

# SANTA ROSA WATER

2015/16 BUDGET

Water, Wastewater, & Subregional

Board of Public Utilities Study Session

March 19, 2015



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- Mission
- Budget Process
- 2015/16 Operations & Maintenance Budget Request
- Revenue Estimates and Fund Balance
- Discussion





# Our mission:

Protecting public health  
by sustaining water  
resources, infrastructure  
and the environment



# BUDGET PROCESS



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# TWO YEAR CYCLE

- Every two years, staff develops a two year budget
  - 2015/16 is the 1<sup>st</sup> year of a two year cycle
- The Board and Council recommend and adopt only the current year
- The Board and Council recommend and adopt rates every two years
  - Rates were adopted in 2014 for 2014 and 2015
  - The Board will review rates again in 2015
    - New Cost of Service Rate Study underway



# APPROPRIATIONS

- Council approves a ‘budget’ that is made up of appropriation limits
  - Legal expenditure authority
  - Control of expenditures; “not to exceed”
- Rules for mid-year changes
  - May not cross funds
  - Signature authority limits
  - Similar intent



# ONGOING TRACKING

- Monthly reports
  - Rate revenue
  - BPU Resolution – Revenue Shortfall / Overage
- Quarterly reports
  - Quarterly CIP presentation to the Board
  - Mid-Year capital projects and transfers
    - Transfers between or to create new capital projects
      - Revisions from approved budget
      - Fall within certain limitations – similar intent



# 2015/16 OPERATIONS & MAINTENANCE BUDGET

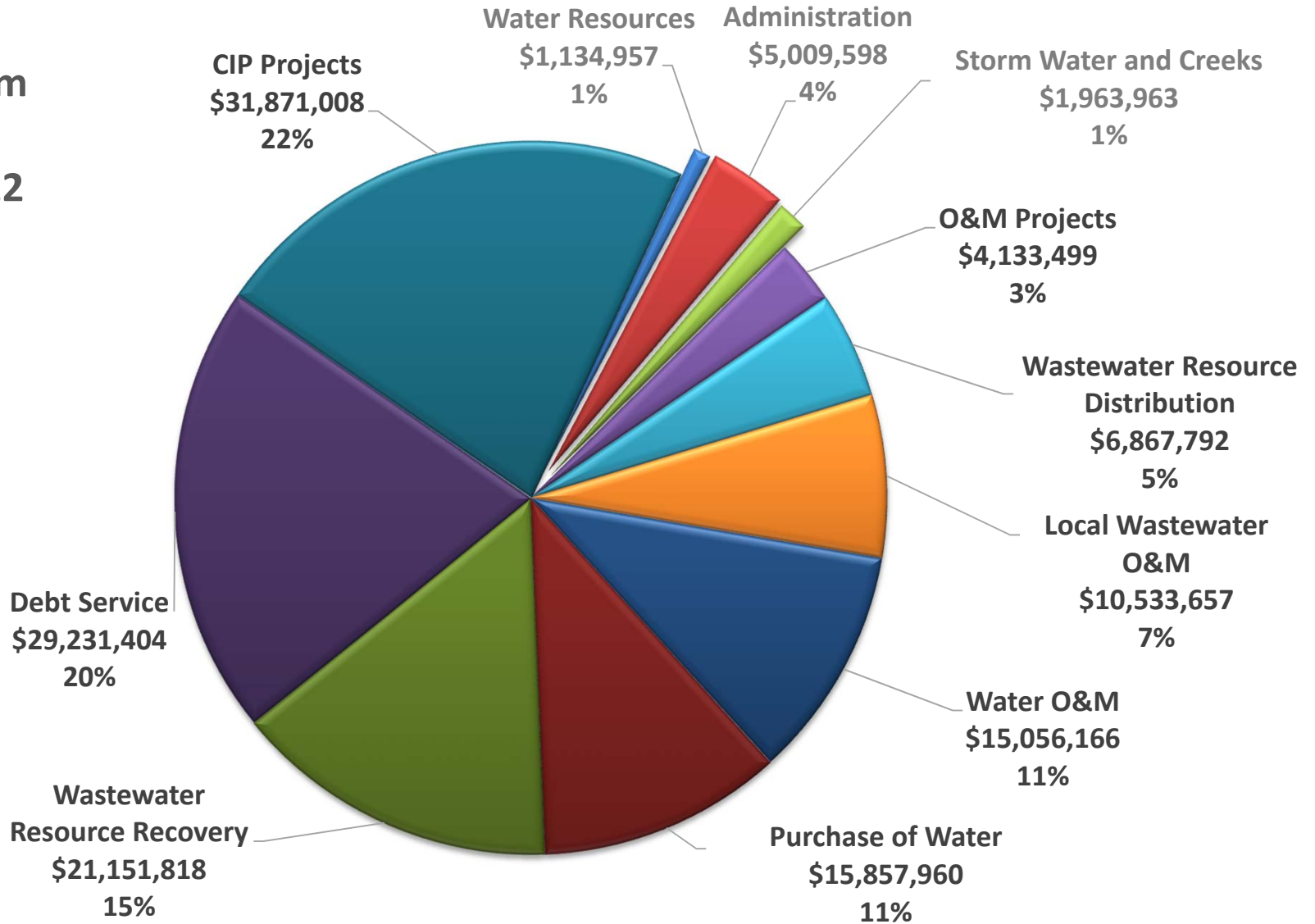


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# 'PROGRAMS'

**Total Program  
Funding  
\$142,811,822**



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**\$134,703,304 total in the  
Water, Wastewater, & Subregional  
Funds**

# PRUDENT & SUSTAINABLE

- Water Fund increasing 3.5%
- Local Wastewater Fund increasing 0.9%
- Subregional Fund increasing 6.2%
  
- Staffing
- Operating Supplies
- Information Technology Internal Service Fund
- Insurance

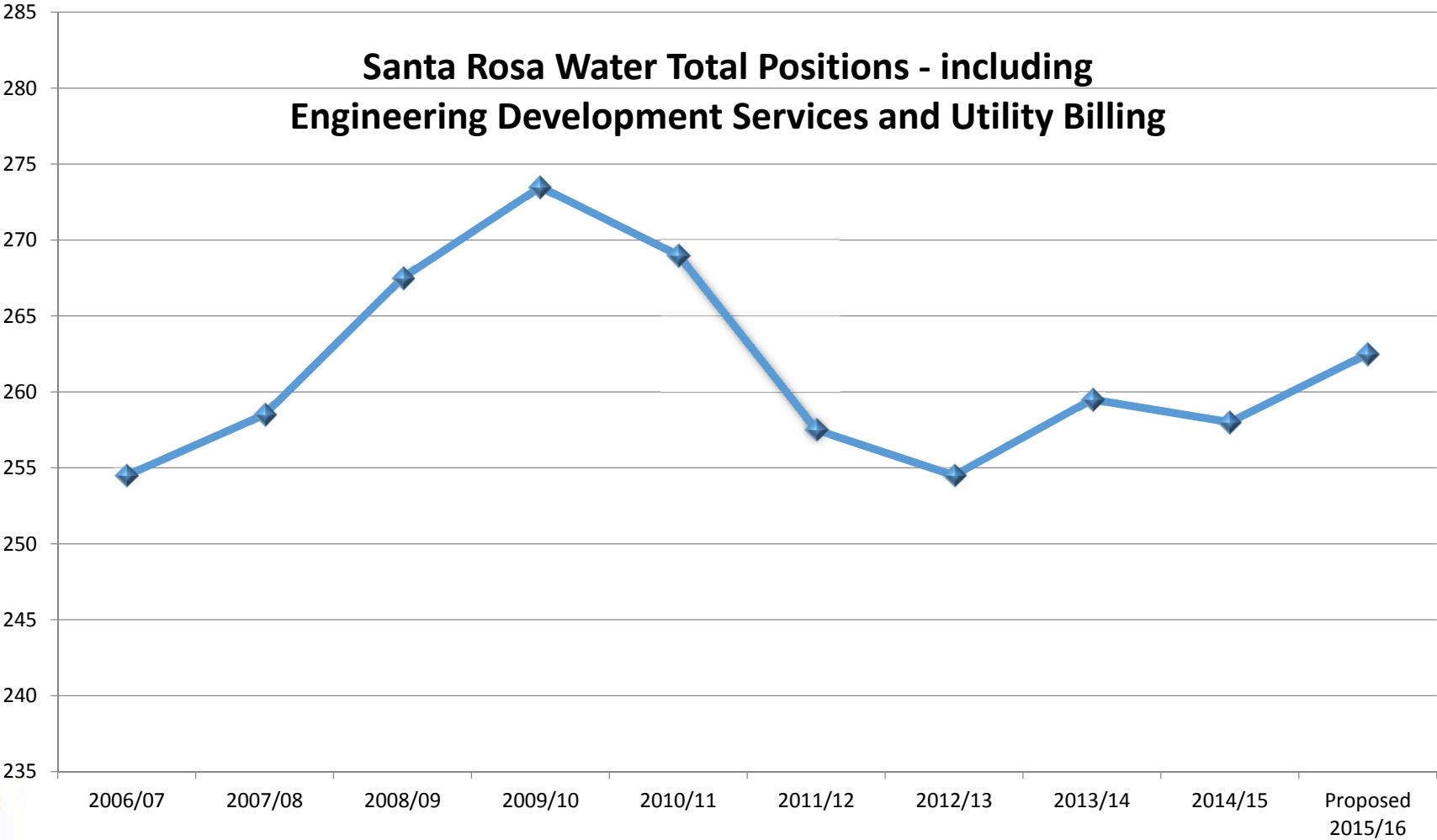


# SANTA ROSA WATER STAFFING



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# STAFFING OVER TIME



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# 2015/16 POSITION REQUESTS

- Right of Way Agent – Department wide
  - Reinstating cut position in TPW; ongoing workload; less use of consultants
- Civil Engineering Technician – Development Services
  - Increase in development and expanded counter hours
- Utility Systems Operator I (USO) – Water Maintenance
  - Leak Detection – cost offset
- Wastewater Treatment Shift Supervisor – Treatment
  - Reinstating eliminated classification for succession planning purposes
- Utility Technician – Mechanical Services
  - Increased use of Asset Management tools; more efficient duty assignment



# OTHER POSITION CHANGES

- Eliminate one vacant Senior Administrative Assistant – Water Administration
- Recently changed the name and function of ‘Project Development’ to ‘Energy & Sustainability’
  - Change Administrative Analyst to Energy & Sustainability Coordinator
  - Change Research & Program Coordinator to Energy and Sustainability Specialist
- Combining Reclamation & Geysers
  - One supervisor position instead of two
    - Minor changes to two other Reclamation positions
  - Expect to move one Wastewater Operator from Reclamation to Operations mid-year 2015/16

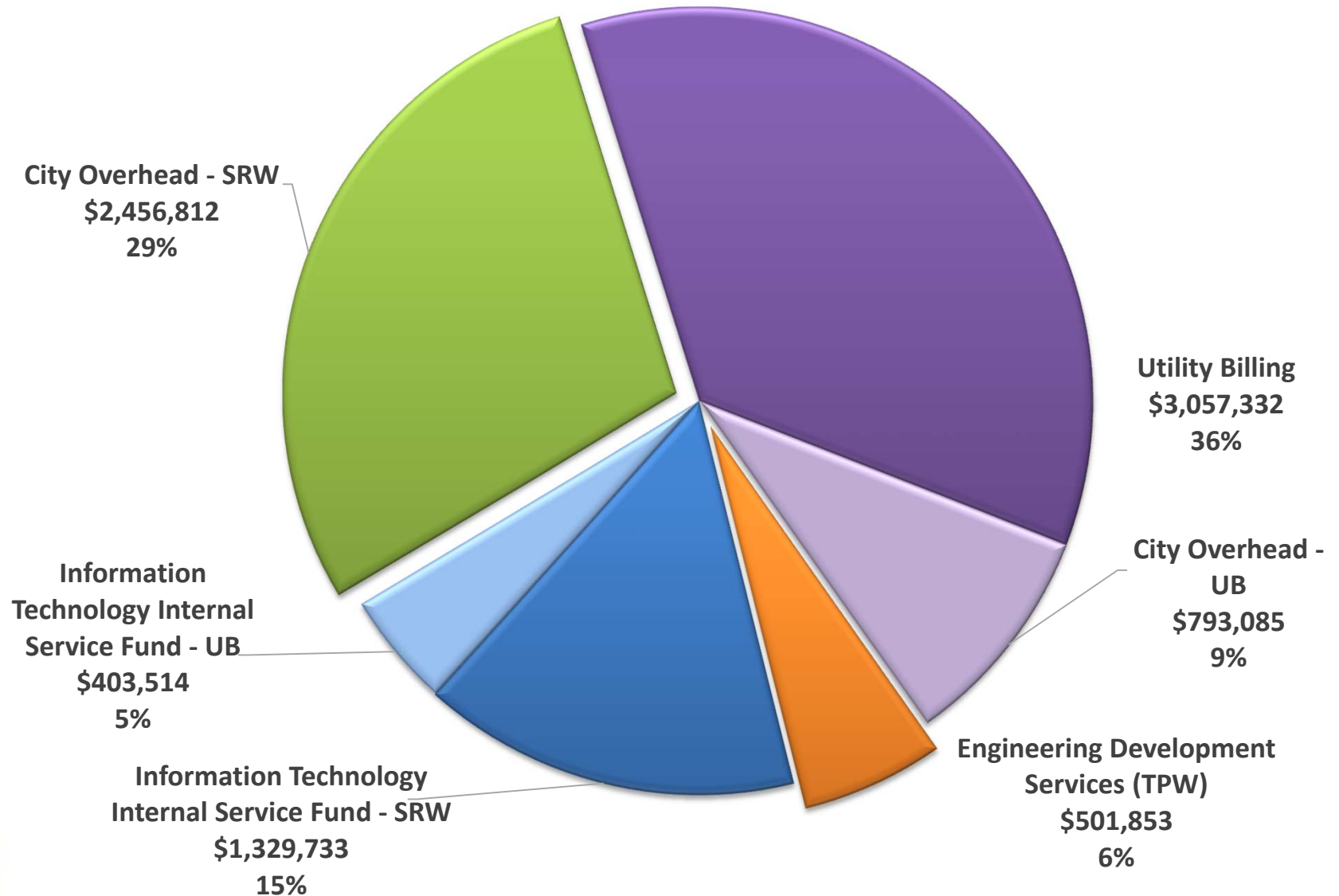


# 2015/16 EXPENDITURE REVIEW



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# CITY SHARED COSTS

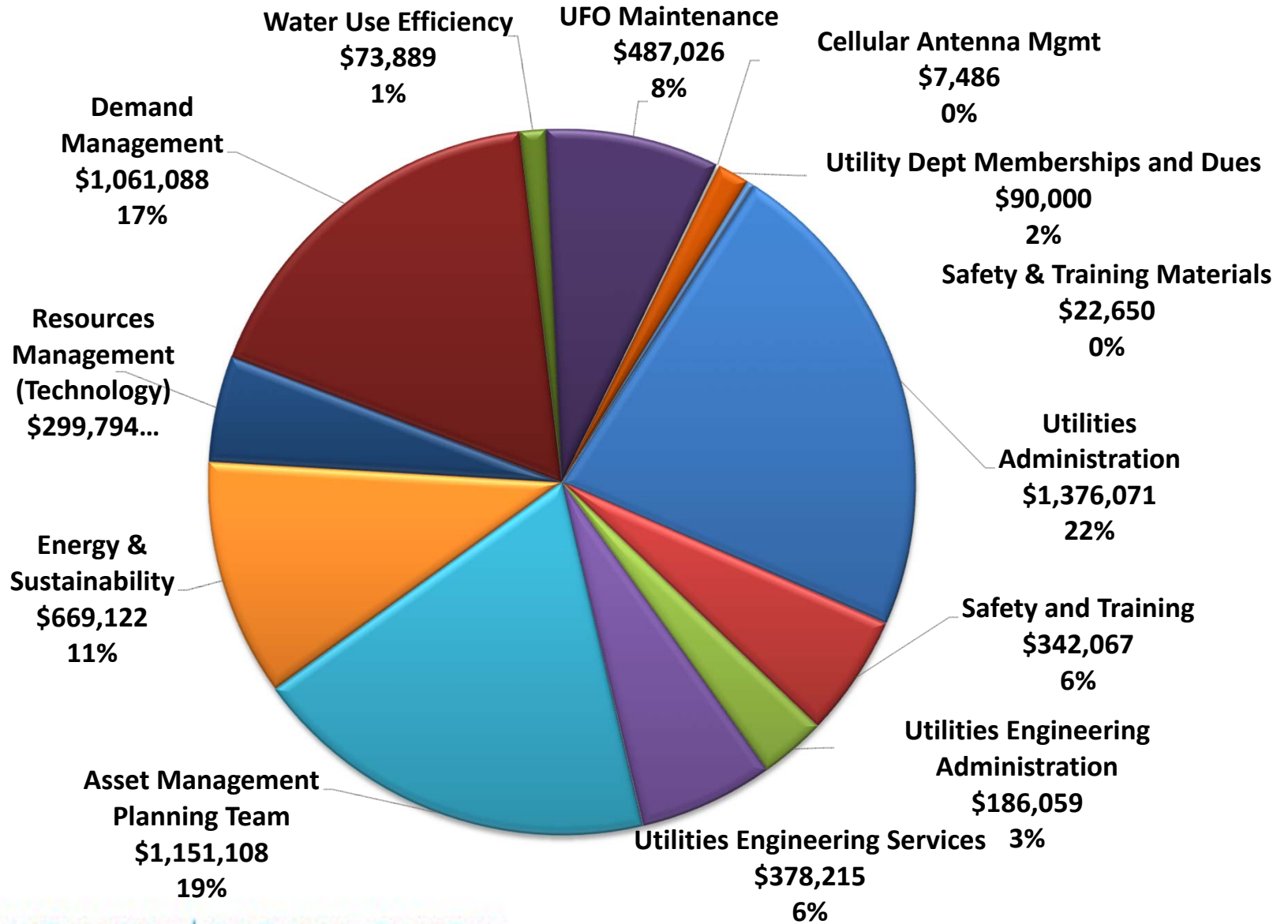


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\$9,531,090 – up \$323,163 or 4%



# DEPARTMENT SHARED COSTS



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\$6,144,575 - up \$486,742 or 9%

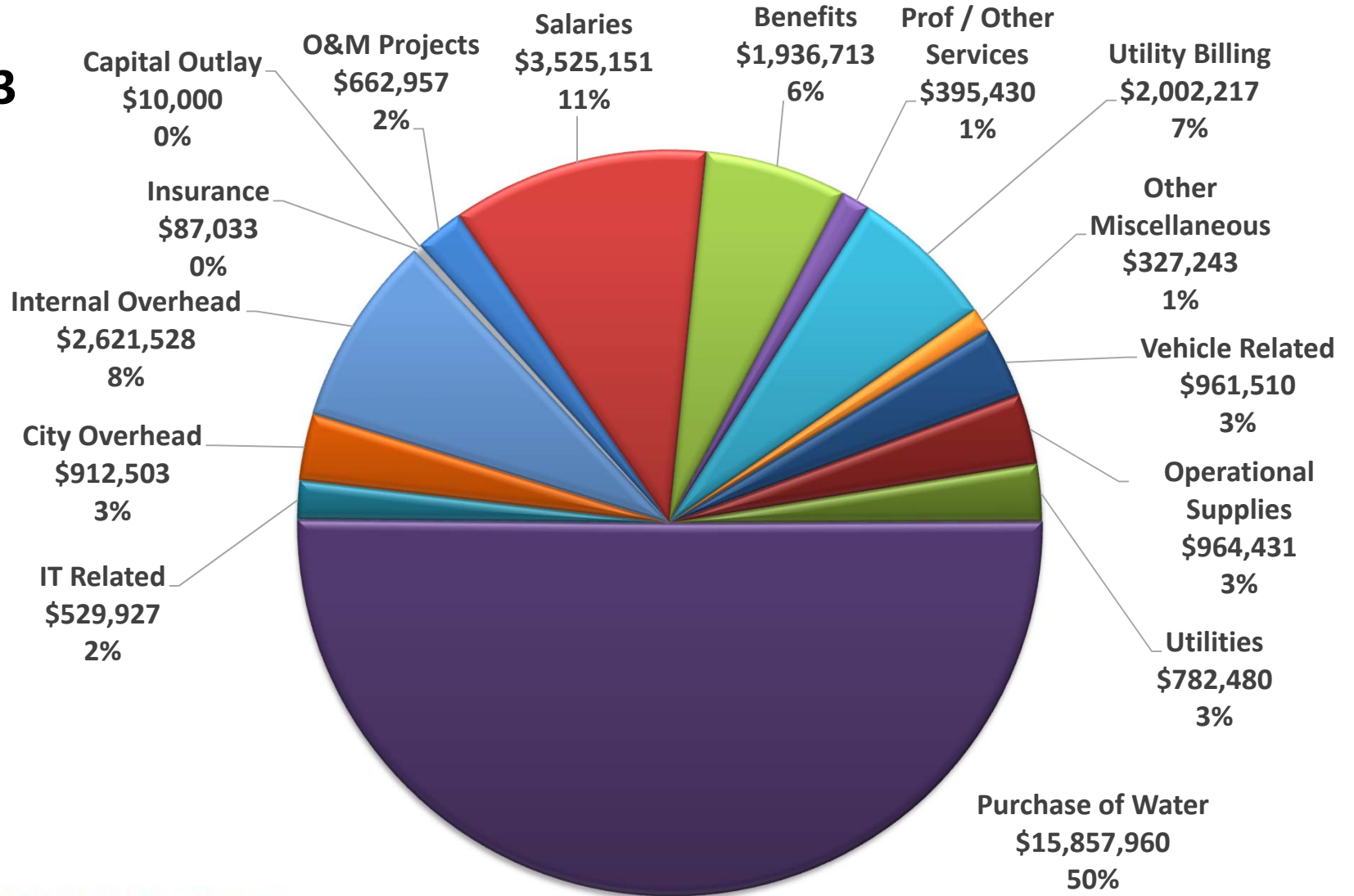
# MAJOR LINE ITEM CHANGES

- Projects – Up 194% or \$220,000
  - Outreach - additional \$75,000 (prior year used accumulated fund balance)
  - Engineering GIS Project up \$100,000 (no funding in 2014/15)
  - Prop 218 Mailing Costs – every other year \$50,000
- Salaries – Up 6.3% or \$201,377; Benefits – Up 15.4% or \$194,077
  - Two additional positions
- IT Cost Recovery – Up 22% or \$51,191



# WATER FUND O&M

**\$31,577,083**



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# WATER O&M LINE ITEM SUMMARY

Expenditure Object	2012-13 Actual	2013-14 Actual	2014-15 Current Budget	2015-16 Total Request	Change	%
<b>1611 - Water Utility Operations</b>						
O&M Projects	\$398,240	\$327,223	\$1,031,334	\$662,957	(\$368,377)	-35.7
5100 Total Salaries	\$2,874,326	\$2,913,670	\$3,168,109	\$3,525,151	\$357,042	11.3
5200 Total Benefits	\$1,505,565	\$1,554,459	\$1,773,071	\$1,936,713	\$163,642	9.2
5320 Total Professional Services	\$74,315	\$246,595	\$387,730	\$395,430	\$7,700	2.0
5360 Total Other Miscellaneous	\$197,160	\$165,516	\$325,943	\$327,243	\$1,300	0.4
5330 Total Vehicle Expenses	\$809,907	\$944,663	\$955,698	\$961,510	\$5,812	0.6
5325 Total Utility Billing Svcs	\$1,601,027	\$1,712,987	\$1,885,994	\$2,002,217	\$116,223	6.2
5331 Total Utilities	\$557,654	\$531,656	\$778,180	\$782,480	\$4,300	0.6
5332 Total Purchase Water	\$14,015,797	\$13,459,052	\$15,229,280	\$15,857,960	\$628,680	4.1
5340 Total Operational Supplies	\$711,568	\$868,772	\$805,356	\$964,431	\$159,075	19.8
5349 Total Information Technology	\$436,834	\$460,995	\$472,621	\$529,927	\$57,306	12.1
5351 Total Liab/Property Insurance	\$114,805	\$98,589	\$79,808	\$87,033	\$7,225	9.1
5400 Total Indirect Costs	\$3,086,986	\$2,825,803	\$3,435,370	\$3,534,031	\$98,661	2.9
5500 Total Capital Outlay	\$0	\$8,607	\$189,355	\$10,000	(\$179,355)	
<b>Fund Total: 1611 - Water Utility Operations</b>	<b>\$26,384,184</b>	<b>\$26,118,587</b>	<b>\$30,517,849</b>	<b>\$31,577,083</b>	<b>\$1,059,234</b>	<b>3.5</b>



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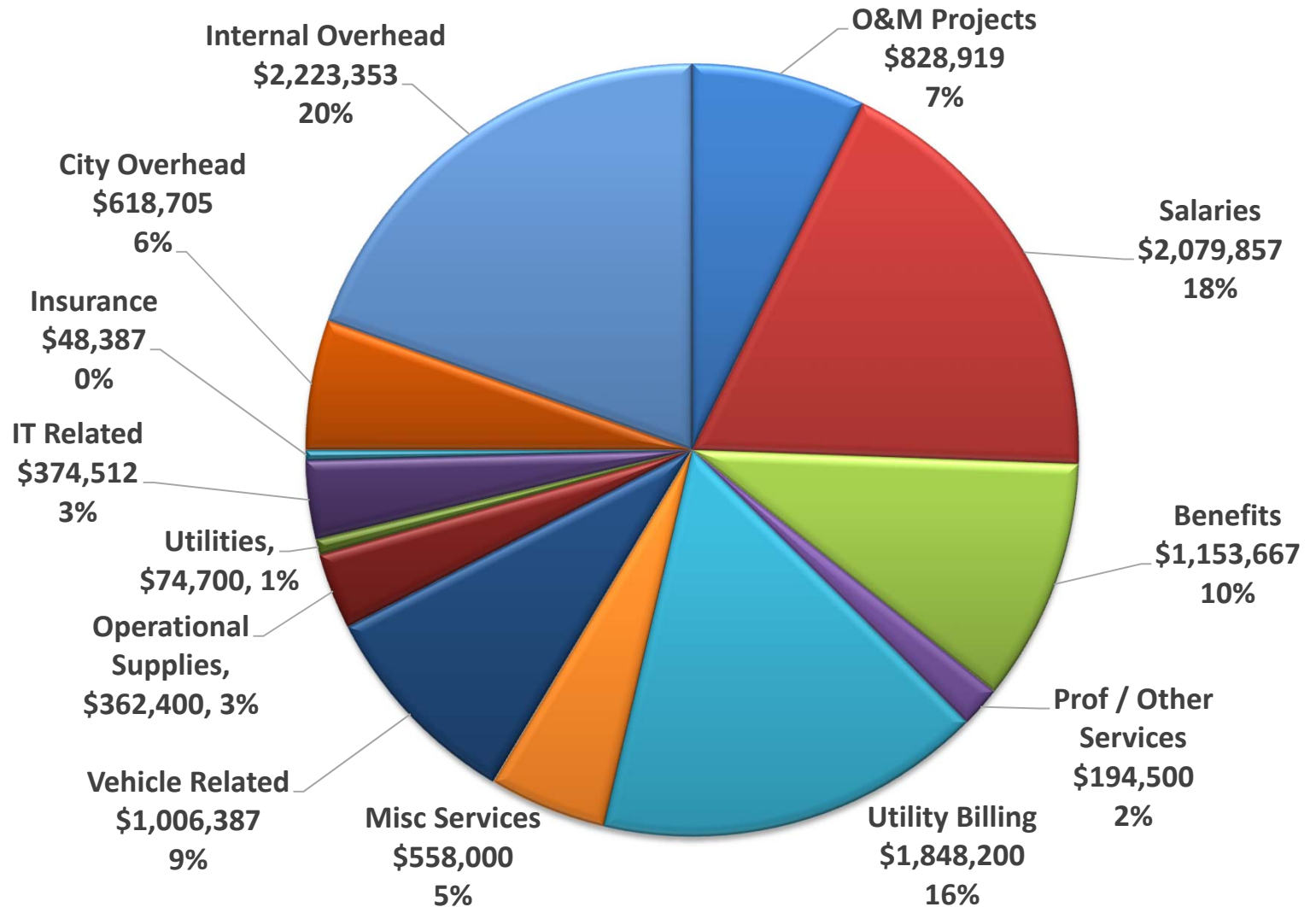
# MAJOR LINE ITEM INCREASES

- Salaries – Up 11.6% or \$366,042
  - Base Salaries up 5.2% or \$169,063
    - Per MOU or employee step increases
  - Overtime Salaries up 20.6% or \$15,000
    - To adjust request to prior year actual overtime – 2 prior years
  - Miscellaneous Salaries up 73.7% or \$50,129
    - Retirement payouts expected
- Supplies – Operations – Up 19.8% or \$159,075
  - Meter MXU replacements / age, \$80,000
  - Water main & service repair – actual costs, \$40,000
  - Meter and hydrant parts, \$13,000
  - New meters, \$10,000
- New O&M Project – UFO Yard Slurry Seal, \$29,250



# WASTEWATER FUND O&M

**\$11,362,576**



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# WASTEWATER O&M LINE ITEM SUMMARY

Expenditure Object	2012-13 Actual	2013-14 Actual	2014-15 Current Budget	2015-16 Total Request	Change	%
<b>1621 - Local Wastewater Utility Fund</b>						
O&M Projects	\$324,559	\$247,495	\$713,944	\$828,919	\$114,975	16.1
5100 Total Salaries	\$1,952,598	\$1,933,060	\$2,122,812	\$2,079,857	(\$42,955)	-2.0
5200 Total Benefits	\$1,074,438	\$1,075,142	\$1,177,667	\$1,153,667	(\$24,000)	-2.0
5320 Total Professional Services	\$39,598	\$93,643	\$181,790	\$187,660	\$5,870	3.2
5360 Total Other Miscellaneous	\$341,954	\$297,678	\$520,600	\$558,000	\$37,400	7.2
5330 Total Vehicle Expenses	\$811,366	\$801,724	\$1,029,920	\$1,006,387	(\$23,533)	-2.3
5325 Total Utility Billing Svcs	\$1,498,783	\$1,607,053	\$1,740,917	\$1,848,200	\$107,283	6.2
5331 Total Utilities	\$172,856	\$195,150	\$287,620	\$74,700	(\$212,920)	-74.0
5340 Total Operational Supplies	\$270,001	\$266,306	\$328,696	\$362,400	\$33,704	10.3
5349 Total Information Technology	\$321,376	\$330,507	\$336,727	\$374,512	\$37,785	11.2
5351 Total Liab/Property Insurance	\$65,090	\$43,936	\$44,250	\$48,387	\$4,137	9.3
5400 Total Indirect Costs	\$2,475,182	\$2,309,848	\$2,771,446	\$2,839,887	\$68,441	2.5
5500 Total Capital Outlay	\$5,526	\$0	\$0	\$0	\$0	0.0
<b>Fund Total: 1621 - Local Wastewater Utility Fund</b>	<b>\$9,353,327</b>	<b>\$9,201,542</b>	<b>\$11,256,389</b>	<b>\$11,362,576</b>	<b>\$106,187</b>	<b>0.9</b>



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# MAJOR LINE ITEM INCREASES

- Equipment Rental (other miscellaneous) – Up 124% or \$31,000
  - Storm Water Diversion Pump
- Supplies – Operational – Up 14.3% or \$39,555
  - Oakmont Plant maintenance, \$21,000
  - Lift Station maintenance based on prior year actual costs, \$15,000
- O&M Projects
  - New project – UFO Yard Slurry Seal, \$29,250
  - Local WW Litigation, \$25,000
  - West College Maintenance, \$22,000
  - Lift Station PLC Replacements, \$20,000
  - Sewer Monitoring , \$14,000

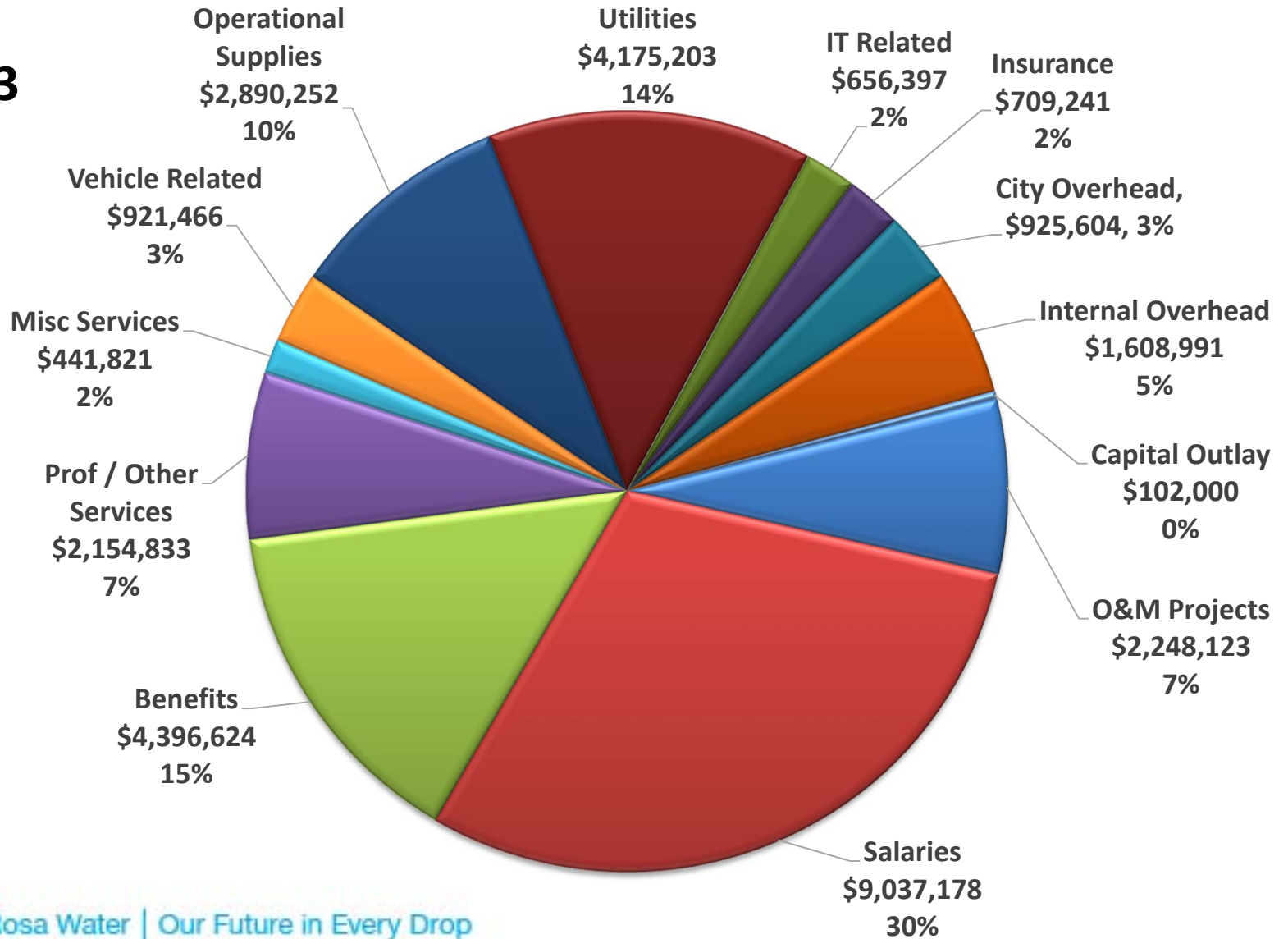


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# SUBREGIONAL FUND O&M

**\$30,267,733**



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# SUBREGIONAL FUND LINE ITEM SUMMARY

<b>Expenditure Object</b>	<b>2012-13 Actual</b>	<b>2013-14 Actual</b>	<b>2014-15 Current Budget</b>	<b>2015-16 Total Request</b>	<b>Change</b>	<b>%</b>
<b>1631 - Subregional Waste Operations</b>						
O&M Projects	\$1,621,267	\$1,817,499	\$2,072,986	\$2,248,123	\$175,137	8.4
5100 Total Salaries	\$7,644,799	\$7,666,594	\$8,565,216	\$9,037,178	\$471,962	5.5
5200 Total Benefits	\$3,479,092	\$3,567,825	\$4,029,604	\$4,396,624	\$367,020	9.1
5320 Total Professional Services	\$1,459,991	\$1,529,071	\$2,202,259	\$2,154,833	(\$47,426)	-2.2
5360 Total Other Miscellaneous	\$262,966	\$324,435	\$461,749	\$441,821	(\$19,928)	-4.3
5330 Total Vehicle Expenses	\$752,912	\$725,202	\$906,433	\$921,466	\$15,033	1.7
5340 Total Operational Supplies	\$2,103,177	\$2,242,144	\$2,664,836	\$2,890,252	\$225,416	8.5
5331 Total Utilities	\$3,053,085	\$3,175,199	\$4,060,589	\$4,175,203	\$114,614	2.8
5349 Total Information Technology	\$457,476	\$528,487	\$557,843	\$656,397	\$98,554	17.7
5351 Total Liab/Property Insurance	\$583,883	\$570,030	\$535,112	\$709,241	\$174,129	32.5
5400 Total Indirect Costs	\$2,495,887	\$2,336,362	\$2,440,951	\$2,534,595	\$93,644	3.8
5500 Total Capital Outlay	\$49,035	\$29,939	\$0	\$102,000	\$102,000	0.0
<b>Fund Total: 1631 - Subregional Waste Operations</b>	<b>\$23,963,570</b>	<b>\$24,512,787</b>	<b>\$28,497,578</b>	<b>\$30,267,733</b>	<b>\$1,770,155</b>	<b>6.2</b>



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# PROJECT INCREASES OF NOTE

- New Project - Air Quality Compliance, \$90,000
- Compost Turner Rebuilding, \$150,000
- Electrical System Upgrades, \$150,000 (moved from CIP)
- Laboratory Equipment Upgrades, \$76,054
- All other 'Equipment Upgrades', \$107,500

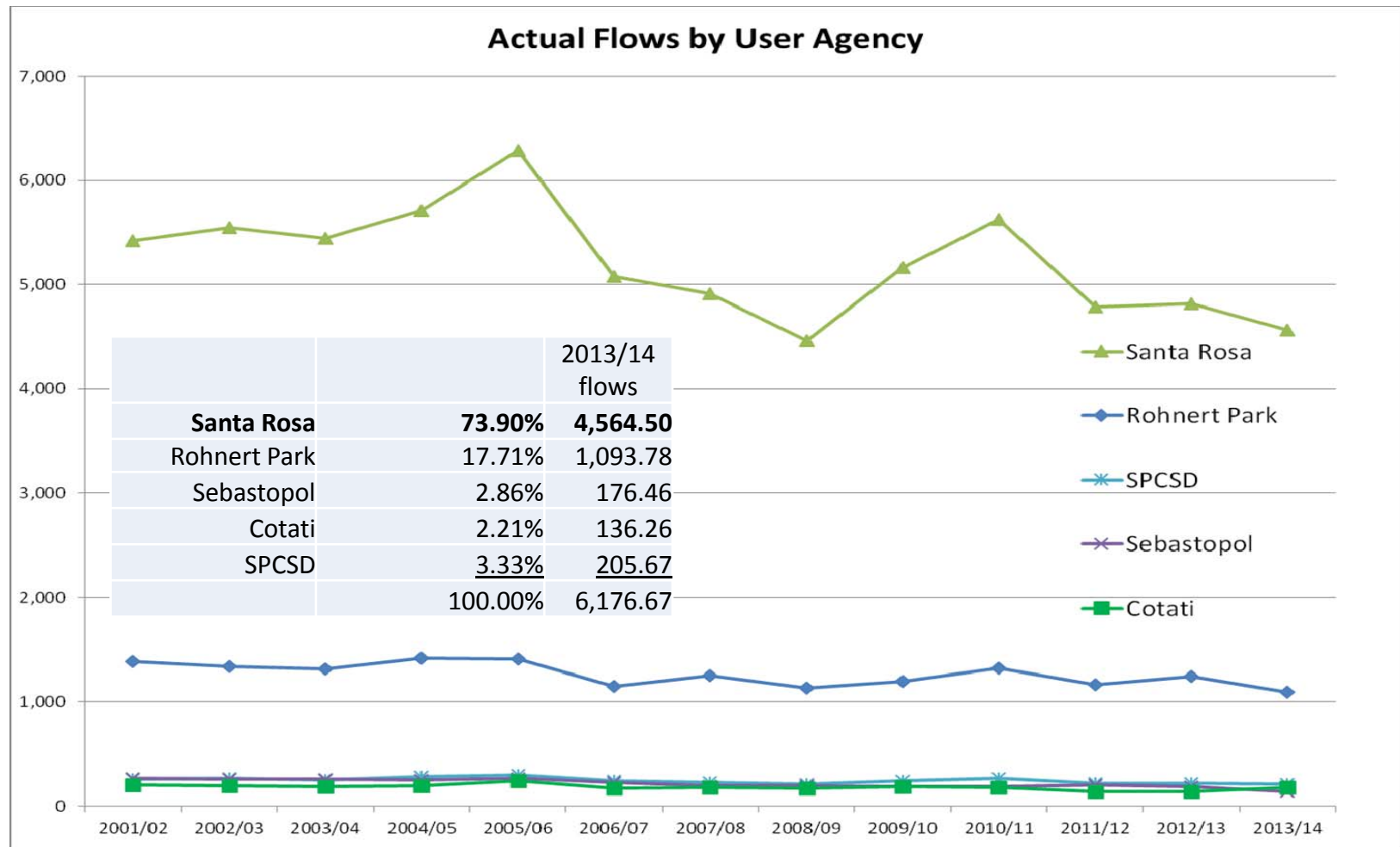


# OTHER MAJOR LINE ITEM INCREASES

- Salaries – Up 8.4% or \$175,137
  - Two new positions
- Operational Supplies – Up 12.7% or \$224,940
  - Digester Gas Conditioning Media, \$60,000
  - New Charge – Green Waste (Compost), \$85,000
  - Chemicals - Nutrient Removal, \$77,000
- Capital Items – New \$102,000
  - Two 6” portable pump replacements

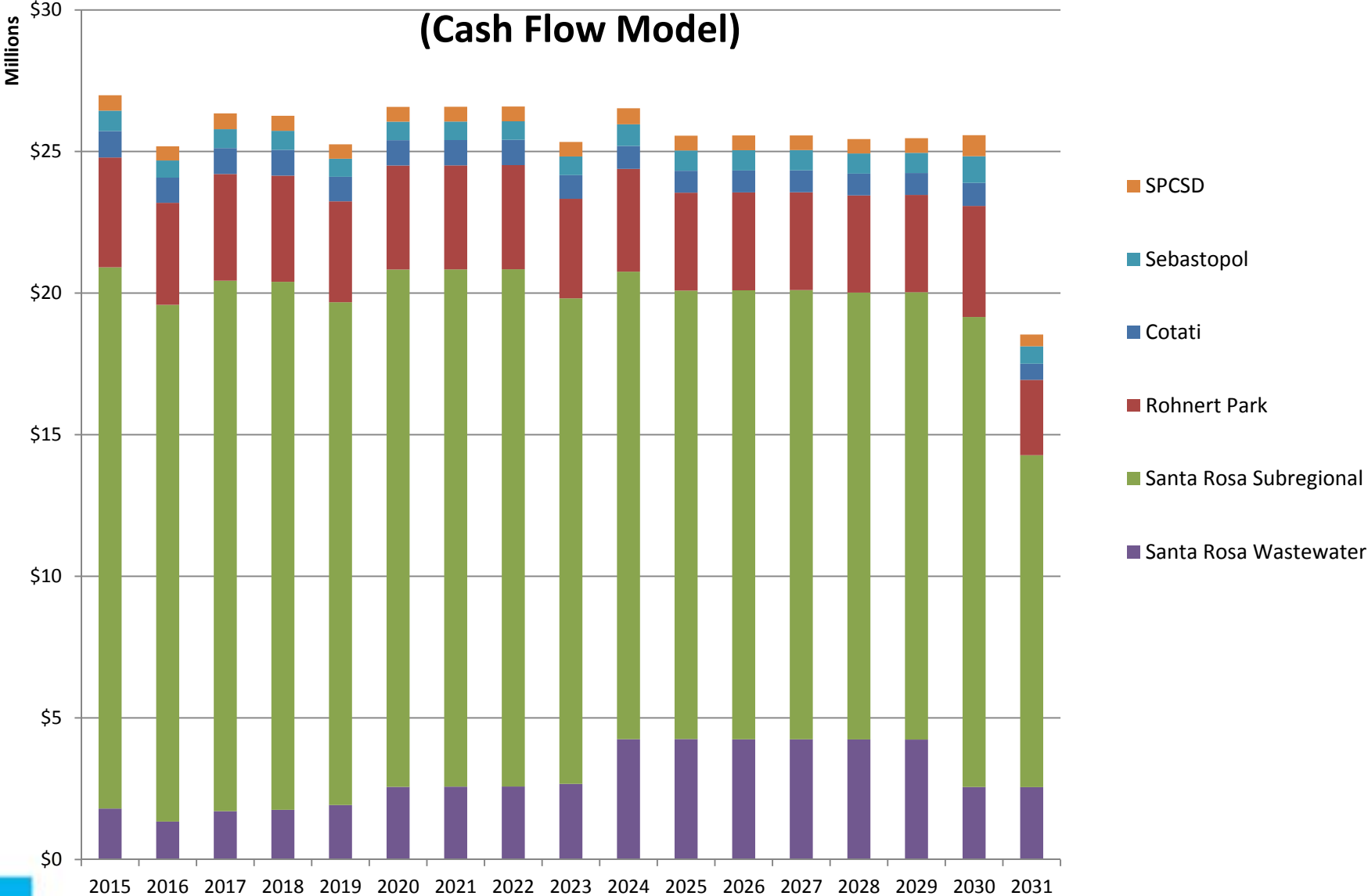


# SUBREGIONAL COST ALLOCATION



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# Subregional and Wastewater Partner's Share of Debt with 2014 Debt



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# SUBREGIONAL ALLOCATION

2015/16

	O&M Contribution		Debt Service		Total	\$ Change from 2014/15	% Change from 2014/15	% from each Agency - total
<b>Santa Rosa</b>	<b>\$22,328,385</b>	<b>73.90%</b>	<b>\$19,203,711</b>	<b>76.37%</b>	<b>41,532,096</b>	<b>2,075,175</b>	<b>5.25%</b>	<b>75%</b>
Rohnert Park	\$5,350,496	17.71%	\$3,823,056	15.20%	<b>9,173,552</b>	75,503	0.86%	17%
Sebastopol	\$863,198	2.86%	\$658,730	2.62%	<b>1,521,928</b>	30,080	1.96%	3%
Cotati	\$666,550	2.21%	\$937,481	3.73%	<b>1,604,031</b>	78,765	5.23%	3%
SPCSD	\$1,006,086	3.33%	\$521,548	2.07%	<b>1,561,163</b>	75,620	5.23%	3%
	30,214,715	100.00%	25,144,526	100.00%	<b>55,392,771</b>	2,335,142	4.42%	100%



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# SUBREGIONAL REVIEW TIMELINE

- 3/12 - Preliminary SubTAC review of the 2015/16 CIP and O&M requests and preliminary allocations
- 3/19 - Board of Public Utilities Study Session – all Santa Rosa Water and Subregional CIP and O&M
- 4/2 - SubTAC recommendation to BPU
- 4/2 - BPU recommendation to City Council
- 4/14 - City Council Subregional budget preliminary approval – Report Item
- 5/1 - Notify User Agencies of operating and debt requirements for 2015/16





# EXPENDITURE REVIEW QUESTIONS?

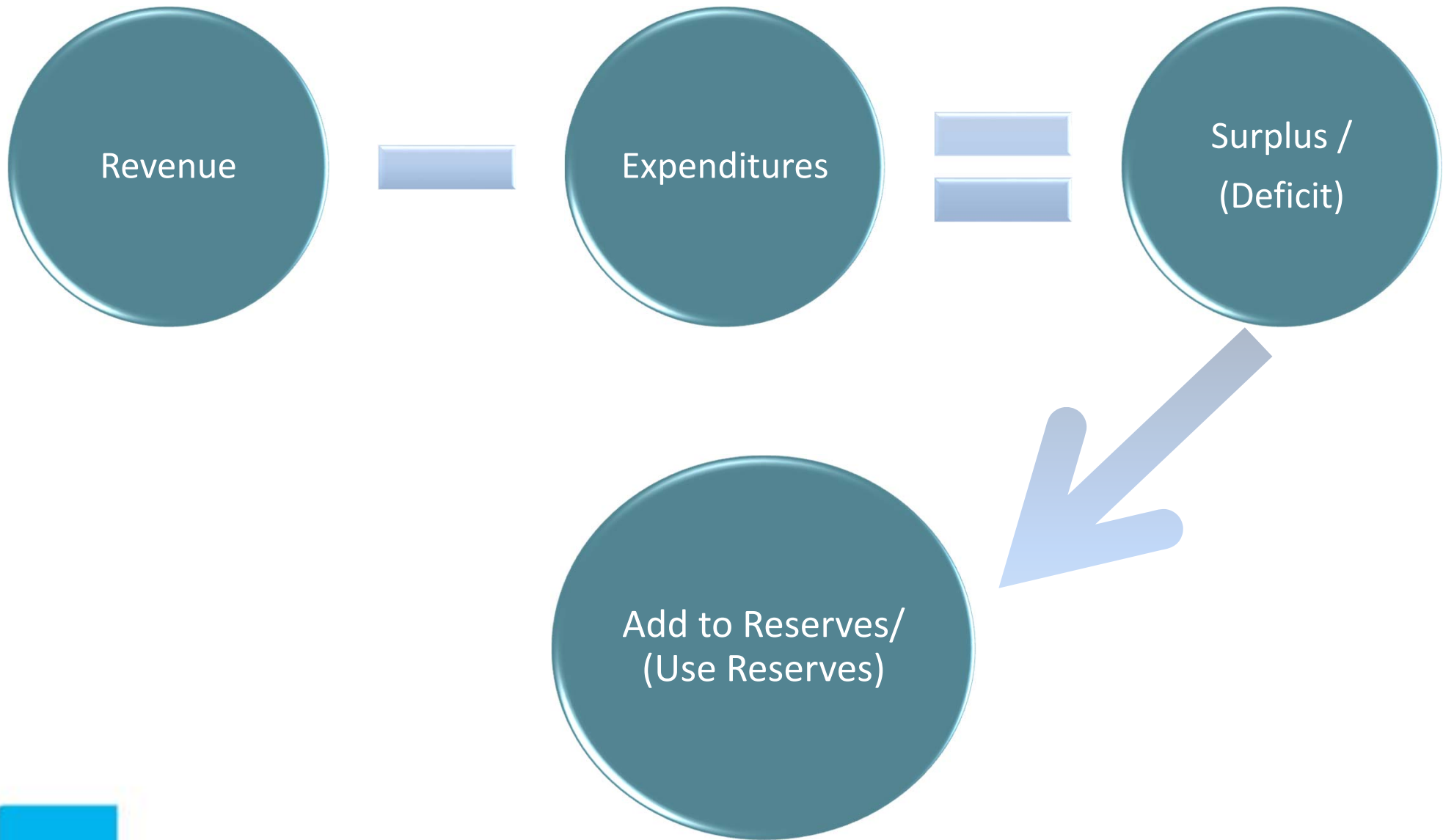


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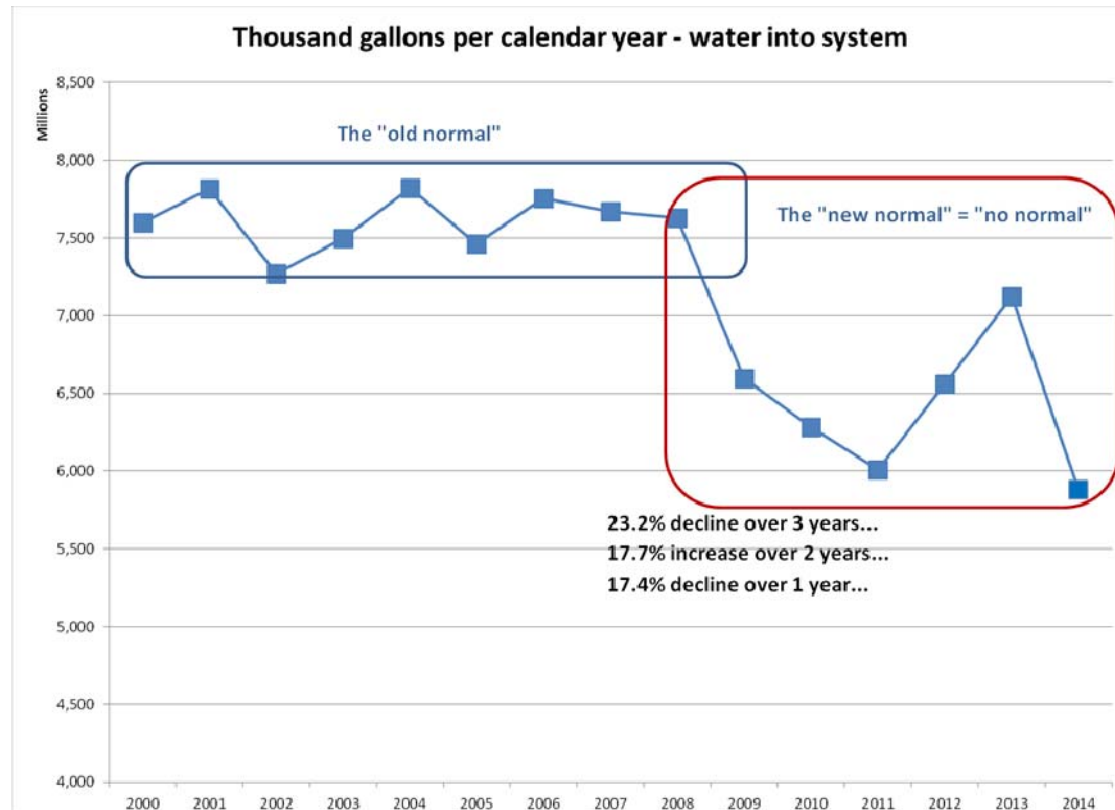
# REVENUE ESTIMATES



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# WATER USE ASSUMPTION

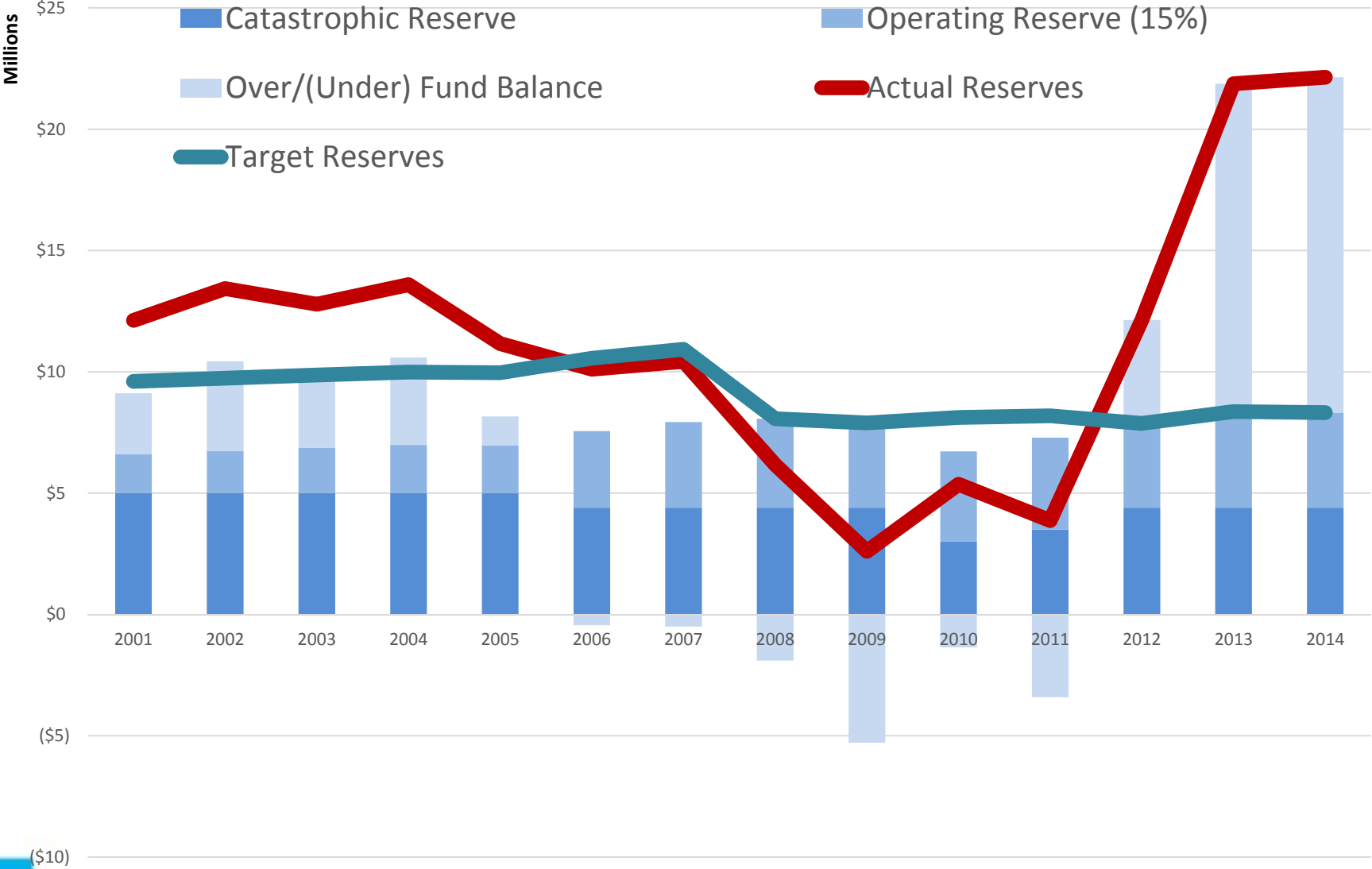


- Continued Drought Messaging
- Flat Water Use 2015 compared to 2014
  - Slight rebound in 2016
- Residential Sewer Cap down 8% in 2015/16
  - Slight rebound in 2016/17



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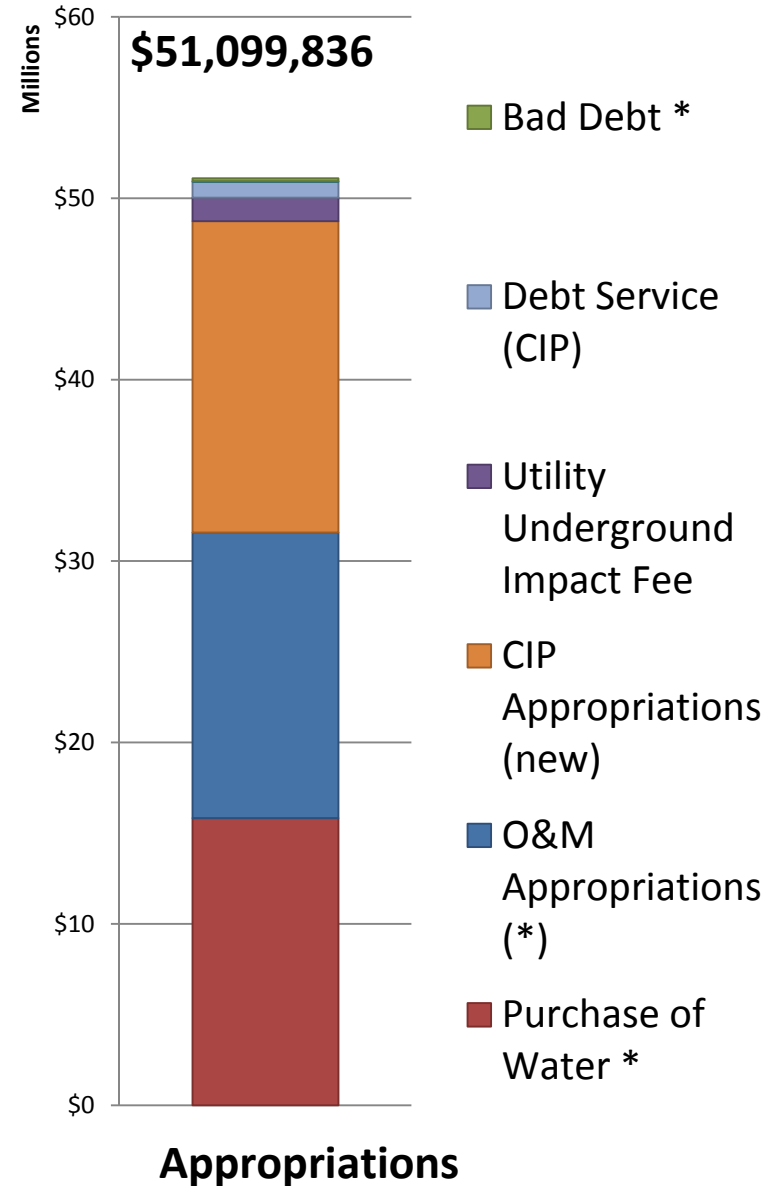
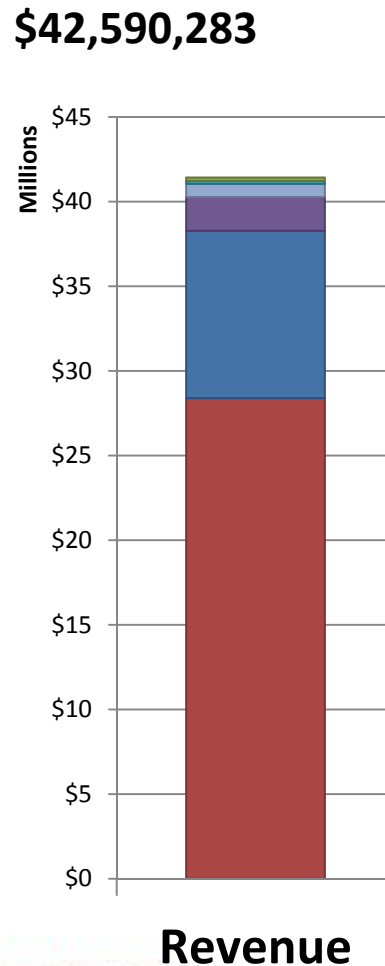
# Water Reserves and Fund Balance



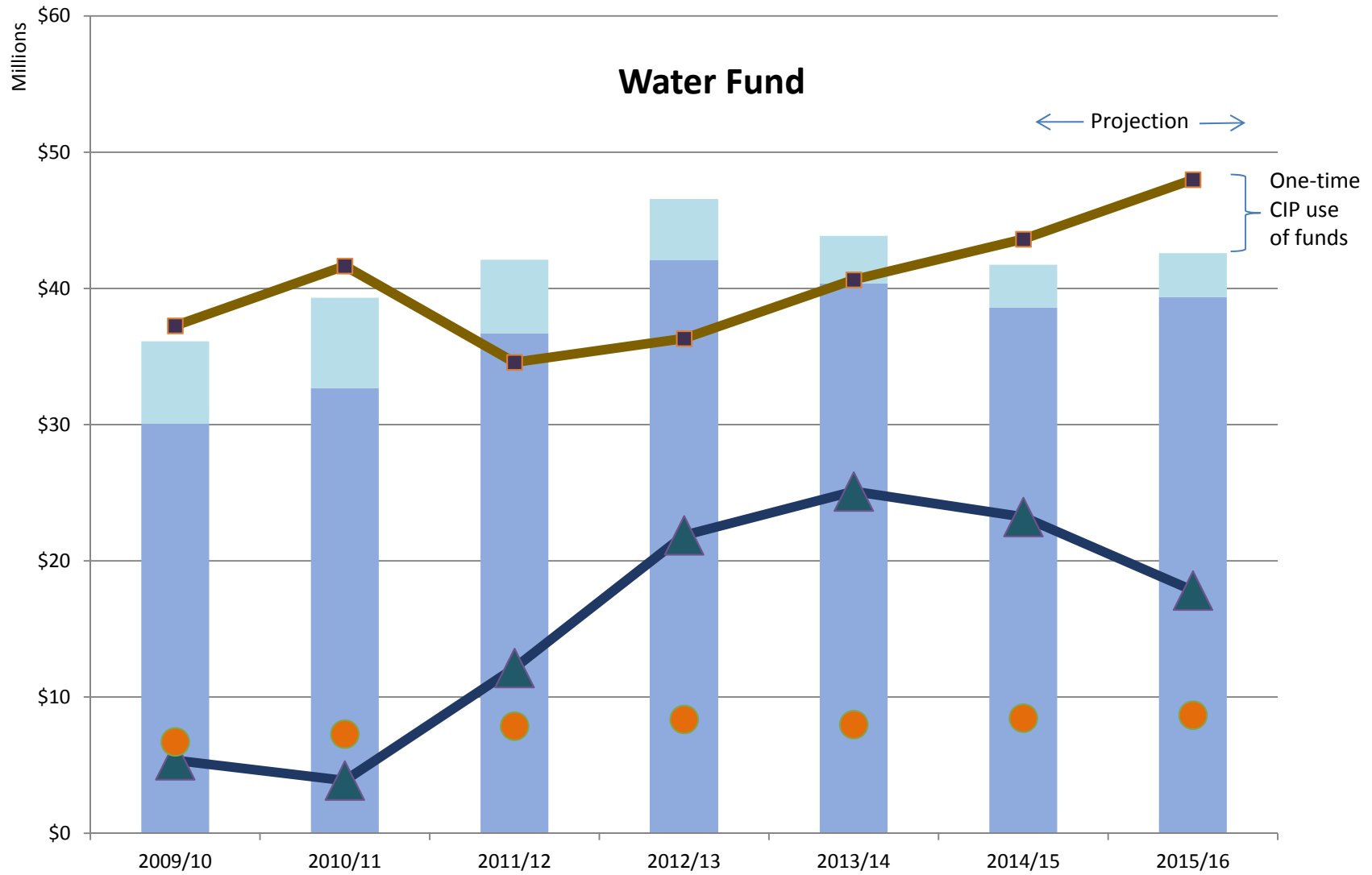
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# WATER FUND REVENUES vs APPROPRIATIONS

- Rate Revenue - Recycled
- Other Earned Revenue
- Interest Earnings
- Demand Fee Revenue (1615)
- Charges for Services
- Rate Revenue - Fixed
- Rate Revenue - Usage



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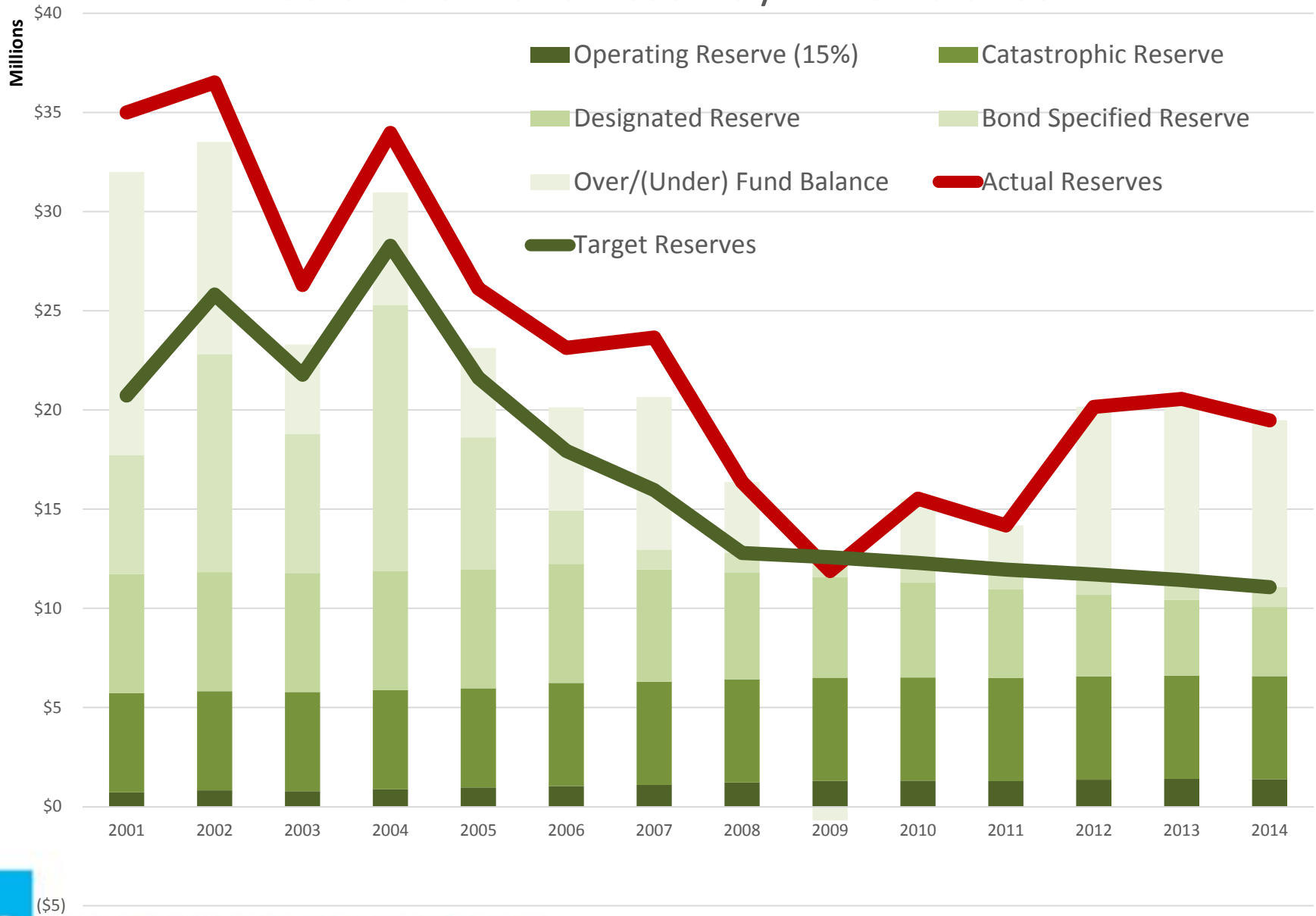


Total Rate Revenue   
  All other Revenue   
  Total Appropriations   
  Reserve Target   
 ▲ Actual Reserves



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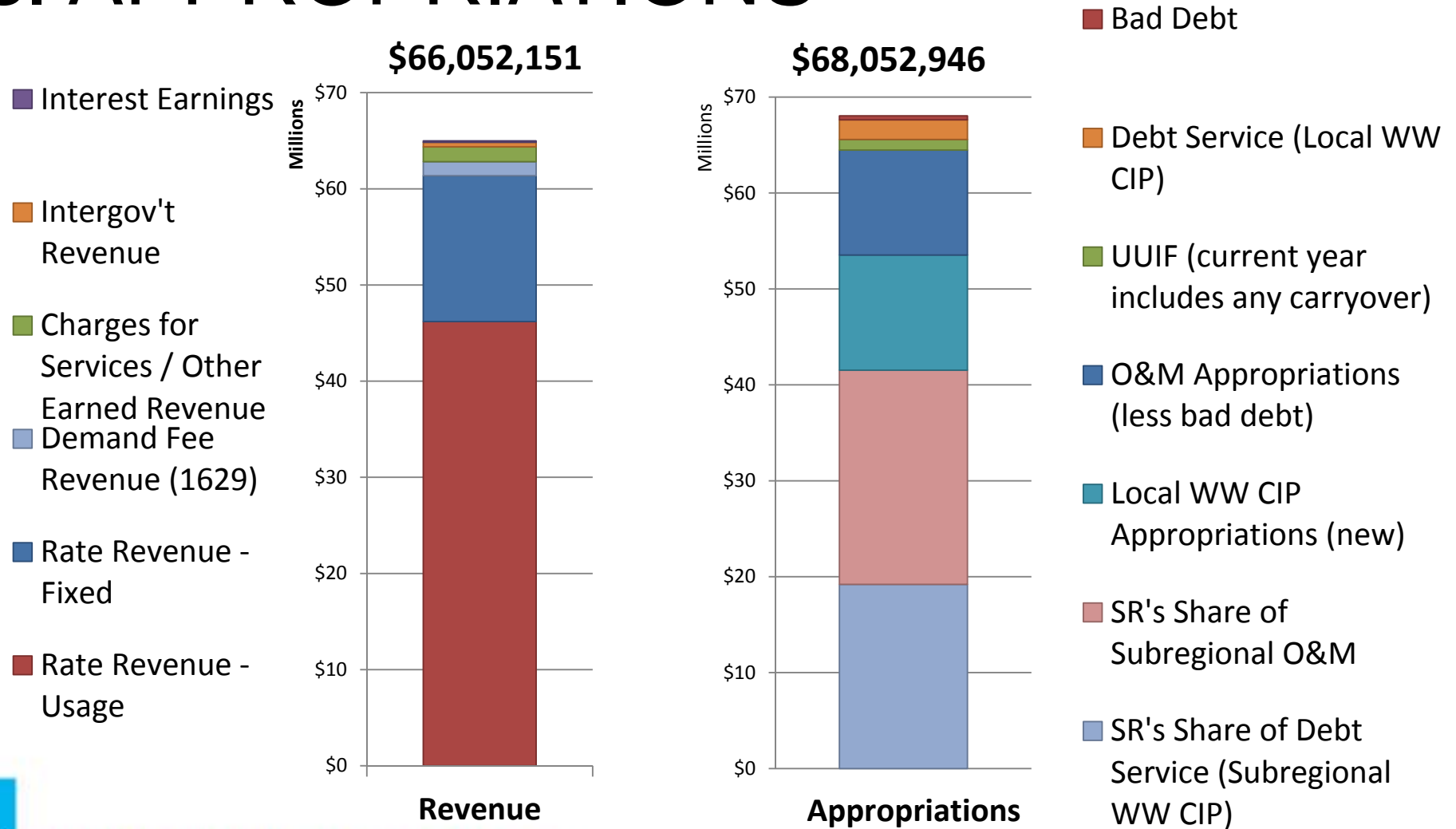
# Wastewater Fund Reserve / Fund Balance



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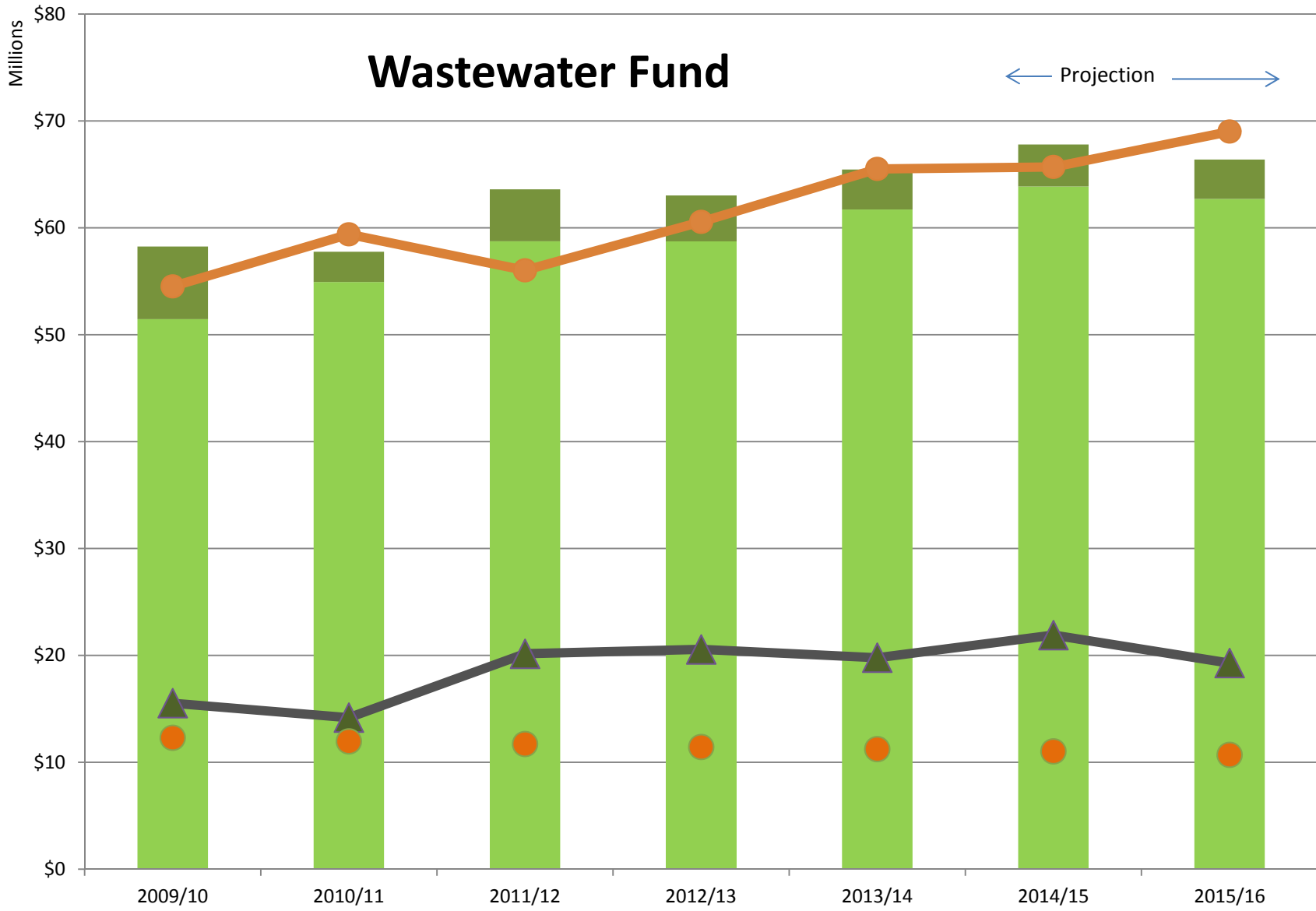
# WASTEWATER FUND REVENUES vs. APPROPRIATIONS



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# Wastewater Fund

← Projection →



■ Total Rate Revenue   
 ■ All Other Revenue   
 —●— Total Appropriations   
 ● Target Reserves   
 —▲— Actual Reserves



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# PROJECTED RATE IMPACTS

- Assumes continued pass-through increase for wholesale cost of water
  - SCWA increase of 4.16% = Pass-through usage rate increase of 1.9%
- Minimal increases based on this budget request
- Potential changes based on current rate study



# DISCUSSION / QUESTIONS?



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# CONNECT WITH US!

CALL: 707.543.4200

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VISIT: SRCITY.ORG/WATER



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