- 5. Convert 15kV overhead to underground.
- 6. Replace Existing Load Centers
- 7. Replace existing 15kV cables from SWGR M1/M2 to Load Centers

# Budget Schedule

- **BPU** – March 17<sup>th</sup>
  - Sonoma Water Rate Increase
- **City Council** – March 29<sup>th</sup>
  - Sonoma Water Rate Increase
- **Regional Partners** – February 10<sup>th</sup>, March 10<sup>th</sup> & April 7<sup>th</sup>
- **BPU Budget Subcommittee** – February 23<sup>rd</sup> & March 15<sup>th</sup>
- **BPU** – April 7<sup>th</sup>
  - O&M, CIP and Regional Study Session
- **BPU** – April 21<sup>st</sup>
  - Budget Recommendation to City Council
- **City Council** – April 26<sup>th</sup>
  - Preliminary approval of Regional Budget
- **City Council** – May 10<sup>th</sup> & 11<sup>th</sup>
  - Budget Study Sessions
- **City Council** – June 21<sup>st</sup>
  - Budget Adoption

# DISCUSSION / QUESTIONS?



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# CONNECT WITH US!

CALL: 707.543.4200

EMAIL: [SRWATER@SRCITY.ORG](mailto:SRWATER@SRCITY.ORG)

VISIT: SRCITY.ORG/WATER



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