

DATE: February 20, 2014
TO: BOARD OF PUBLIC UTILITIES
FROM: ROCKY VOGLER, SENIOR WATER RESOURCES PLANNER
SUBJECT: SONOMA COUNTY WATER AGENCY 2014/15 WATER TRANSMISSION BUDGET AND WATER RATE INCREASE
ACTION: MOTION

ISSUE:

Should the Board of Public Utilities make a recommendation to the City Council regarding Council's direction to its Water Advisory Committee (WAC) representative regarding the Sonoma County Water Agency's proposed 2014/15 budget and water rate increase?

BACKGROUND:

Sonoma County Water Agency (SCWA) staff presented the proposed 2013/14 Water Transmission System budget to the WAC on February 3, 2014. Based on budget documents provided by SCWA the proposed wholesale water rate for the City of Santa Rosa will increase 3.60% or from \$705.30 per acre foot to \$730.68 per acre foot. Significant factors driving the 2014/15 SCWA budget are as follows:

- (1) Due to the drought, projected water deliveries are approximately 5,200 acre feet lower than the 3 year annual average (51,211 vs. 46,000 AFY).
- (2) The Restructured Agreement provides an alternative mechanism to estimate water deliveries based on drought or other water-supply reductions.
- (3) The reduction in deliveries due to the drought would have resulted in a 12-13% rate increase. However, \$6.6M in reserves is being utilized to adjust the rates downward to 3.60%.
- (4) If deliveries exceed 46,000 AF, the revenue collected will be used for future projects and to smooth FY 15-16 rates.

(5) There was a net increase in SCWA's Operations and Maintenance budget of 4.8% or from \$449.72 per acre foot to \$471.40 per acre foot.

(6) The Santa Rosa Aqueduct Fund which funds repair and upgrades to the Santa Rosa Aqueduct was funded by \$19.50 an acre foot.

(7) The Local Recycled Water Tier 2 Conservation Program (LRT2) which funds grants to contractors for the development of local water supply was funded by \$16.00 per acre foot.

ANALYSIS:

The WAC is an advisory committee to the SCWA Board of Directors. The City's WAC Representative is Council Member Robin Swinth. On April 7, 2014 the WAC is scheduled to vote on whether or not to recommend the SCWA budget for approval to the SCWA Board of Directors.

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 February 25, 2014.

RECOMMENDATION:

The Utilities Department and the Budget Review Subcommittee recommends that the Board, by motion, consider the SCWA budget and water rate increase and make a recommendation to the City Council regarding Council's direction to its WAC representative regarding these items.

Attachment:

- Water Transmission FY 2014-2015 Draft Budget Rates