

CITY OF SANTA ROSA  
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL  
FROM: KIMBERLY ZUNINO, DEPUTY DIRECTOR ADMINISTRATION  
WATER DEPARTMENT

SUBJECT: SONOMA COUNTY WATER AGENCY 2018/19 WATER  
TRANSMISSION BUDGET AND RATE INCREASE

AGENDA ACTION: MOTION

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RECOMMENDATION

It is recommended by the Board of Public Utilities and the Water Department that the Council, by motion, consider the Sonoma County Water Agency (Water Agency) 2018/19 Water Transmission Budget and proposed rate increase and provide direction to its Water Advisory Committee (WAC) representative for the WAC vote on April 2, 2018.

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EXECUTIVE SUMMARY

The City of Santa Rosa purchases approximately 90% of the water supplied to our customers from the Water Agency. The Water Agency is proposing to raise the wholesale rate of water by 3.67% from \$846.78 to \$877.89 per acre foot. This increase is 'passed through' to Santa Rosa customers and would result in an average increase to the water usage charge of 1.6%.

The Board of Public Utilities reviewed the Water Agency proposed budget and rate increase on March 1, 2018 and made a recommendation to City Council. The City Council may advise its representative to the Water Advisory Committee (WAC) prior to a WAC vote. The WAC is an advisory board to the Water Agency. Ultimately, the Water Agency Board of Directors will have final authority to approve the proposed rate increase.

BACKGROUND

There is a Water Advisory Committee (WAC) made up of elected officials of each of the prime contractors to the Water Agency's wholesale water. The WAC is an advisory committee to the Water Agency Board of Directors. The City's WAC Representative is Council Member Tom Schwedhelm. On April 2, 2018, the WAC is scheduled to vote on whether or not to recommend the Water Agency budget and proposed rate increase for approval of the Water Agency Board of Directors.

There is also a Technical Advisory Committee (TAC) to the WAC made of technical staff of each of the prime contractors to the Water Agency's wholesale water. The TAC provides technical analysis and recommendations to the WAC.

### PRIOR CITY COUNCIL REVIEW

Each year the City Council reviews the Water Agency budget and proposed rate increase and makes a recommendation to the WAC representative.

### ANALYSIS

Water Agency staff presented the proposed 2018/19 Water Transmission System budget to the TAC budget subcommittee over a series of meetings in January. Working with the TAC budget subcommittee, Water Agency staff made adjustments to the budget resulting in the proposed rate increase. The TAC reviewed the proposed budget and rate increase on March 5, 2018 and voted to support the request. The Water Agency proposes to increase rates for wholesale water on the Santa Rosa Aqueduct by 3.67% or from \$846.78 per acre foot to \$877.89 per acre foot. Significant factors driving the 2018/19 Water Agency budget are as follows:

1. Per the Restructured Agreement, estimated water deliveries for 2018/19 are 41,768 acre feet – the lower of the previous 12 months or the average of the past three years.
2. The overall Operations and Maintenance charge is up 1.1% which includes increased expenditures on large, non-routine maintenance projects.
3. Two of the Operations and Maintenance subcharges have been reduced for FY18/19.
4. The Common Bond & Loan charge is up 42.8% due to new financing in FY18-19.
5. The Santa Rosa Aqueduct Capital Charge, which is classified as a discretionary charge, remains at \$19.50 an acre foot to accumulate funding for capital projects specific to the Santa Rosa Aqueduct. Santa Rosa and Windsor pay into the Santa Rosa Aqueduct Capital Charge.

### FISCAL IMPACT

The proposed wholesale water rate increase is \$31.11 per acre foot or 3.67%. At the Water Agency estimated delivery of 41,768 acre feet, this would be a \$1,299,402 increase spread across all the contractors. Santa Rosa's estimated water use for next year of 16,290 acre feet would result in an estimated increase of \$506,782. Per the pass-through calculation included in the City code, the average pass-through increase to a customer's water usage charge, if this rate is approved, will be 1.6% or about \$0.67 for a typical single family residential customer. The water usage charge is only one component of the average bill.

### ENVIRONMENTAL IMPACT

This action is exempt from the California Environmental Quality Act (CEQA) because it is not a project which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, pursuant to CEQA Guideline section 15378.

## BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

The Technical Advisory Committee to the Water Agency's Water Advisory Committee voted to support this request at their meeting on March 5, 2018.

The Board of Public Utilities reviewed the SCWA proposed budget and rate increase on March 1, 2018 and made a recommendation to City Council.

## NOTIFICATION

Not Applicable.

## ATTACHMENTS

- Attachment 1 – Sonoma County Water Agency Water Transmission FY 2017/18 Draft Budget Rates

## CONTACT

Kimberly Zunino  
Deputy Director, Water Administration  
(707) 543-3960  
[kzunino@srcity.org](mailto:kzunino@srcity.org)