

O&M and CIP Budget Recommendation

Board of Public Utilities

April 19, 2018



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Our mission:

Protecting public health
by sustaining water
resources, infrastructure
and the environment



Overview

- Staff Assumptions
- Staffing
- Reserves
- O&M and CIP Expenditures
- Expenditures vs. Revenue
- Subregional Contributions
- Recommendation

Staff Assumptions

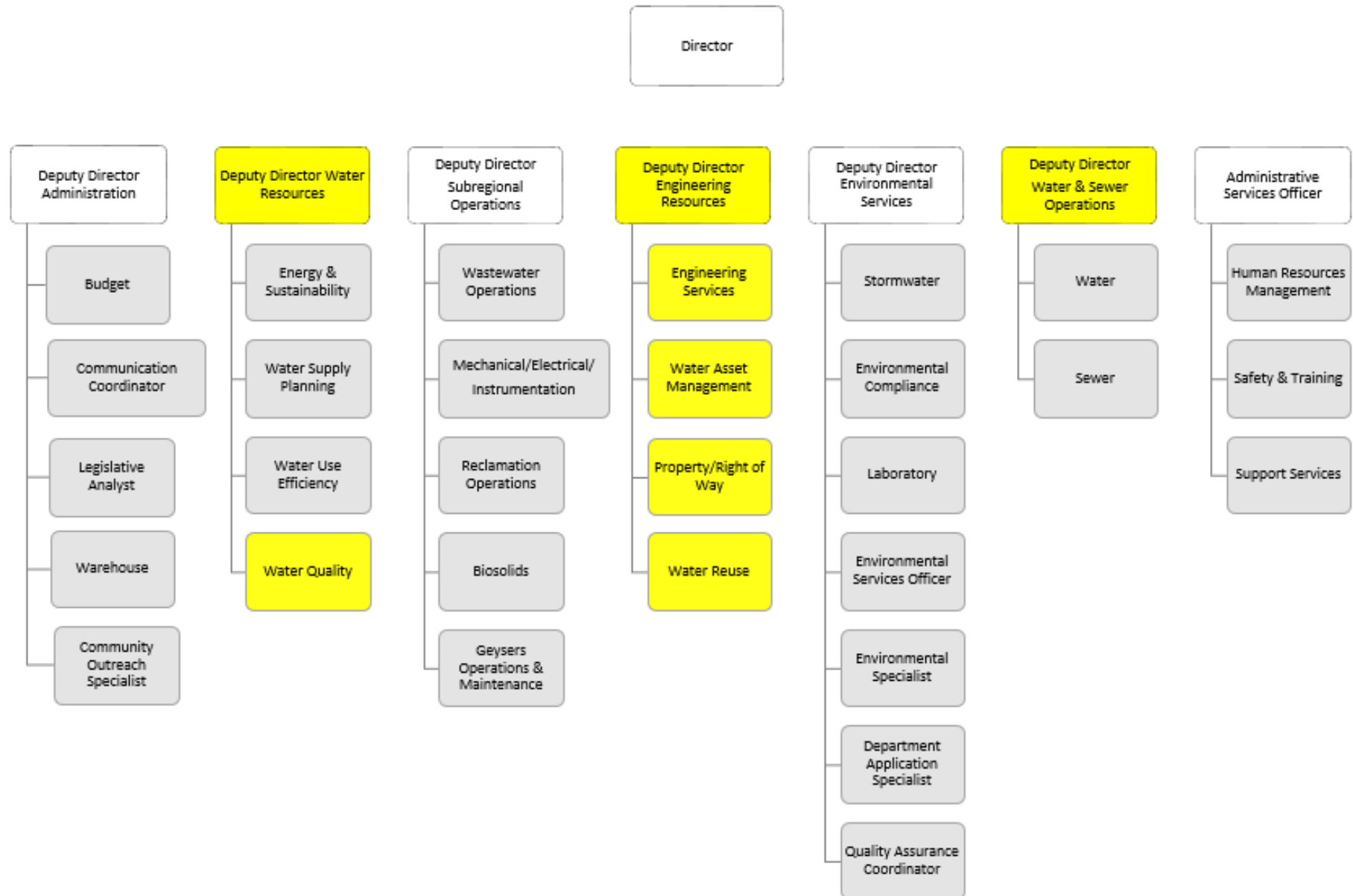
- Water / Wastewater Usage
 - Water use will be flat as compared to 2017/18 projection
 - Wastewater use will decrease **-2%** in 2018/19 compared to 2017/18
- Water / Wastewater Fixed
 - Net Revenue for water fixed fees will increase 1.4%
 - Net Revenue for wastewater fixed fees will decrease **-3%**
- Other Revenue Flat
- Subregional Miscellaneous Revenues down **-0.7%**

2018/19 Staffing



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Proposed Organizational Chart



Reallocation of FTE's

- Added positions
 - Senior Buyer
 - \$111,000
 - Deputy Director Engineering Resources
 - \$150,000
-

- Deleted positions
 - Electrical Technician \$130,000
 - Senior Administrative Assistant \$82,000
 - Environmental Specialist \$123,000



Reclassification and Extension

- Reclassification
 - Currently Sustainability Technician
 - Proposed Sustainability Representative
 - Planning not to backfill
- Extension
 - Administrative Technician Limited Term
 - Approved through May 2019
 - Half funded by H2O program funds
 - State working on low income program legislation



2018/19 Reserves



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Required Minimum Reserves

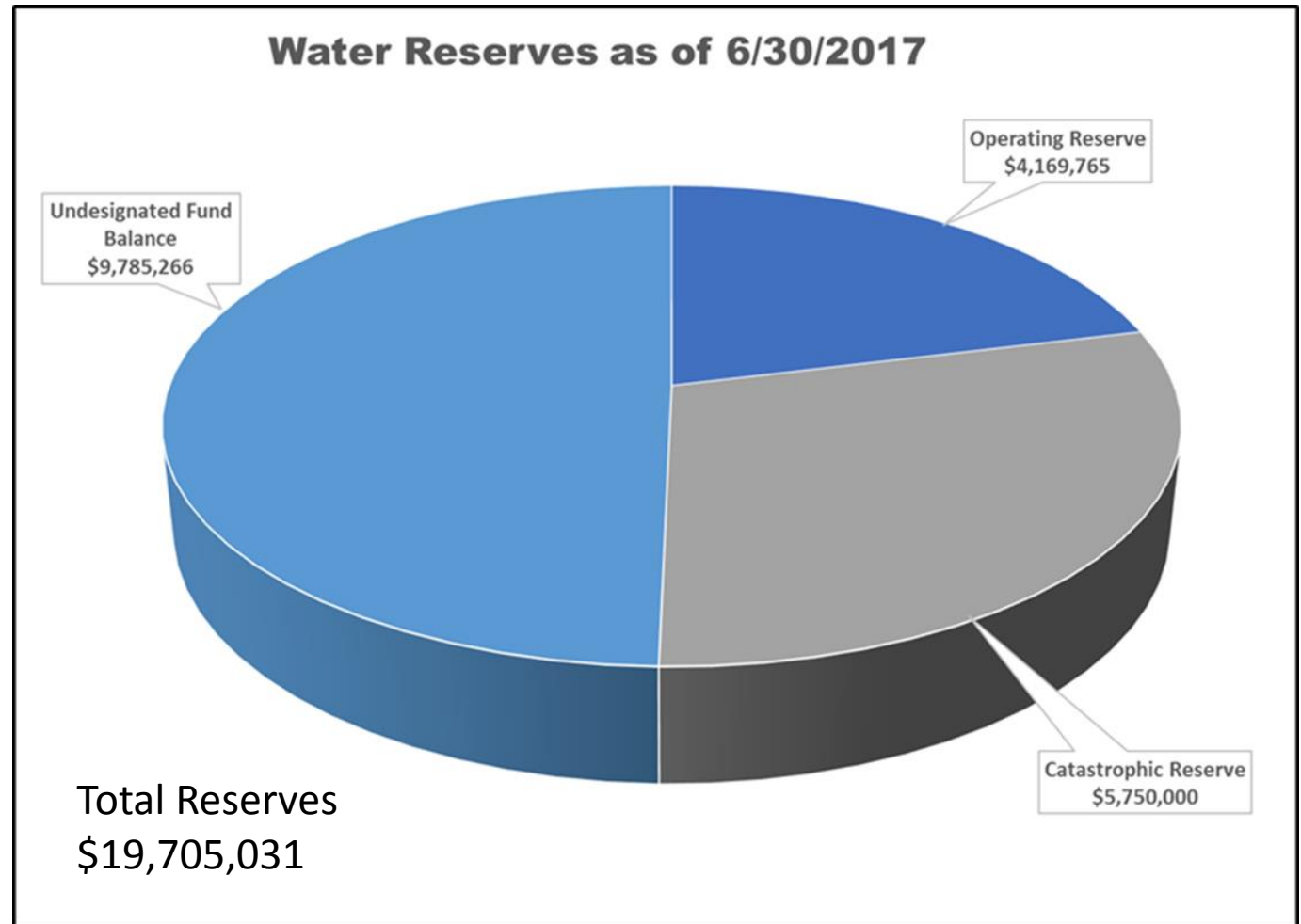
Undesignated vs Required Minimum

- Undesignated reserves used this year for all funds
 - Undesignated are in addition to required minimum reserves per policy
- Catastrophic reserves will be used for Water CIP
 - Main replacement
- All other required minimum reserves will remain intact



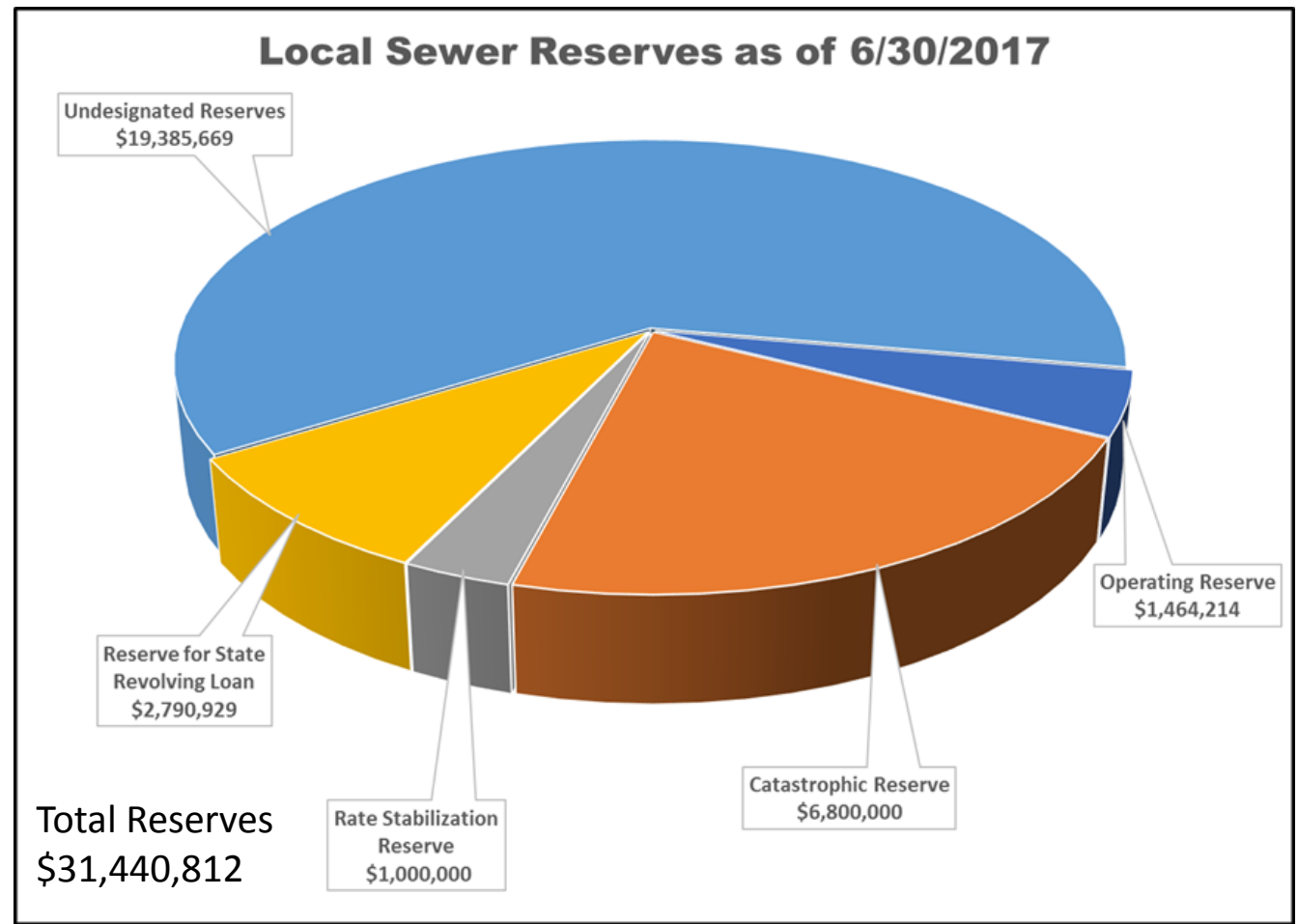
Water Reserves

- Operating
 - \$4,169,765
- Catastrophic
 - \$5,750,000
- Undesignated
 - \$9,785,266
 - 6/30/2017



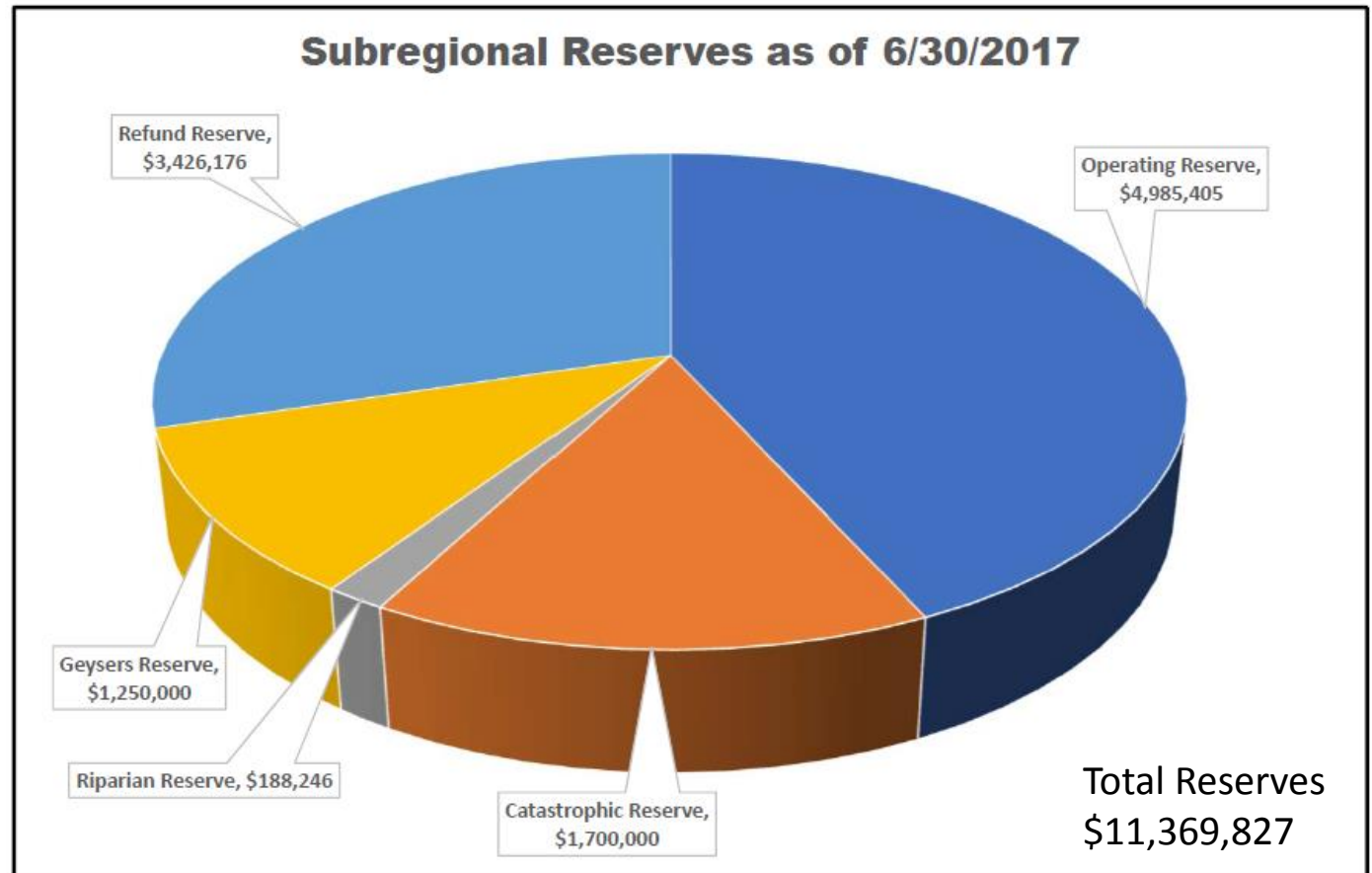
Wastewater Reserves

- Operating
 - \$1,464,214
- Rate Stabilization
 - \$1,000,000
- Catastrophic
 - \$6,800,000
- State Loan
 - \$2,790,929
- Undesignated
 - \$19,385,669
 - 6/30/2017



Subregional Reserves

- Operating
 - \$4,985,405
- Riparian
 - \$188,246
- Catastrophic
 - \$1,700,000
- Geysers
 - \$1,250,000
- Refund
 - \$3,426,176



Budget Highlights

- Overall O&M department budget is flat
- Developed options for fire recovery
- Beginning long range planning



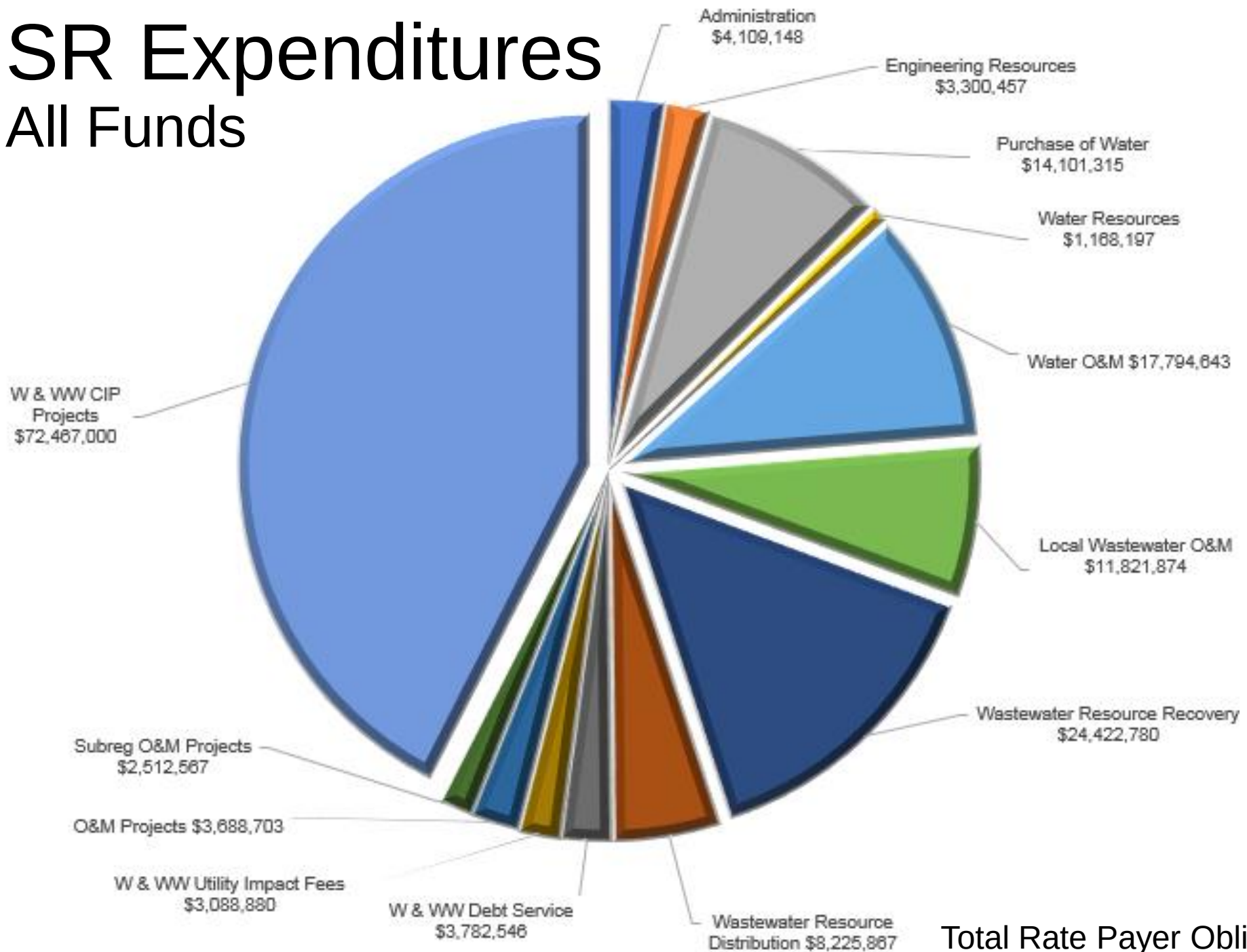
2018/19 Expenditures



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SR Expenditures

All Funds



Total Rate Payer Obligation
\$167,498,749

Water, Wastewater, Subregional O&M

- Water Fund down -3.1%
- Wastewater Fund up 4.4%
- Subregional Fund Flat
- Combined Funds Flat

Water and Wastewater Operations and Maintenance

- Water decreasing -3.1%
- Wastewater increasing 4.4%

Expenditure Object	2017-18 Current Budget	2018-19 Total Request	Change	%
1611 - Water Utility Operations				
0000 Total Uncategorized	(\$144,519)	\$187,810	\$332,329	-230.0
5100 Total Salaries	\$3,717,633	\$3,816,195	\$98,562	2.7
5200 Total Benefits	\$2,132,535	\$2,463,036	\$330,501	15.5
5320 Total Professional Services	\$329,380	\$320,030	(\$9,350)	-2.8
5360 Total Other Miscellaneous	\$451,739	\$443,513	(\$8,226)	-1.8
5330 Total Vehicle Expenses	\$1,011,533	\$1,008,621	(\$2,912)	-0.3
5325 Total Utility Billing Svcs	\$2,179,700	\$2,359,857	\$180,157	8.3
5331 Total Utilities	\$973,080	\$962,980	(\$10,100)	-1.0
5332 Total Purchase Water	\$16,271,850	\$14,101,315	(\$2,170,535)	-13.3
5340 Total Operational Supplies	\$1,404,844	\$1,137,431	(\$267,413)	-19.0
5349 Total Information Technology	\$586,406	\$692,274	\$105,868	18.1
5351 Total Liab/Property Insurance	\$96,803	\$131,233	\$34,430	35.6
5400 Total Indirect Costs	\$4,105,085	\$4,479,473	\$374,388	9.1
5500 Total Capital Outlay	\$15,000	\$0	(\$15,000)	-100.0
Fund Total: 1611 - Water Utility Operations	\$33,131,069	\$32,103,768	(\$1,027,301)	-3.1
1621 - Local Wastewater Utility Fund				
0000 Total Uncategorized	\$506,295	\$676,826	\$170,531	33.7
5100 Total Salaries	\$2,209,821	\$2,173,008	(\$36,813)	-1.7
5200 Total Benefits	\$1,215,605	\$1,369,024	\$153,419	12.6
5320 Total Professional Services	\$232,500	\$224,000	(\$8,500)	-3.7
5360 Total Other Miscellaneous	\$560,000	\$536,500	(\$23,500)	-4.2
5330 Total Vehicle Expenses	\$1,118,514	\$930,780	(\$187,734)	-16.8
5325 Total Utility Billing Svcs	\$2,012,031	\$2,178,329	\$166,298	8.3
5331 Total Utilities	\$89,600	\$79,700	(\$9,900)	-11.0
5340 Total Operational Supplies	\$558,570	\$342,100	(\$216,470)	-38.8
5349 Total Information Technology	\$423,405	\$502,241	\$78,836	18.6
5351 Total Liab/Property Insurance	\$56,638	\$76,929	\$20,291	35.8
5400 Total Indirect Costs	\$2,992,292	\$3,409,263	\$416,971	13.9
Fund Total: 1621 - Local Wastewater Utility	\$11,975,271	\$12,498,700	\$523,429	4.4

Subregional Operations and Maintenance

- Increasing 0.4%

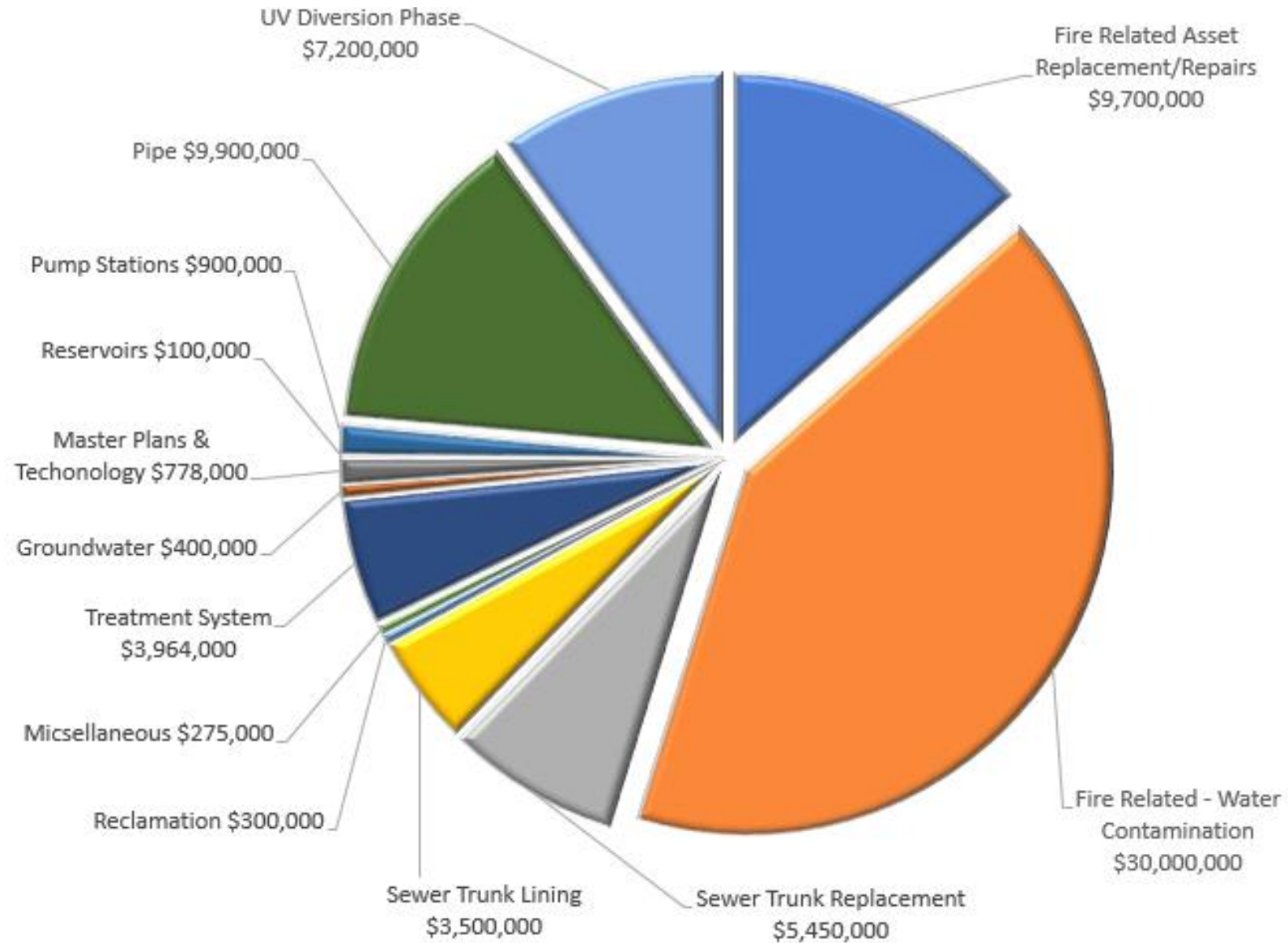
Expenditure Object	2017-18 Current Budget	2018-19 Total Request	Change	%
Fund Total: 1621 - Local Wastewater Utility	\$11,975,271	\$12,498,700	\$523,429	4.4
1631 - Subregional Waste Operations				
0000 Total Uncategorized	\$3,011,020	\$2,512,567	(\$498,453)	-16.6
5100 Total Salaries	\$10,214,501	\$10,139,163	(\$75,338)	-0.7
5200 Total Benefits	\$5,061,587	\$5,682,776	\$621,189	12.3
5320 Total Professional Services	\$2,450,924	\$2,575,039	\$124,115	5.1
5360 Total Other Miscellaneous	\$545,320	\$526,798	(\$18,522)	-3.4
5330 Total Vehicle Expenses	\$997,118	\$975,851	(\$21,267)	-2.1
5331 Total Utilities	\$4,078,217	\$4,472,650	\$394,433	9.7
5340 Total Operational Supplies	\$3,790,744	\$2,918,234	(\$872,510)	-23.0
5349 Total Information Technology	\$682,470	\$781,760	\$99,290	14.5
5351 Total Liab/Property Insurance	\$623,357	\$652,457	\$29,100	4.7
5350 Total Debt Service	\$417,678	\$417,678	\$0	0.0
5400 Total Indirect Costs	\$2,995,395	\$3,456,241	\$460,846	15.4
5500 Total Capital Outlay	\$161,826	\$50,000	(\$111,826)	-69.1
Fund Total: 1631 - Subregional Waste	\$35,030,157	\$35,161,214	\$131,057	0.4



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Capital Improvement Program

All Funds



Total CIP
\$72,467,000

CIP Year 1

- Water \$38.7m (Not planning for early FEMA funding)
 - Funded by
 - Previous planned / Contingency / Reserves / Lower priority projects
- Waste Water \$22m
 - Funded by
 - Previous planned / Undesignated Funds / Contingency
- Subregional \$11.7m
 - Funded by
 - Previous planned / Undesignated Funds

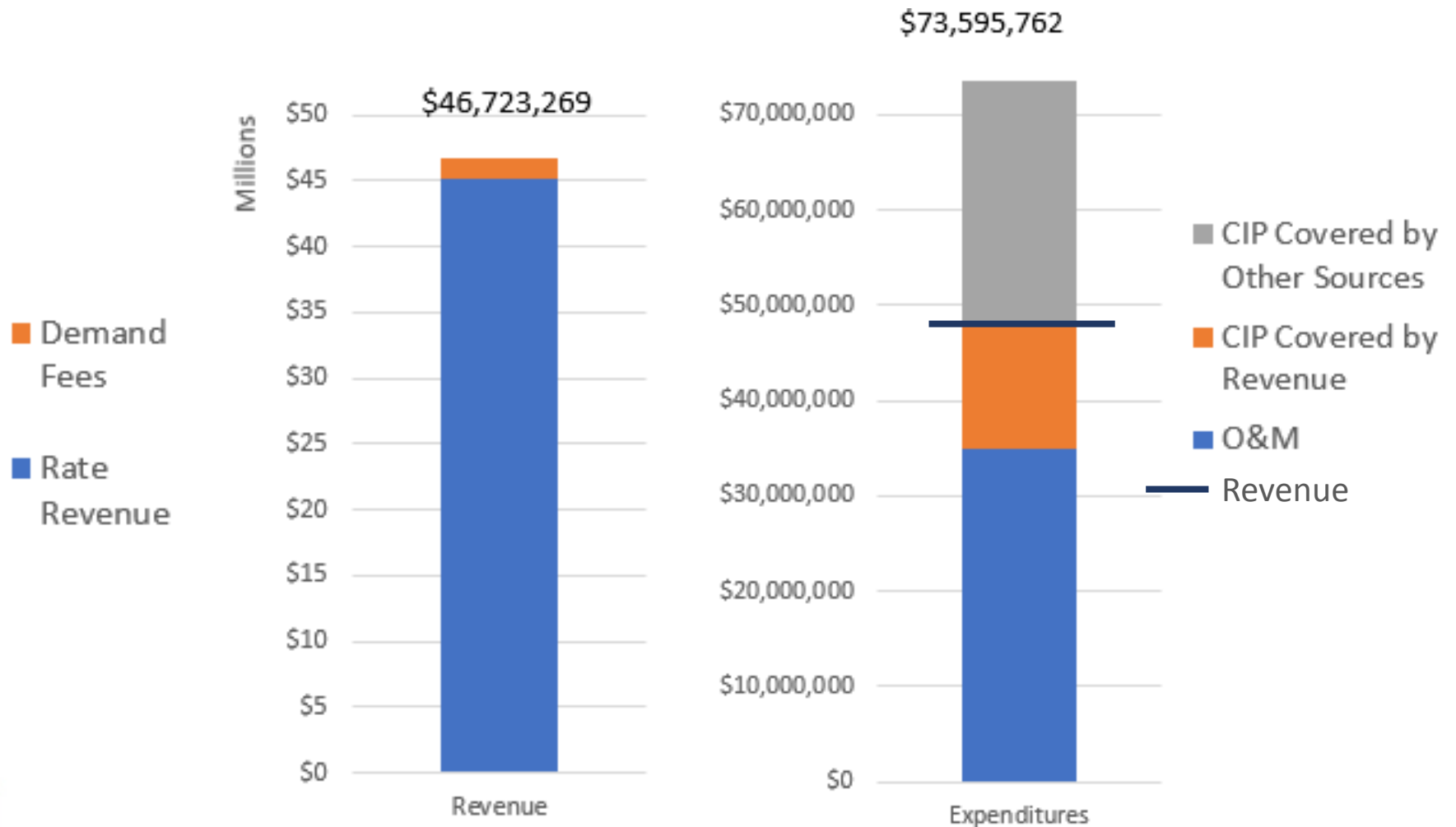
2018/19 Revenue vs. Expenditures



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Water Revenue vs. Expenditures

Balanced without additional CIP and Fixed Revenue Loss



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Other Sources – Catastrophic & Undesignated Reserves, Contingency and Existing CIP Funding

Wastewater Revenue vs. Expenditures

Balanced without
additional CIP

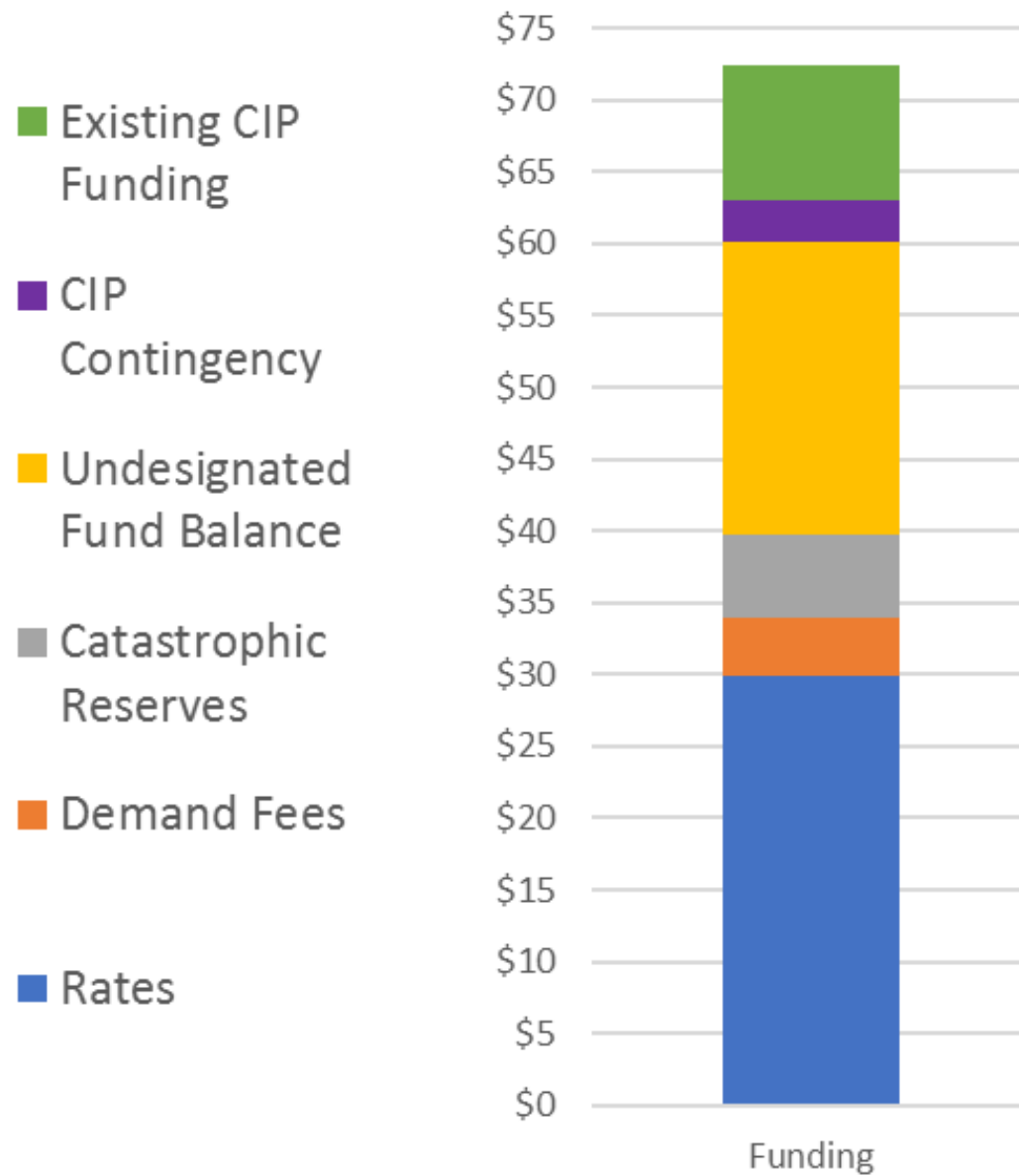


Subregional Revenue vs. Expenditures

Balanced without
additional CIP



CIP Funding Breakdown



Subregional Contribution Allocations 2018/19



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FY 18/19 Subregional Budget Summary

- Operations and Maintenance flat
- CIP increasing
- Debt Service down
- Applying reserves to smooth increase to contribution

Regional Miscellaneous Revenues

Regional Miscellaneous Revenues			
	2016/17 Actual	2017/18 Budgeted	2018/19 Projected
Property Rentals	\$101,496	\$90,000	\$90,000
Interest on Pooled Investments	\$317,986	\$100,000	\$100,000
Compost Sales	\$115,299	\$90,000	\$110,000
Sale of Water (recycled) - Retail	\$201,255	\$250,000	\$250,000
Sale of Water (recycled) - Wholesale	\$19,703	\$23,000	\$23,000
Laboratory Services	\$94,269	\$83,606	\$85,000
Dumping Charges at Plants including High Strength Tipping	\$1,335,344	\$500,000	\$900,000
Miscellaneous Fees and Charges	\$7,283	\$7,500	\$7,500
Miscellaneous	\$42,927	\$25,000	\$25,000
Calpine - per Agreement	\$300,000	\$300,000	\$300,000
SCWA - Acceptance of Recycled Water	\$0	\$90,000	\$0
Town of Windsor - per Geysers Agreement	\$829,984	\$844,848	\$879,310
Town of Windsor - Environmental Compliance Contract	\$20,000	\$20,000	\$20,000
Energy Rebates including PG&E SGIP Refund	\$1,010,608	\$300,000	Complete
Cost Reimbursement	\$6,421	\$7,500	\$7,500
Dairy Waste Loan Payments	\$162,429	\$205,000	\$118,474
	\$4,565,004	\$2,936,454	\$2,915,784



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Fund Summary 2018/19		
		2018/19 Budget
Operating Expenditure Request		\$35,161,214
Transfers Out:		
City Accounting Software - Fund 0316		
Water Capital Fund (software projects)		
CEC Loan Debt Service Fund		103,127
Subregional WW Capital (Cash funded CIP)		11,739,000
Additional Operating Reserve needed		288,777
Expenditures / Transfers Out / Change in Operating Reserve		\$47,292,118
Subregional System Reserves for 2018/19		
Operating Reserves (15% of projected expenditures)		\$5,274,182
Geysers Reserves		\$1,250,000
Catastrophic Reserve		\$1,700,000
User Agency Reserve		\$5,000,000
		\$13,224,182
Agency Contribution Calculation:		
Expenditures / Transfers Out / Change in Operating Reserve		\$47,292,118
Less Revenue		(\$2,915,784)
Agency Contribution		\$44,376,334

Annual Flow into Plant

Actual Flows per Annual Memo	2012/13	2013/14	2014/15	2015/16	2016/17	2016/17 %
Santa Rosa	4,819.18	4,564.50	4,405.81	4,528.13	5,741.70	74.57%
Rohnert Park	1,241.48	1,093.78	1,119.63	1,161.02	1,337.22	17.36%
Sebastopol	184.96	176.46	169.65	175.73	211.09	2.74%
Cotati	140.71	136.26	150.46	146.30	168.51	2.19%
SPCSD	218.53	205.67	198.76	203.84	242.01	3.14%
	6,604.86	6,176.67	6,044.31	6,215.02	7,700.53	



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Total Contributions

	2017/18 Total Contribution	2018/19 Budgeted O&M	2018/19 CIP Contribution	2018/19 Debt Service	Total 2018/19	\$ Difference	% Difference No Refund Applied
Santa Rosa	\$43,748,895	\$24,337,660	\$8,753,772	\$16,942,017	\$50,033,449	\$6,284,554	14.4%
Rohnert Park	\$9,611,502	\$5,665,842	\$2,037,890	\$3,383,155	\$11,086,887	\$1,475,385	15.4%
Sebastopol	\$1,594,680	\$894,263	\$321,649	\$598,324	\$1,814,236	\$219,556	13.8%
Cotati	\$1,681,649	\$714,758	\$257,084	\$826,034	\$1,797,876	\$116,227	6.9%
SPCSD	\$1,600,107	\$1,024,812	\$368,605	\$466,577	\$1,859,994	\$259,887	16.2%
	\$58,236,833	\$32,637,335	\$11,739,000	\$22,216,107	\$66,592,442	\$8,355,609	14.3%

Miscellaneous Revenues removed from 2018/19 O&M

Operations and cash funded CIP combined in 2017/18 Total Contribution

Reserves Applied

Remaining Reserves

	2017/18 Total with Refund Applied	Total 2018/19	Applied Refund 2018/19	Total with Applied 2018/19 Refund	% Difference Refund Applied	Retained Reserves Remainder
Santa Rosa	\$43,748,895	\$50,033,449	\$2,800,000	\$47,233,449	8.0%	\$497,872
Rohnert Park	\$9,611,502	\$11,086,887	\$994,810	\$10,092,077	5.0%	\$458,331
Sebastopol	\$1,594,680	\$1,814,236	\$139,822	\$1,674,414	5.0%	\$237,783
Cotati	\$1,681,649	\$1,797,876	\$32,145	\$1,765,731	5.0%	\$160,914
SPCSD	\$1,600,107	\$1,859,994	\$179,882	\$1,680,112	5.0%	\$193,583
	\$58,236,833	\$66,592,442	\$4,146,658	\$62,445,784		\$1,548,484

Budget Schedule

- City Council – May 1st
 - Preliminary approval of Subregional Budget
- City Council – May 15th & 16th
 - Budget Study Sessions
- City Council – June 19th & 20th
 - Budget Hearings

Recommendation

Water & Wastewater

- It is recommended by Santa Rosa Water staff that the Board of Public Utilities, by resolution, recommend that the City Council approve the Fiscal Year 2018/19 Water and Local Wastewater Funds operation and maintenance and capital expenditure appropriation requests.

Recommendation Subregional

- It is recommended by Santa Rosa Water staff that the Board of Public Utilities, by resolution, recommend that the City Council approve the Fiscal Year 2018/19 Subregional Fund operation and maintenance and capital expenditure appropriation requests.

DISCUSSION / QUESTIONS?



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