

CITY OF SANTA ROSA  
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL  
FROM: KIMBERLY ZUNINO, DEPUTY DIRECTOR ADMINISTRATION  
WATER DEPARTMENT  
SUBJECT: SONOMA COUNTY WATER AGENCY (SONOMA WATER)  
2021/22 WATER TRANSMISSION BUDGET AND RATE  
INCREASE

AGENDA ACTION: MOTION

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RECOMMENDATION

It is recommended by the Board of Public Utilities and the Water Department that the Council, by motion, consider the Sonoma County Water Agency FY2021/22 Water Transmission Budget and proposed rate increase and provide direction to its Water Advisory Committee representative for the Water Advisory Committee vote on April 5, 2021.

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EXECUTIVE SUMMARY

The City of Santa Rosa purchases approximately 90% of the water supplied to our customers from Sonoma County Water Agency (Sonoma Water). Sonoma Water is proposing to raise the wholesale rate of water by 3.47% from \$966.95 per acre-foot to \$1,000.46 per acre-foot for FY2021/22.

The Board of Public Utilities reviewed the Sonoma Water proposed budget and rate increase on March 4, 2021 and made a recommendation to City Council. The City Council may advise its representative to the Water Advisory Committee (WAC) prior to a WAC vote. The WAC is an advisory board to Sonoma Water. Ultimately, the Sonoma Water Board of Directors will have final authority to approve the proposed budget and rate increase.

BACKGROUND

There is a Water Advisory Committee (WAC) made up of elected officials of each of the prime contractors to the Sonoma Water wholesale water. The WAC is an advisory committee to the Sonoma Water Board of Directors. The City's WAC Representative is Council Member Tom Schwedhelm. On April 5, 2021, the WAC is scheduled to vote on

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whether or not to recommend the Sonoma Water budget and proposed rate increase for approval of the Sonoma Water Board of Directors.

There is also a Technical Advisory Committee (TAC) to the WAC made of technical staff of each of the prime contractors to Sonoma Water's wholesale water. The TAC provides technical analysis and recommendations to the WAC.

### PRIOR CITY COUNCIL REVIEW

Each year the City Council typically reviews the Sonoma Water budget and proposed rate increase and makes a recommendation to the WAC representative.

### ANALYSIS

Sonoma Water staff presented the proposed FY2021/22 Water Transmission System budget to the TAC budget subcommittee over a series of meetings in February. Working with the TAC budget subcommittee, Sonoma Water staff made adjustments to the budget resulting in the proposed rate increase. On March 1, 2021 the TAC voted to recommend the Sonoma Water budget and proposed rate increase for approval. Sonoma Water proposes to increase rates for wholesale water on the Santa Rosa Aqueduct by 3.47% or from \$966.95 per acre-foot to \$1,000.46 per acre-foot. Significant factors driving the FY2021/22 Sonoma Water budget are as follows:

1. Per the Restructured Agreement, estimated water deliveries for FY2021/22 are 46,095 acre feet, which is the lower of the previous 12 months water deliveries or the average of the past three years water deliveries.
2. The overall Operations and Maintenance charge is up 8.1% which includes increased expenditures on maintenance and system resiliency.
3. Projects that will bid during the fiscal year are one of the factors impacting the total budget this year. Projects such as Construction Management for Russian River Crossing (project awarded last FY), Mirabel Dam Bladder Replacement and Wohler Plant Access Road Retaining Wall Projects must be fully funded for contract award.
4. The Santa Rosa Aqueduct Capital Charge, which is classified as a discretionary charge, will be set at \$20.00 per acre-foot. This charge is set 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 \$33.51 per acre-foot or 3.47%. At the Sonoma Water estimated delivery of 46,095 acre feet, Santa Rosa's estimated water use for next fiscal year of 16,000 acre feet would result in a total charge from \$15.5m to \$16m, an increase from FY2020/21 budget of \$0.5m. The increased cost will be recovered by retail water sales to Santa Rosa Water customers.

### 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 voted to recommend the Sonoma Water budget and proposed rate increase for approval of the Water Advisory Committee at their meeting on March 1, 2021.

The Water Advisory Committee is scheduled to vote on whether or not to recommend the Sonoma Water budget and proposed rate increase for approval for the Sonoma Water Board of Directors on April 5, 2021.

The Board of Public Utilities reviewed the Sonoma Water proposed budget and rate increase on March 4, 2021 and made a recommendation to City Council.

### NOTIFICATION

Not Applicable.

### ATTACHMENTS

- Attachment 1 – Sonoma County Water Agency Water Transmission FY 2021/22 Draft Budget and Rates

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