

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: LINDA REED, ACTING DIRECTOR
SANTA ROSA WATER
SUBJECT: SONOMA COUNTY WATER AGENCY 2016/17 WATER
TRANSMISSION BUDGET AND WATER RATE INCREASE

AGENDA ACTION: MOTION

RECOMMENDATION

It is recommended by the Water Department and the Board of Public Utilities that the Council consider the SCWA budget and proposed water rate increase and, by motion, make a recommendation to the Council's Water Advisory Committee representative for the Water Advisory Committee vote on April 4, 2016.

EXECUTIVE SUMMARY

The City of Santa Rosa purchases approximately 90% of the water supplied to our customers from the Sonoma County Water Agency (SCWA). The SCWA is proposing to raise the wholesale rate of water by 5.98% from \$761.05 to \$806.59 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 2.6%.

The Board of Public Utilities will review the SCWA proposed budget and rate increase on March 17, 2016, and make a recommendation to City Council. The City Council may 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 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 contractors to the Sonoma County Water Agency's (SCWA) wholesale water. The WAC is an advisory committee to the SCWA Board of Directors. The City's WAC Representative is Council Member Tom Schwedhelm. On April 4, 2016, the WAC is scheduled to vote on whether or not to recommend the SCWA budget and proposed rate increase for approval of the SCWA Board of Directors.

PRIOR CITY COUNCIL REVIEW

Each year the City Council reviews the SCWA proposed rate increase and makes a recommendation to the Water Advisory Committee representative.

ANALYSIS

Sonoma County Water Agency (SCWA) staff presented the proposed 2016/17 Water Transmission System budget to the SCWA Technical Advisory Committee (TAC) budget subcommittee over a series of meetings in January and February 2016. SCWA staff made numerous adjustments to the budget resulting in substantial reduction to the initially proposed rate increase. The entire TAC reviewed the proposed budget and rate increase on March 7, 2016 and voted to support the request. The Board of Public Utilities will review the SCWA proposed budget and rate increase on March 17, 2016 and make a recommendation to City Council.

The SCWA proposes to increase rates for wholesale water on the Santa Rosa Aqueduct by 5.98% or from \$761.05 per acre foot to \$806.59 per acre foot. Significant factors driving the 2016/17 SCWA budget are as follows:

1. Per the Restructured Agreement, estimated water deliveries for 2016/17 are 40,524 acre feet – the lower of the previous 12 months or the average of the past three years – a drop of 10,000 acre feet from the 2015 estimated delivery. This assumption directly affects the rate calculation.
2. The revenue estimates for 2016/17 are down 14.34% or \$5.7 million dollars from 2015/16 and the expenditure requests in the Water Transmission Fund are down 12.51% or \$5.8 million dollars from the 2015/16 estimate.
3. The overall Operations and Maintenance charge is up 6.89% or from \$646.92 per acre foot to \$691.47 per acre foot.
4. The Storage and Common Bond & Loan charge is up 21.61% or from \$78.63 per acre foot to \$95.62 per acre foot due mostly to new financing in 2015.
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 \$45.54 per acre foot or 5.98%. At the SCWA estimated delivery to Santa Rosa of 15,341 acre feet, this would be a \$698,629

increase in the cost of wholesale water. 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 2.6% or about \$1.00 (2%) 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 Sonoma County Water Agency voted to support this request at their meeting on March 7, 2016.

The Board of Public Utilities will review the SCWA proposed budget and rate increase on March 17, 2016 and make a recommendation to City Council.

NOTIFICATION

Not applicable.

ATTACHMENTS

- Attachment 1 – SCWA Budget Package

CONTACT

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