

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
SUBJECT: APPROVAL OF THE PRELIMINARY 2013/14
SUBREGIONAL WATER REUSE SYSTEM OPERATING
AND MAINTENANCE, CAPITAL IMPROVEMENT AND DEBT
SERVICE BUDGET AND ALLOCATION OF COSTS
STAFF PRESENTER: LINDA REED, ADMINISTRATIVE SERVICES OFFICER
UTILITIES DEPARTMENT
AGENDA ACTION: MOTION

ISSUE(S)

Should the Council of the City of Santa Rosa approve the Preliminary 2013/14 Subregional Water Reuse System Operating and Debt Service Budget and Allocation of Costs for the purpose of notifying the participating Subregional agencies of their allocation of such costs for 2013/14?



COUNCIL GOALS AND STRATEGIES

Goal 1 “Create a Strong Sustainable Economic Base”. The Subregional Water Reuse System utilizes regional partnerships to leverage the City’s investment in wastewater treatment.

Goal 3 “Provide Leadership in Environmental Initiatives”. The Subregional Water Reuse System is a state of the art wastewater treatment facility recognized worldwide for its innovative use of recycled water. The facility beneficially reuses 95 – 100% of the water and solids that are processed annually.

BACKGROUND

The Subregional Water Reuse System is owned and operated by the City of Santa Rosa and provides service to 5 user agencies; Santa Rosa, Rohnert Park, Sebastopol, Cotati and the Sonoma County South Park Sanitation District. The Subregional system is funded by the 5 user agencies through wastewater fees and charges. Operating costs are allocated based on the percentage contribution of flow into the plant and debt service costs are allocated based on the Subregional Agreement in place at the time the debt was incurred.

The Subregional Agreement requires that the City annually prepare a Preliminary

Operating and Debt Service Budget and Allocation of Costs for the Subregional Wastewater System. The City is required to notify the user agencies of the proposed budget and allocation of costs by May 1st.

The proposed Subregional budget recommendation was reviewed and recommended by the Subregional Technical Advisory Committee (TAC) by motion at a special meeting on April 4th and was reviewed and recommended to Council by resolution of the Board of Public Utilities (BPU) at their regular meeting on April 4th. Changes were made to lower proposed expenditures in response to suggestions from both the TAC and the BPU.

The City Council will have an opportunity to further review this budget request at the planned budget study sessions May 7th or May 14th. Any changes will be incorporated into the final 2013/14 budget.

ANALYSIS

The proposed Subregional Operations and Maintenance expenditure request for 2013/14 is \$28,509,836, up 3.3% from the previous year. The cash funded capital improvement program request is \$1,000,000, flat compared to the previous year.

Major budget changes for the Subregional system include:

- Increased operating projects funding of \$437,000 is proposed.
 - New Projects
 - Geysers - Road, Pump, Building Refurbishment
 - Administration Building Furnishings Replacement
 - Ongoing Projects with new funding
 - UV Disinfection
 - Compost turner rebuilding
 - Various equipment repair and replacement projects
 - Consultant services
 - Nutrient Offset
 - Permit renewal and compliance
- Positions changes requested will add approximately \$154,000 in salary and benefit costs to the annual request.
 - Convert two temporary seasonal Skilled Maintenance Workers to regular full time positions in Mechanical Services and Reclamation
 - There is a regular ongoing need for these positions
 - Add a Mechanical Technologist position in Mechanical Services
 - Equipment that is aging requires more maintenance. In addition, newer equipment tends to require more planned maintenance activities to maintain efficiencies.
 - Add a Lab Analyst at the Laguna Environmental Laboratory.

- This position will enable us to cover increased workload going forward due to increases in nutrient related testing, biosolids land application related testing, and special projects.

Operating expenditures are collected from each user agency based on the prior fiscal year flow into the plant per the Subregional Agreement. Percentages for each user agency may vary from year to year. The amount due from each agency is offset by revenues into the Subregional system. The proposed total due from each agency for 2013/14 will be:

	2011/12 Flow	Due
Santa Rosa	73.6445%	\$20,323,989
Rohnert Park	17.9246%	\$4,946,729
Sebastopol	3.0229%	\$834,243
Cotati	2.0640%	\$569,611
SPCSD	3.3440%	\$922,858
	100.0000%	\$27,597,430

The year over year change for each user agencies' operations costs are;

Entity	2012/13	2013/14	% Change
Santa Rosa	\$20,136,337	\$20,323,989	0.93%
Rohnert Park	\$4,713,772	\$4,946,729	4.94%
Sebastopol	\$660,390	\$834,243	26.33%
Cotati	\$624,616	\$569,611	-8.81%
SPCSD	\$927,586	\$922,858	-0.51%
	\$27,062,701	\$27,597,430	1.98%

Debt service is owed by the Subregional system for a variety of bonds and state loans that have financed facility and process improvements over the years. The City refinanced the 2004A variable rate bonds in 2012, leading to a lower annual debt service request. Debt service payments are allocated to each partner based on the Subregional Agreement in place at the time the debt was issued.

Entity	2012/13	2013/14	% Change
Santa Rosa	\$19,341,122	\$19,175,915	-0.85%
Rohnert Park	\$3,903,261	\$3,873,621	-0.76%
Sebastopol	\$706,276	\$702,026	-0.60%
Cotati	\$943,398	\$935,367	-0.85%
SPCSD	\$525,813	\$522,171	-0.69%

Approval of the Preliminary 2012/13 Subregional Water Reuse System Operating and Maintenance, Capital Improvement and Debt Service Budget and Allocation of Costs
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\$25,419,869 \$25,209,100 -0.83%

Total Allocation:

2013/14 Preliminary Allocations									
	O&M Contribution		Debt Service		Total	\$ Change from 2012/13	% Change from 2012/13		% from each Agency - total
Santa Rosa	\$20,323,989	73.64%	19,175,915	76.07%	39,499,904	22,445	0.06%		75%
Rohnert Park	\$4,946,729	17.92%	3,873,621	15.37%	8,820,350	203,317	2.36%		17%
Sebastopol	\$834,243	3.02%	702,026	2.78%	1,536,269	169,603	12.41%		3%
Cotati	\$569,611	2.06%	935,367	3.71%	1,504,978	-63,036	-4.02%		3%
SPCSD	\$922,858	3.34%	522,171	2.07%	1,478,904	-8,240	-0.55%	*	3%
	27,597,430	100.00%	25,209,100	100.00%	52,840,405	324,090	0.62%		100%

* Plus SPCSD share of Local Wastewater debt service (\$33,875.03)

RECOMMENDATION

It is recommended by the Department of Utilities, the Subregional Wastewater Technical Advisory Committee and the Board of Public Utilities that Council, by motion, approve the Preliminary 2013/14 Subregional Water Reuse System Operating and Debt Service Budget and Allocation of Costs to the Subregional agencies for the purpose of notifying each of the agencies of their cost allocation for the 2013/14 year, approval of Santa Rosa's contribution to be subject to Council approval of the budget during the 2013/14 Council budget review.

Author: Linda Reed

Attachments:

Board of Public Utilities resolution "RECOMMENDING THAT THE SANTA ROSA CITY COUNCIL APPROVE THE PRELIMINARY FY 2013/14 BUDGET FOR THE SUBREGIONAL WATER REUSE SYSTEM AND THE PROPOSED OPERATIONS AND DEBT SERVICE ALLOCATION OF COSTS"

RESOLUTION NO 1042

RESOLUTION OF THE BOARD OF PUBLIC UTILITIES RECOMMENDING THAT THE SANTA ROSA CITY COUNCIL APPROVE THE PRELIMINARY FY 2013/14 BUDGET FOR THE SUBREGIONAL WATER REUSE SYSTEM AND THE PROPOSED OPERATIONS AND DEBT SERVICE ALLOCATION OF COSTS

WHEREAS, the proposed budget for the Subregional Water Reuse System Operations for Fiscal Year 2013/14 has been reviewed by this Board; and

WHEREAS, the same proposed budget was reviewed and approved by the Subregional Technical Advisory Committee; and

WHEREAS, this Board is satisfied that every effort was made to minimize expenditures and is satisfied that all requests are necessary and/or cost-effective.

NOW THEREFORE, BE IT RESOLVED that the Board of Public Utilities recommends that the City Council approve the Preliminary FY 2013/14 Subregional Water Reuse System Operations and Debt Service budget.

DULY AND REGULARLY ADOPTED by the City of Santa Rosa Board of Public Utilities this 4th day of April, 2013.

AYES: (6) GALE, GALVIN, CARNEY, DOWD, HOLT, AND STEFFENSEN

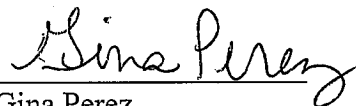
NOES: (0)

ABSENT: (0)

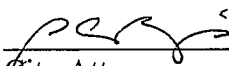
ABSTAIN: (0)

VACANT (1)

APPROVED: 
Chairman Stephen Gale

ATTEST: 
Gina Perez
Recording Secretary

APPROVED AS TO FORM:


City Attorney