

CITY OF SANTA ROSA  
BOARD OF PUBLIC UTILITIES

TO: BOARD OF PUBLIC UTILITIES  
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

The Water Department recommends that the Board of Public Utilities consider the SCWA budget and proposed water rate increase and, by motion, make a recommendation to the City Council regarding Council's 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 may make a recommendation to the City Council, which will in turn advise their representative to the Water Advisory Committee (WAC) prior to a WAC vote. The WAC is an advisory board. Ultimately the SCWA Board of Director's 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.

The Technical Advisory Committee (TAC) is 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.

The BPU recommendation to the City council regarding Council's direction to its WAC member on the SCWA budget and proposed water rate increases is scheduled to be considered by the City Council at its meeting on March 13, 2018.

## 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 is scheduled to vote on whether or not to recommend the SCWA budget and proposed rate increase for approval on March 5, 2018. 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 Advisory Committee is scheduled to vote on whether or not to recommend the SCWA budget and proposed rate increased for approval of the Water Advisory Committee at their meeting on March 5, 2018.

Water Advisory Committee is scheduled to vote on whether or not to recommend the SCWA budget and proposed rate increase for approval for the SCWA Board of Directors on April 2, 2018.

None.

## ATTACHMENTS

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

## CONTACT

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