

# Sonoma County Water Agency Proposed Fiscal Year 2025/26 Water Transmission Budget and Rate Increase

Board of Public Utilities Meeting  
March 6, 2025

Nick Harvey, Deputy Director Administration



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# Sonoma Water

Clean. Reliable. Essential. Every day.

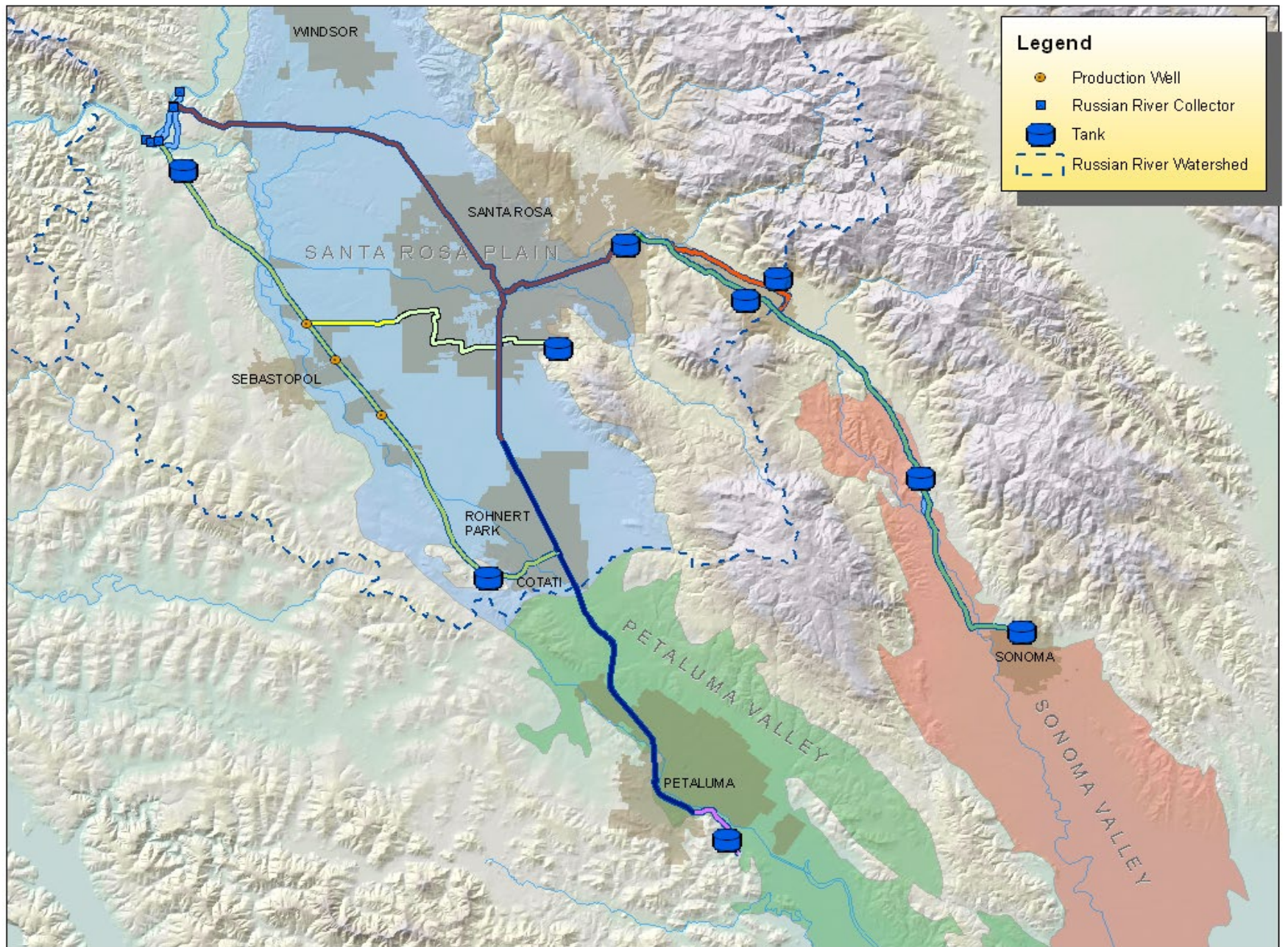
## FY 2025-2026 Proposed Budget and Rates Water Transmission System

Lynne Rosselli  
FINANCIAL SERVICES  
DIVISION MANAGER  
[Lynne.Rosselli@scwa.ca.gov](mailto:Lynne.Rosselli@scwa.ca.gov)

Jake Spaulding  
FINANCE MANAGER  
[Jake.Spaulding@scwa.ca.gov](mailto:Jake.Spaulding@scwa.ca.gov)

    [sonomawater.org](http://sonomawater.org)







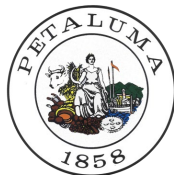
# Transparent and collaborative process to bring rates to Board of Directors by end of April

Technical  
Advisory  
Committee  
(Jan-March)

Water  
Contractor  
Boards &  
Councils  
(March)

Water  
Advisory  
Committee  
(April)

Sonoma  
Water Board  
of Directors  
(April)



Sonoma  
Water



NORTH MARIN  
WATER DISTRICT



# Budget includes multiple water transmission system activities and funds

- Operations and Maintenance
- Four Subfunds
- Five Capital Funds
- Debt Service Funds



# Asset Condition Assessment

- majority of facilities are now 45-65 years old
- 40% of our infrastructure assets currently have only 10 – 20% of their useful life remaining
- Consequence of failure is high





# Highlights of Sonoma Water and Water Contractor Achievements and Collaborations

- Santa Rosa Plain Wells
- Regional Water Supply Resiliency
- Hazard Mitigation Projects
- Sonoma-Marín Saving Water Partnership – Drought Resiliency
- Water Education Program
- Dry Creek Habitat Enhancement



## Highlights of Programs Funded from Other Sources

- Forecast Informed Reservoir Operations
- Advanced Quantitative Precipitation Information Systems
- Quagga and Zebra Mussels



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# \$8.31 million budgeted for hazard mitigation projects to reduce risks

Ely BPS Flood Control & Electrical Upgrade

River Diversion Structure (RDS) Upgrade Project

Santa Rosa Creek Crossing

Seismic Retrofit of Storage Tanks

Wilfred Booster Station



# \$9.97 million budgeted for other capital projects to increase resiliency

Kawana-Ralphine SBS Pipeline

Mirabel Collector Wells Pump Hoist Upgrades

Mirabel/Wohler Storage Building

Occidental Road and Sebastopol Road Wells

Ralphine Tanks Flow Thru Conversion

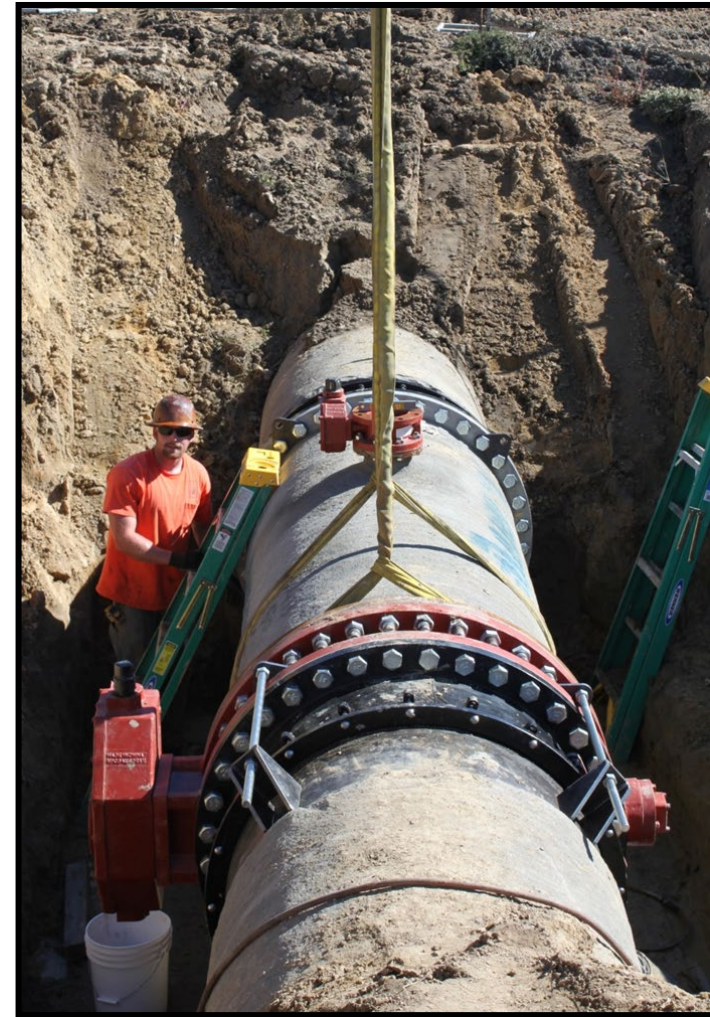
Todd Rd Well Discharge Connection

Warm Springs Dam Hydropower Retrofit

Water Treatment System Modernization Phase 1

Water Treatment System Modernization Phase 3

Total FY25-26 Capital Budget  
including Hazard Mitigation Projects:  
**\$18.28M**



# \$45.87 million budgeted for operations and maintenance to protect, improve and maintain system reliability

## **Projects**

Aqueduct Cathodic Protection

Pump 9 Replacement

Emergency Inventory Procurement

SCADA Improvements

Tank Recoats & Tank Maintenance Programs

## **Studies**

Arc Flash Studies

Asset Management Plan

Cathodic Protection Assessment

Regional Water Supply Resiliency Implementation

Transmission System Master Plan, Modeling & Condition Assessments Programs



# \$8.80 million for Biological Opinion, Water Supply Planning and Water Conservation



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RUNNING?  
BETTER CATCH IT!**

A leaky toilet is no joke and could cost you a lot of \$\$\$

**TAKE THE DYE TAB CHALLENGE**

Test your toilet(s) to see if you have a sneaky leak.

**SHARE YOUR RESULTS**

Visit us online to enter your toilet test results and be entered to win a \$25 gift card.

REQUEST FREE DYE TABS



[SavingWaterPartnership.org/challenge](http://SavingWaterPartnership.org/challenge)



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# Expenditures compared to FY 24-25

	FY24-25	FY25-26	
	Budget (in Millions)	Budget (in Millions)	Change (in Millions)
Operations and Maintenance	\$45.41	\$45.87	\$.46
Capital Projects	\$15.66	\$18.28	\$2.62
BO Compliance, Water Supply Planning, Water Conservation	\$7.53	\$8.80	\$1.27
Debt Service	\$5.83	\$9.07	\$3.25
Totals	\$74.43	\$82.02	\$7.60

Grants, Use of Fund Balance,  
and Bond Proceeds

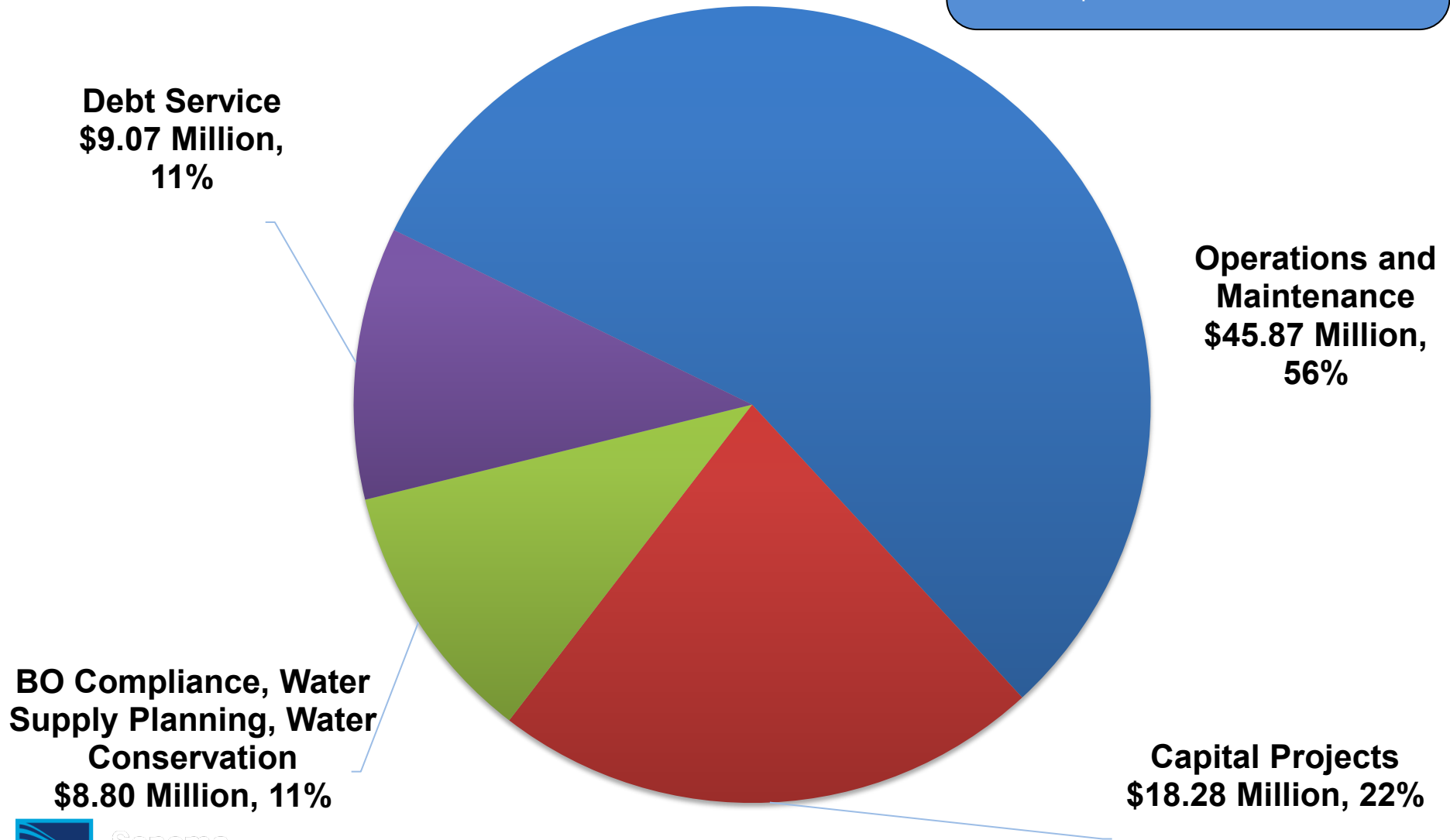
\$18.13

\$21.34

\$3.21

# FY 25-26 Budgeted Expenditures

Grants, Bond Proceeds,  
and Use of Fund Balance  
\$21.34 Million



# Example of how rates are calculated

$$\frac{\$59,370,000}{42,407 \text{ AF}} = \$1,400/\text{Acre Foot}$$

↑ Water Sold: Restructured Agreement requires use of the Lesser of:

42,407 AF

or

44,530 AF



# Deliveries and Rates

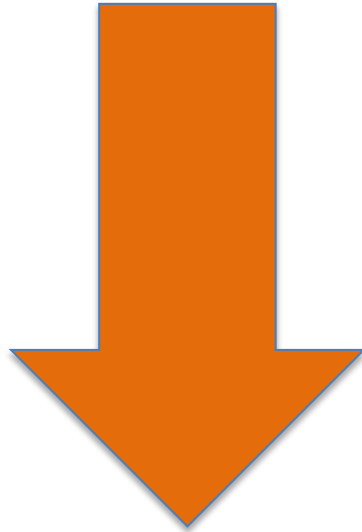
Due to the prescribed fully volumetric rate, budgeted deliveries have a significant impact on rate increases.

Scenario	Deliveries	Rate Increase (SR AQ)	Rate Increase (PET AQ)	Rate Increase (SON AQ)
3-Year Annual Ave (FY25/26 Budget)	42,407	8.68%	10.76%	7.60%

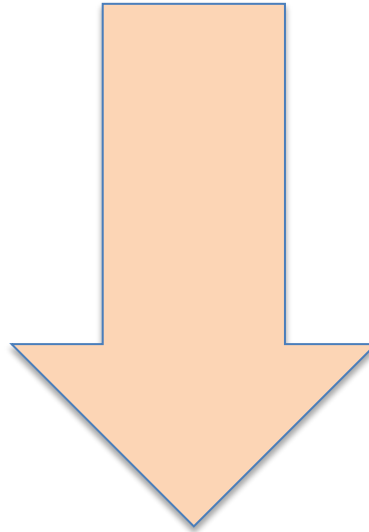
500 AF of deliveries = ~ 1.3% change to rate increase



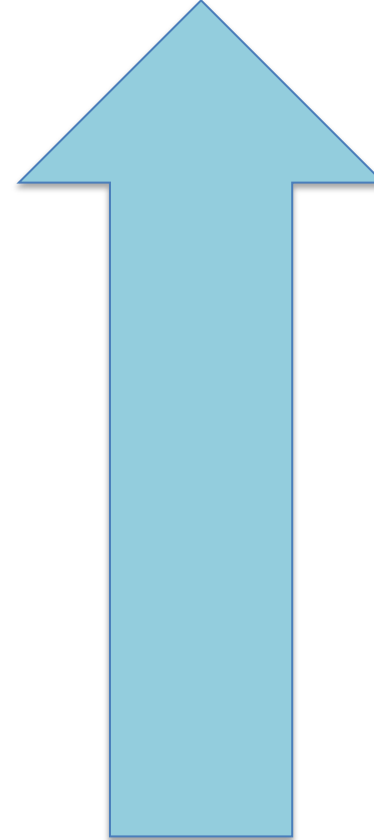
# Steps taken to reduce budget and rate



Deferred or reduced budget year non-routine maintenance projects by \$11.31 million



Deferred budget year capital projects by \$5.37 million and \$87.93 million in capital costs originally scheduled for FY26/27 and FY27/28.



Use of grants, bond proceeds, and fund balance = \$21.34 million

## Result:

Rate increase dropped from over 40% to:

SR AQ - 8.68%

Pet AQ – 10.76%

Son AQ - 7.60%

Total cost per gallon is \$0.004



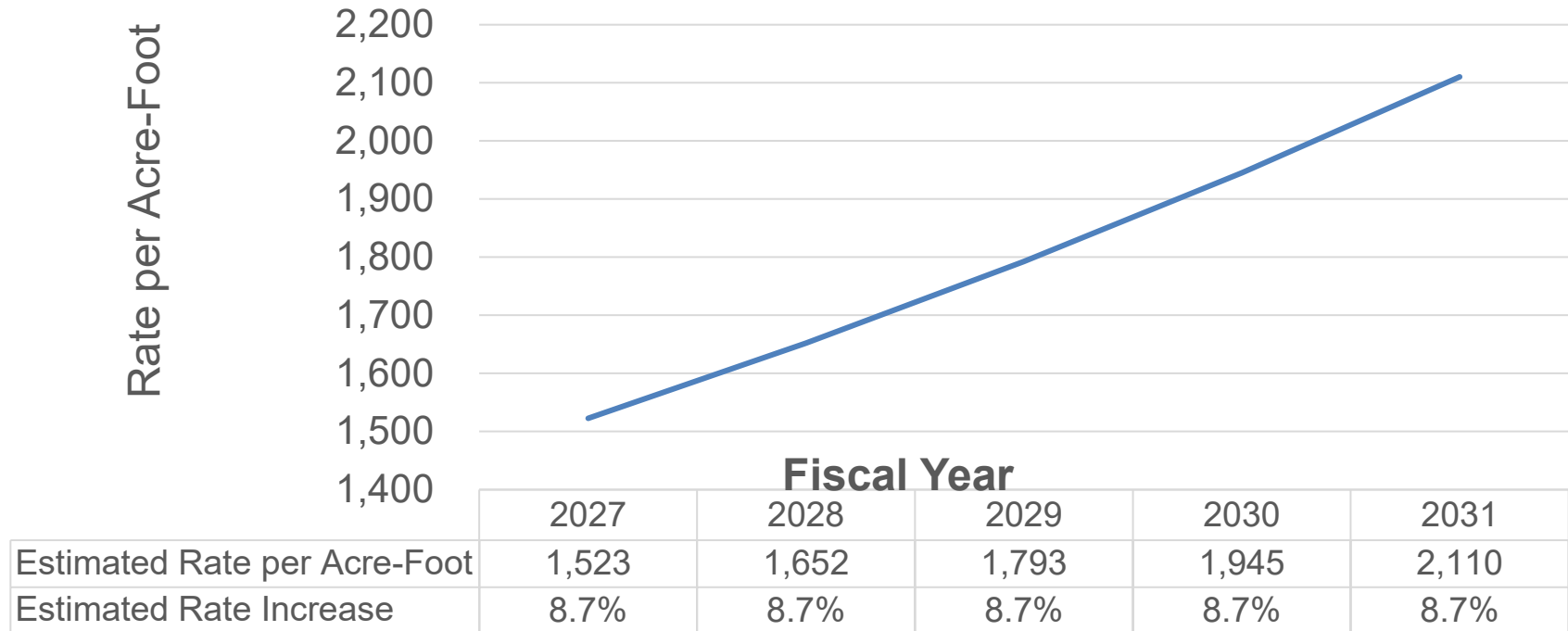
# Proposed Rates for FY 25-26

Charge / Aqueduct	Santa Rosa	Petaluma	Sonoma
Deliveries (Acre-Feet)	42,407		
O&M	\$1,029.16	\$1,029.16	\$1,029.16
Water Management Planning	\$4.57	\$4.57	\$4.57
Watershed Planning & Restoration	\$45.71	\$45.71	\$45.71
Recycled Water and Local Supply	\$0.14	\$0.14	\$0.14
Water Conservation	\$63.83	\$63.83	\$63.83
<b>Total O&amp;M</b>	<b>\$1,143.41</b>	<b>\$1,143.41</b>	<b>\$1,143.41</b>
Storage & Common Bond/Loan Charges	\$246.45	\$246.45	\$246.45
Petaluma Aqueduct Bond/Loan Charge		\$15.66	
Sonoma Aqueduct Bond/Loan Charge			\$144.56
<b><i>Prime Contractors</i></b>	<b>\$1,389.86</b>	<b>\$1,405.52</b>	<b>\$1,534.42</b>
<b><u>Discretionary Charges</u></b>			
Capital Charges - to build fund balance for future projects	\$11.00	\$10.00	\$34.90
<b><i>Prime Contractors</i></b>	\$11.00	\$10.00	\$34.90
<b><i>Total Prime Contractors</i></b>	<b>\$1,400.86</b>	<b>\$1,415.52</b>	<b>\$1,569.32</b>
Total Overall Increase:	8.68%	10.76%	7.60%



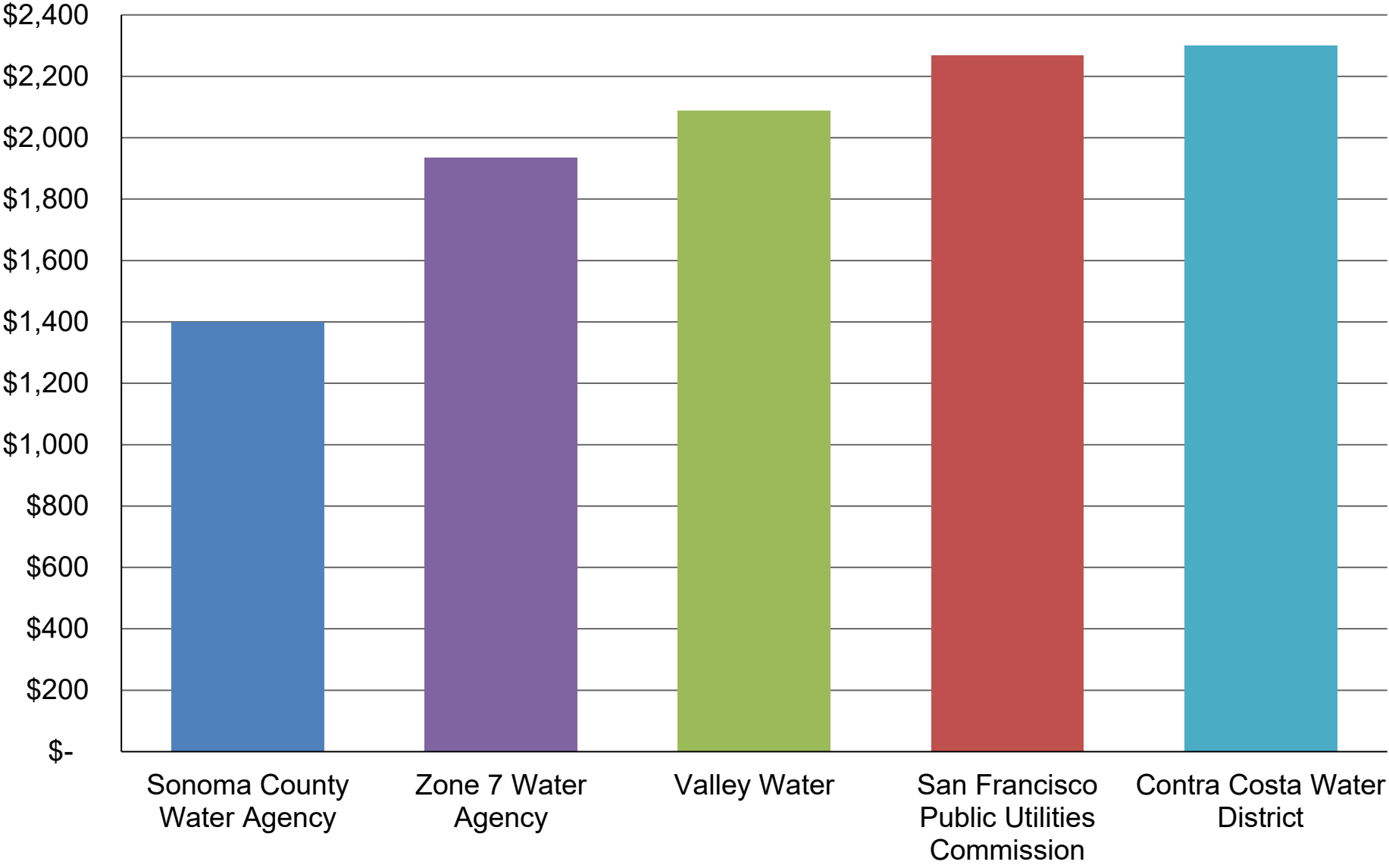
# Long Range Financial Plan

## Example Santa Rosa Aqueduct Rate Scenario



- Assumes Water Demand Growth of 1% based on FY 2025 Budgeted Deliveries of 41,847 AF. Santa Rosa AQ Deliveries: 16,500 AF to 17,120 AF. Higher Deliveries would reduce rates.
- Estimated 5% growth in O&M Expenses and 4% growth in capital project costs.
- Estimated FY 2028-2029 Financing: \$114.5 Million.

# 2025 wholesale water rates per Acre-Foot



# Budget and Rate Adoption Schedule

- Technical Advisory Committee Vote – March 3
- Water Advisory Committee Vote – April 7
- Adoption by Sonoma Water's Board – April 22

# Sonoma Water Videos

## Investing in our infrastructure

Available in English and Spanish at  
[www.youtube.com/@sonomawater/videos](http://www.youtube.com/@sonomawater/videos)

[Value of water: A brief video on the value of our water supply](#)

[We are Sonoma Water: Where your water comes from](#)

[Water storage tank maintenance: A brief video on how we are working to keep our water storage facilities upgraded, reliable for today and future generations](#)

[Maintaining the Sonoma booster station: Keeping the drinking water flowing to Sonoma, Valley of the Moon Water District one booster station at a time!](#)

[Aqueduct corrosion protection program: A brief video on work to combat corrosion in our aqueduct](#)

[Russian River Aqueduct Crossing: Ensuring safe delivery of drinking water](#)



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[Dry Creek habitat restoration: Protecting our natural pipeline, habitat](#)





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Lynne Rosselli

Financial Services Division Manager

[Lynne.Rosselli@scwa.ca.gov](mailto:Lynne.Rosselli@scwa.ca.gov)

Jake Spaulding

Finance Manager

[Jake.Spaulding@scwa.ca.gov](mailto:Jake.Spaulding@scwa.ca.gov)

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# Santa Rosa Water Budget Impacts

- 8.68% Increase = \$1.94m increase
  - Projected 1.1% growth consistent with long range financial plan
- Current long range financial plan incorporates up to 11% increase to wholesale water rates for FY 2025/26
- No additional fund balance needed to absorb rate increase
  - Recommended wholesale water rate pass-through, if adopted, would begin for fiscal year 2026/27



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# Santa Rosa Water Customer Impacts

- No additional impacts for FY 2025/26
  - Public hearing for next rate cycle on April 1
  - If adopted would set rates for FY 2025/26 – FY 2029/30 and include wholesale rate pass through
  - Sonoma Water FY2025/26 increase absorbed by assumptions in long range financial plan (up to 11%)
  - Proposed FY2025/26 Water fund budget is returning to planned CIP investment of \$15.5m



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# Recommendation

It is recommended by Santa Rosa Water that the Board of Public Utilities consider Sonoma Water's proposed Fiscal Year 2025/26 Water Transmission System budget and rate increase and, by motion, make a recommendation to the City Council regarding the Council's direction to its Water Advisory Committee (WAC) representative for the April 7, 2025 WAC vote on Sonoma Water's proposed 2025/26 Water Transmission System Budget and rate increase.



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# Questions?



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