

# Preliminary Regional Water Reuse Budget Approval

Regional O&M and CIP  
Budget and Partner Contribution Review  
April 28, 2020

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# Overview

- Budget Drivers / Changes
- Revenues vs. Expenditures
- Expenditure Distribution
- Total Contribution
- Partner Contributions
- UV Bond Funding Update
- CIP Review
- Budget Schedule



# Budget Drivers

- Labor
  - Twenty-four hour operation
- Regulatory Compliance
  - NPDES Permit
  - Bay Area Air Quality Permit
  - Recycled water use requirements
- Geysers
  - Required deliveries per agreement
- Treatment Plant
  - 51 years old



# COVID19 Considerations

- Analyzing flow rates and revenue impacts
- Suspending delinquent fees and offering payment plans
- Re-established service and ceased turn offs
- Revisiting H2O Program
- Following Federal and State Legislation
- Increased staff protections
  - Increased cleaning of common areas
  - PPE increases
  - Shift adjustments
    - Prepares for possible quarantines
    - Decreases staff interaction



# Fund Changes

- Budget Review
  - Staff reviewed 6 years of expenditure
  - Analyzed wet weather expenditures
  - Carefully considered O&M projects
- Department wide Budget - Flat
- Regional Fund up – 0.6%
  - Electricity increases
  - NPDES Permit Process

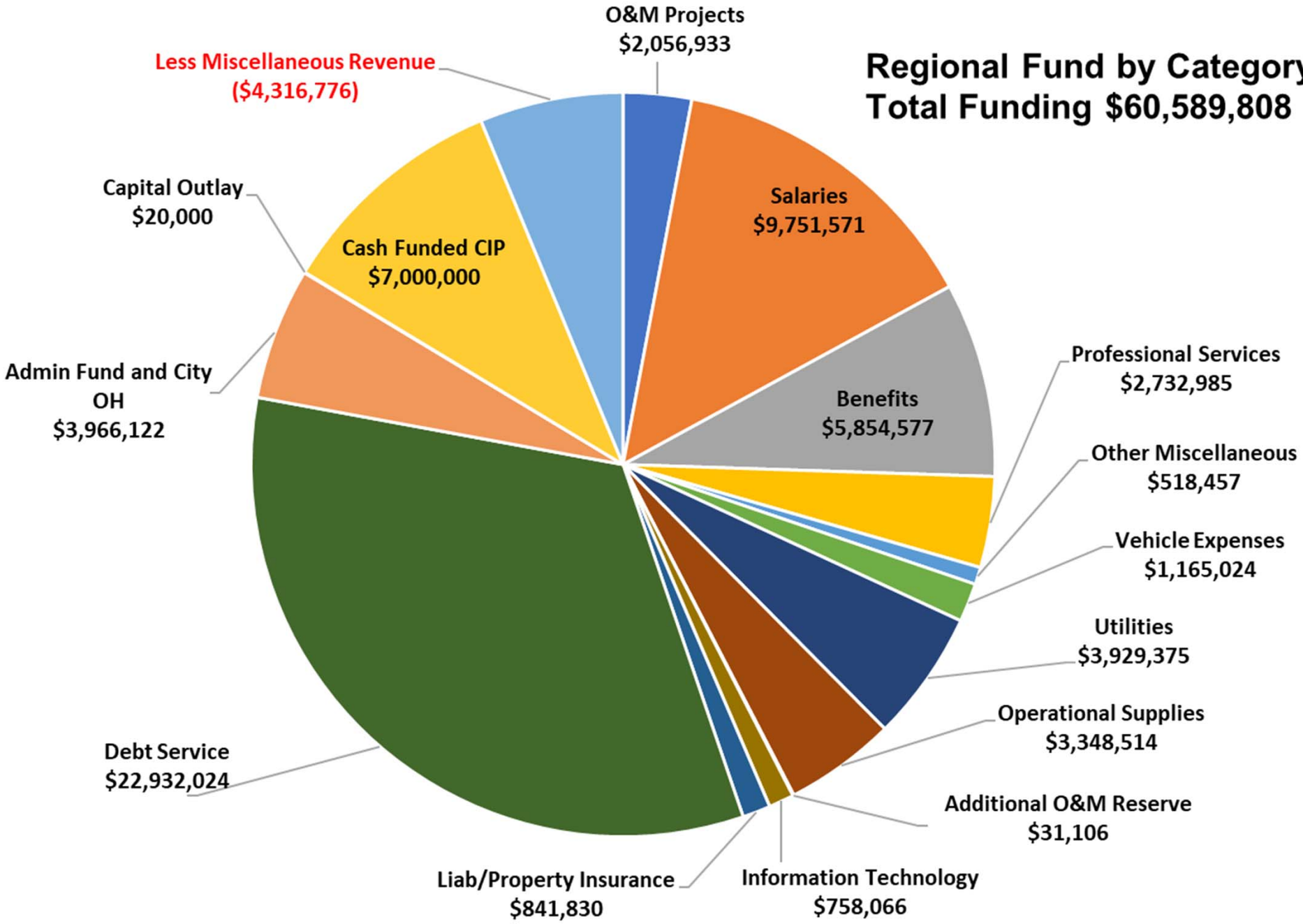
# Budget Changes

- Salaries down – \$197,730 or **-2.0%**
- Benefits up – \$117,414 or 2%
- Electricity up – estimated 20-25%
  - Moving to Evergreen
- Vehicle Expenses – flat
- IT allocation up – 6.5%



# Regional Fund by Category

Total Funding \$60,589,808



**Fund Summary 2020/21**

		<b>2020/21 Budget</b>
<b>Operating Expenditure Request</b>		\$35,361,132
<b>Transfers Out:</b>		
Regional WW Capital (Cash funded CIP)		\$7,000,000
Additional Operating Reserve needed		\$31,106
<b>Expenditures / Transfers Out / Change in Operating Reserve</b>		<b>\$42,392,238</b>
<b>Regional System Reserves for 2020/21</b>		
<b>Operating Reserves (15% of expenditures)</b>	<b>\$5,304,170</b>	
<b>Geysers Reserves</b>	<b>\$1,250,000</b>	
<b>Catastrophic Reserve</b>	<b>\$1,700,000</b>	
<b>User Agency Reserve</b>	<b>\$5,000,000</b>	
	<b>\$13,254,170</b>	
<b>Agency Contribution Calculation:</b>		
Expenditures / Transfers Out / Change in Operating Reserve		\$42,392,238
Less Revenue		(\$4,316,776)
<b>Agency Contribution</b>		<b>\$38,075,462</b>



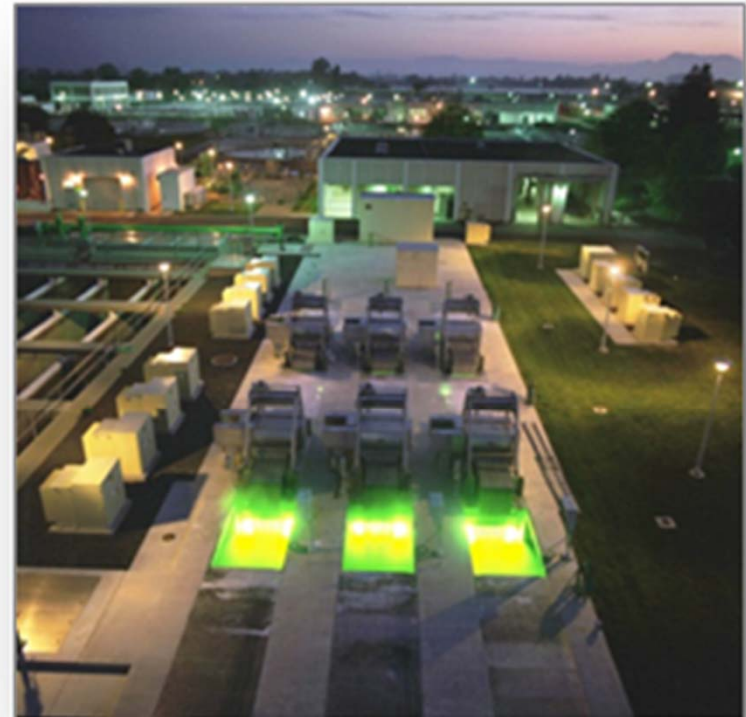
# Total Allocation

	<b>Total 2019/20</b>	<b>2020/21 Budgeted O&amp;M</b>	<b>2020/21 CIP Contribution</b>	<b>2020/21 Debt Service</b>	<b>Total 2020/21</b>	<b>Difference</b>
Santa Rosa	\$44,767,265	\$22,622,936	\$4,953,200	\$17,145,137	\$44,721,273	-\$45,992
Rohnert Park	\$10,507,656	\$5,686,810	\$1,379,000	\$3,441,259	\$10,507,069	-\$587
Sebastopol	\$1,620,981	\$807,962	\$228,200	\$614,239	\$1,650,401	\$29,420
Cotati	\$1,742,534	\$963,339	\$206,500	\$836,111	\$2,005,950	\$263,416
SPCSD	\$1,682,126	\$994,415	\$233,100	\$477,600	\$1,705,115	\$22,989
	\$60,320,562	\$31,075,462	\$7,000,000	\$22,514,346	\$60,589,808	\$269,246

*Miscellaneous Revenues removed from 2020/21 O&M*

# UV Replacement Project

- Project estimated costs
  - \$70m
- Project bid early 2021
- Bond funding
  - User Agencies determining possible cash contributions to reduce total debt service

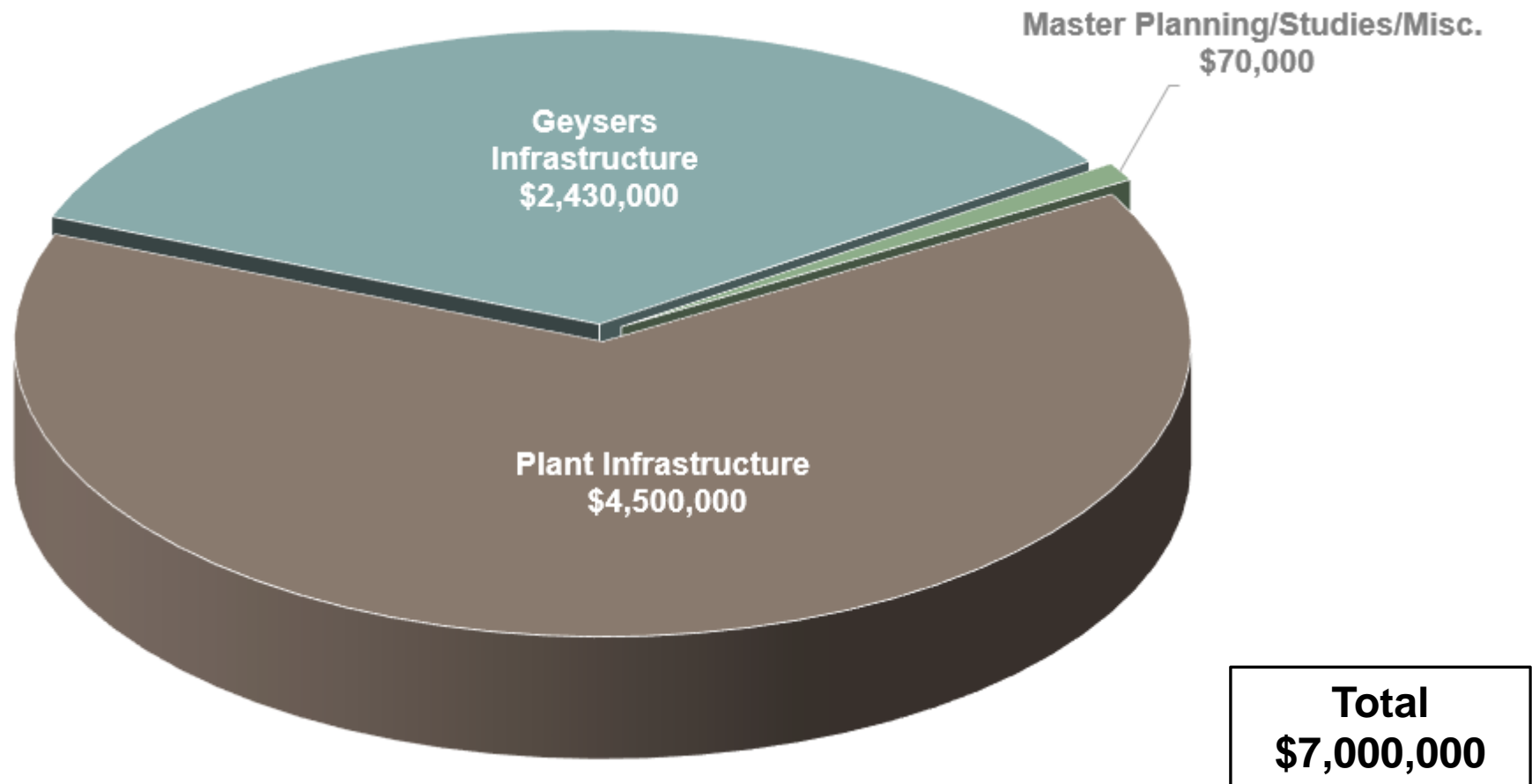


# 2020-21 Capital Improvement Program Budget Review



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# Santa Rosa Water 2020-21 CIP Proposed Subregional



# Budget Schedule

- **City Council – April 28<sup>th</sup>**
  - Preliminary approval of Regional Budget
- **City Council – May 19<sup>th</sup> (Current Schedule)**
  - Budget Study Session
- **City Council – June 23<sup>rd</sup>**
  - Budget Adoption

# Recommendation

It is recommended by the Water Department, the Regional Water Reuse System Technical Advisory Committee and the Board of Public Utilities that the Council, by resolution, approve the preliminary FY 2020/21 Regional System Operating and Maintenance, Capital Improvement, and Debt Service Budget and Allocation of Costs for the purpose of notifying the participating Regional Water Reuse User Agencies of their allocation of such by May 2020.

# REGIONAL DISCUSSION / QUESTIONS?



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