

O&M and CIP Budget Recommendation

Board of Public Utilities

April 18, 2019



Santa Rosa Water | Our Future in Every Drop



Our mission:

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



Overview

- Rate Schedule
- Staff Assumption
- Revenues vs. Expenditures
- Reserves
- Department Expenditures
- O&M Budget
- Subregional Budget
- CIP



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5 Year Rate Schedule

	2016/17	2017/18	2018/19	2019/20	2020/21
Water Usage	0%	0%	0%	0%	0%
Water Fixed	5%	5%	5%	5%	5%
Sewer Usage	3% 2%	3%	3%	2.5%	2.5%
Sewer Fixed	3%	3%	3%	2.5%	2.5%

- Recommending 2019/20 rate increase as planned



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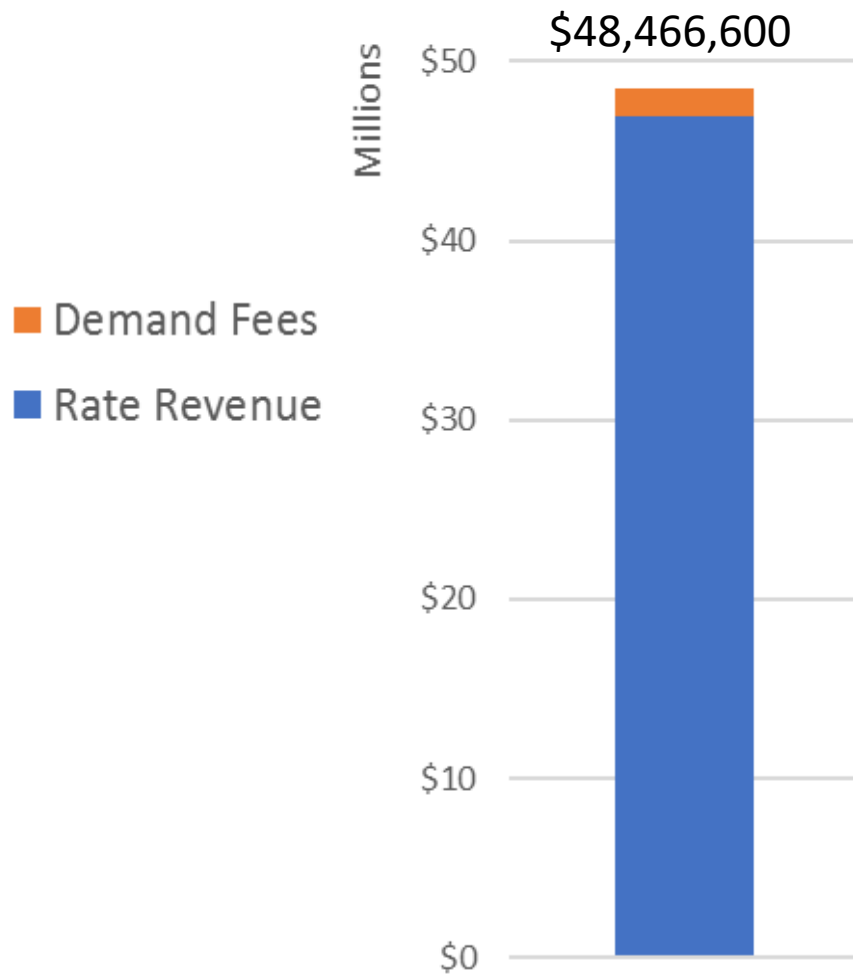
Staff Assumptions

- Water use will remain flat
- Wastewater use will remain flat
- Demand fees will decrease
- Subregional misc revenues will increase
- All other revenues will remain flat
- Rates will increase per current schedule

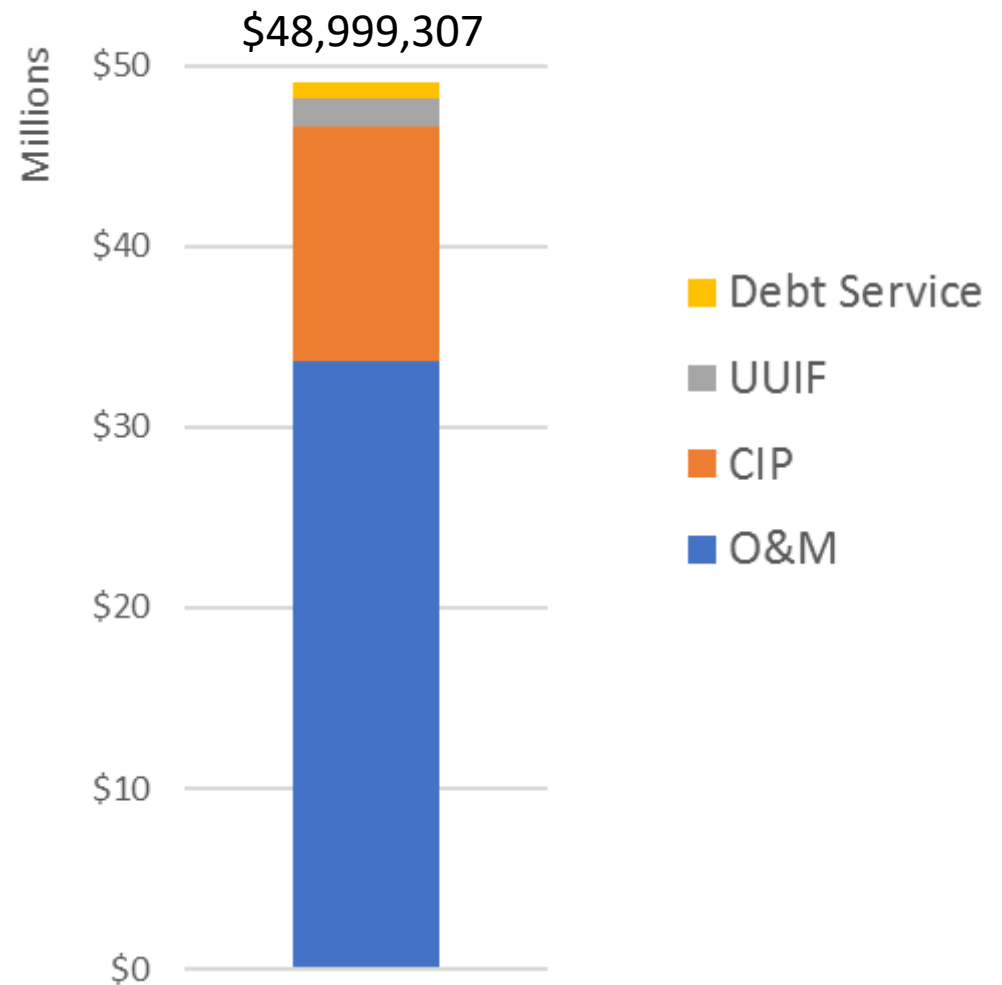


Water Fund

Revenues

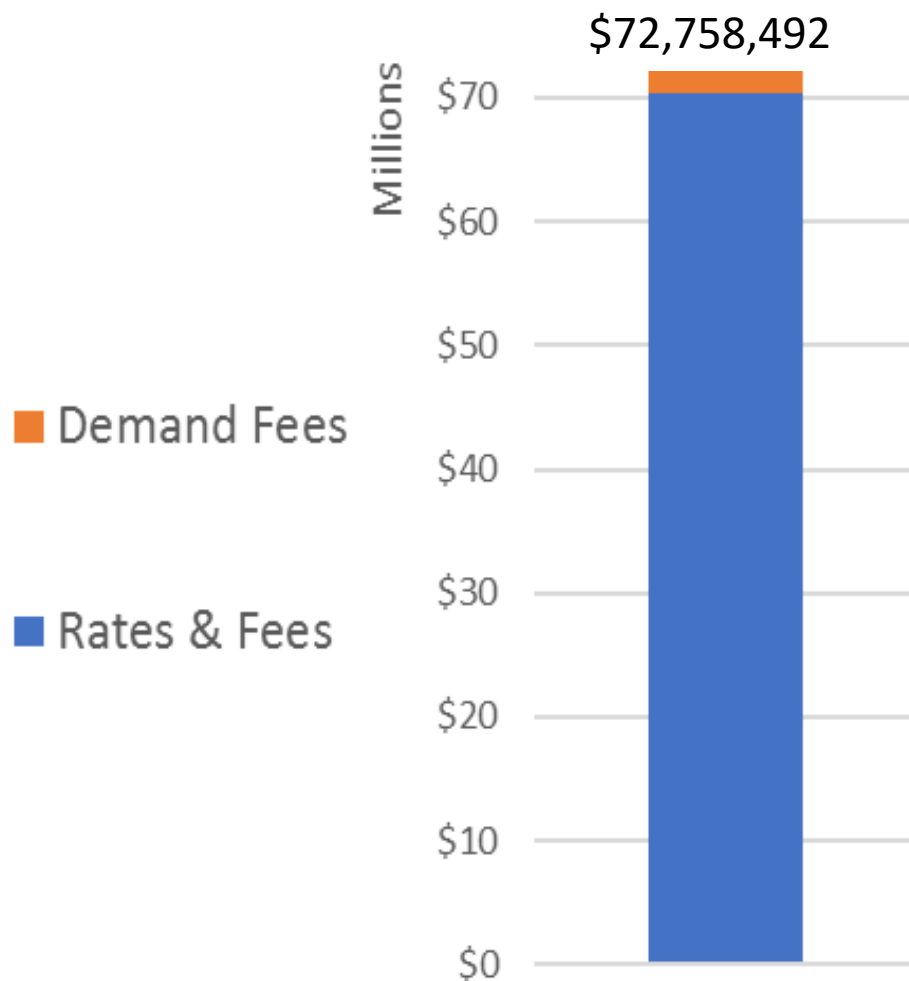


Expenditures

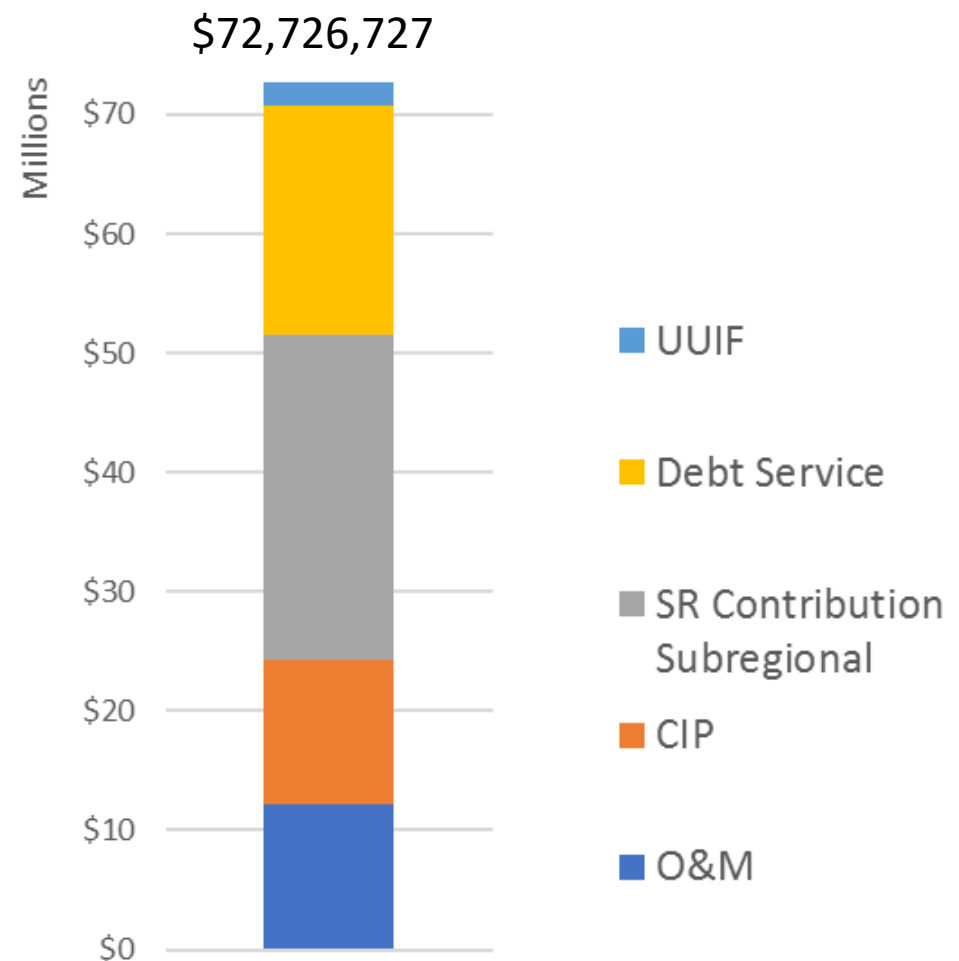


Wastewater Fund

Revenues

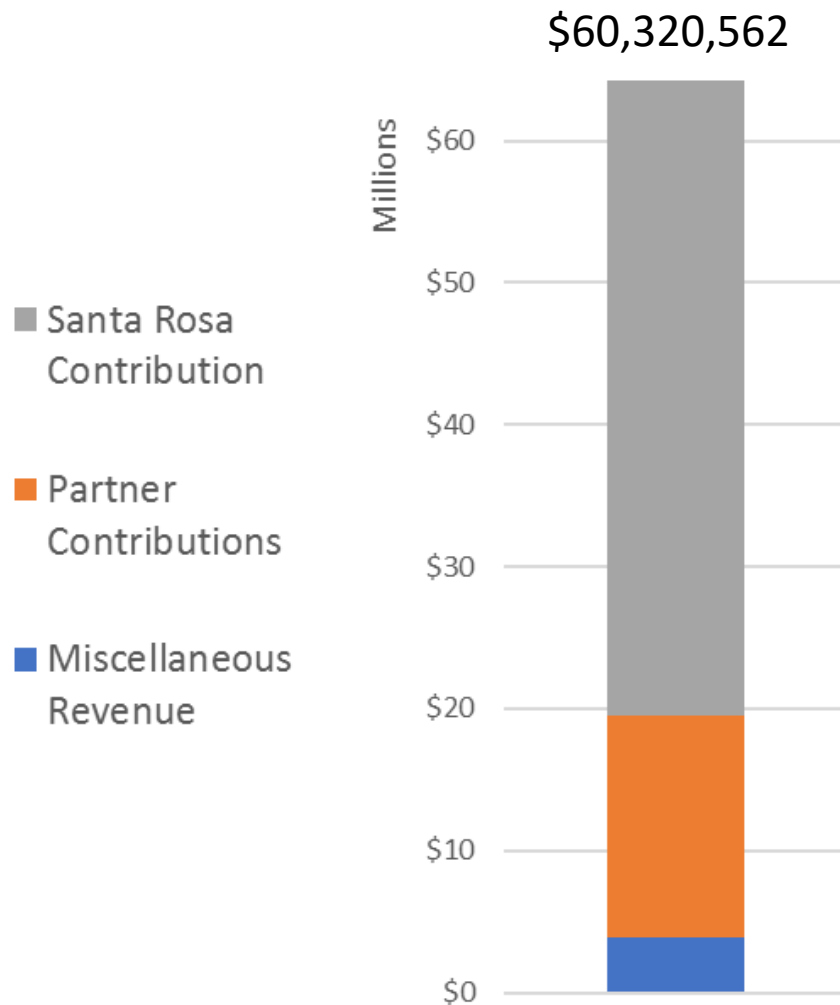


Expenditures

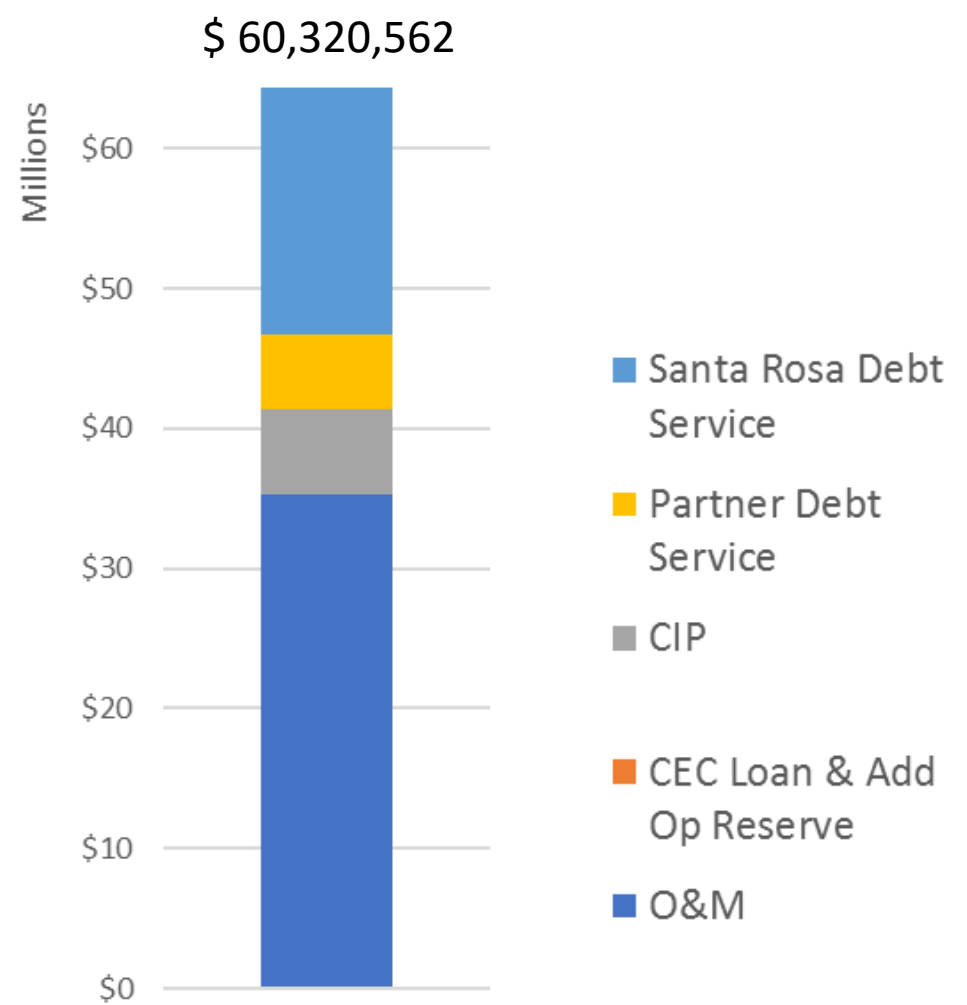


Subregional Fund

Revenues

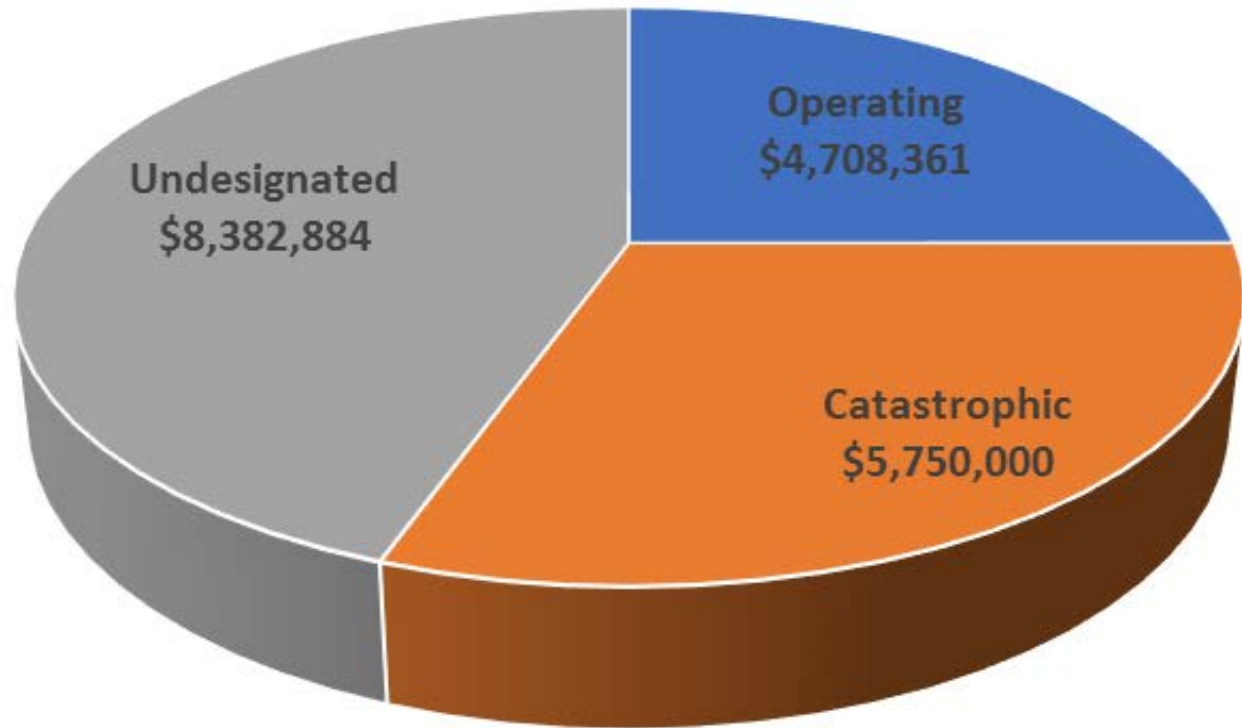


Expenditures



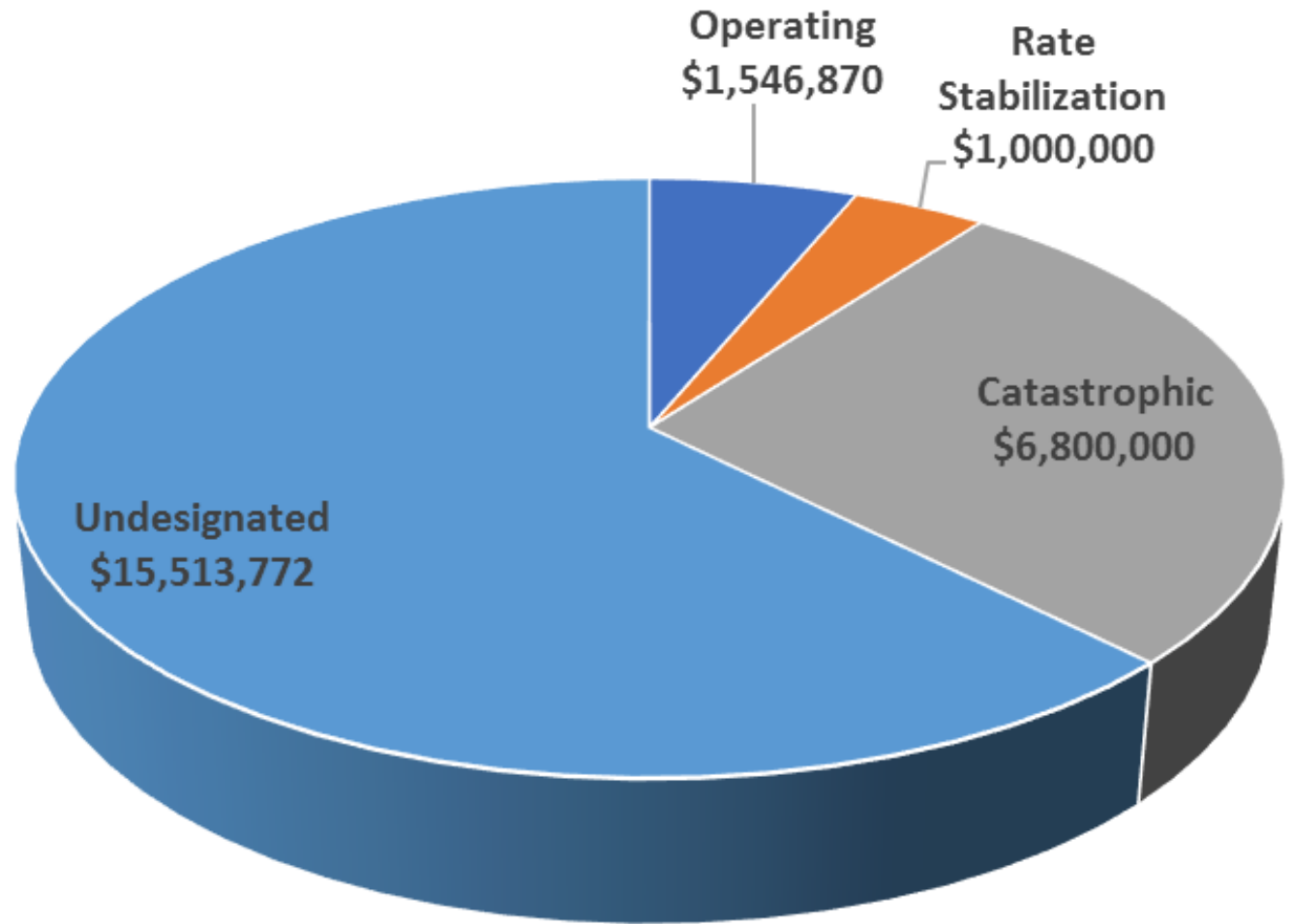
Water Reserves

- **Operating**
 - \$4,708,361
- **Catastrophic**
 - \$5,750,000
- **Undesignated**
 - \$8,382,884



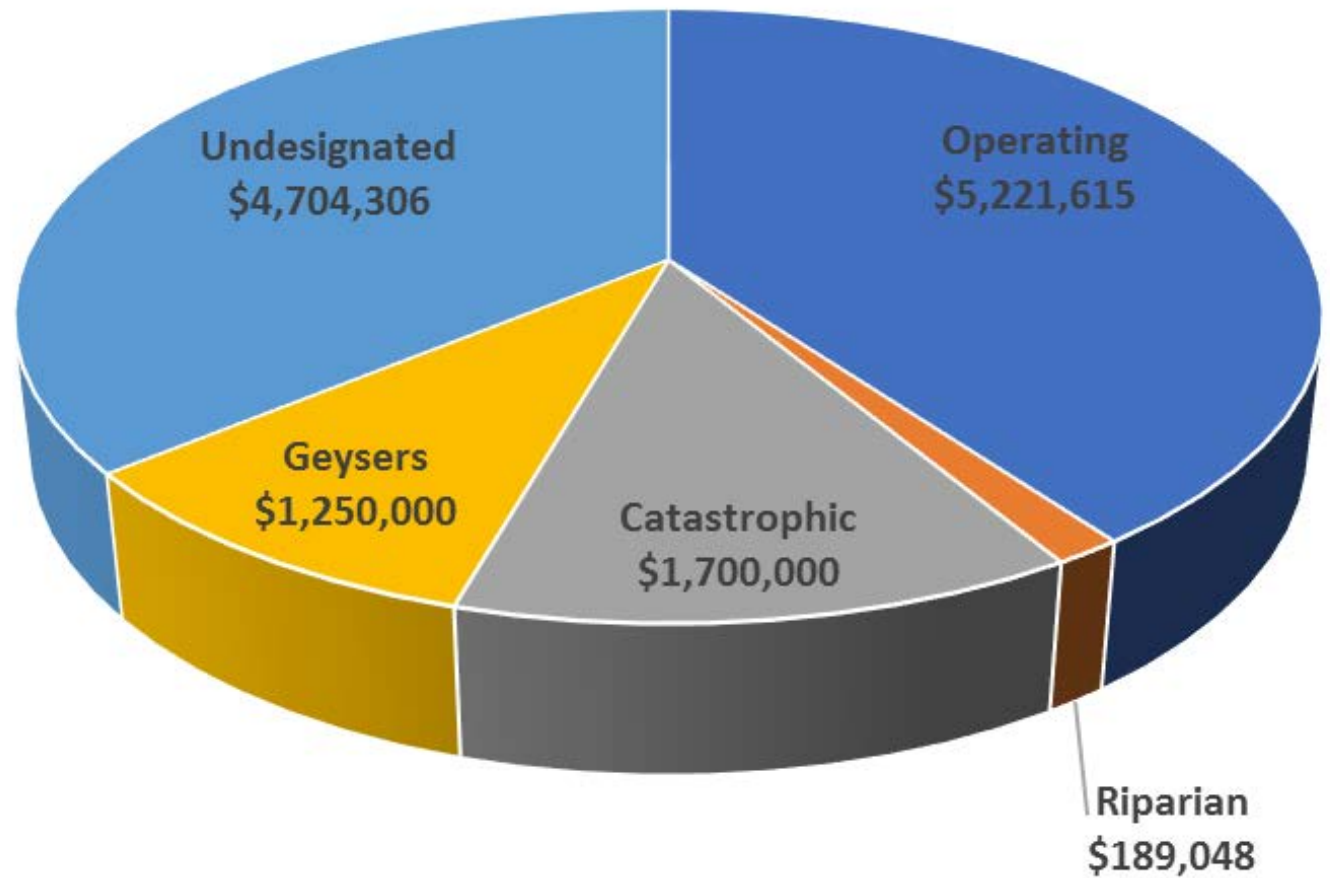
Wastewater Reserves

- **Operating**
 - \$1,546,870
- **Rate Stabilization**
 - \$1,000,000
- **Catastrophic**
 - \$6,800,000
- **Undesignated**
 - \$15,513,772



Subregional Reserves

- **Operating**
 - \$4,704,306
- **Riparian**
 - \$189,048
- **Catastrophic**
 - \$1,700,000
- **Geysers**
 - \$1,250,000
- **Undesignated**
 - \$4,704,306



Department Expenditures

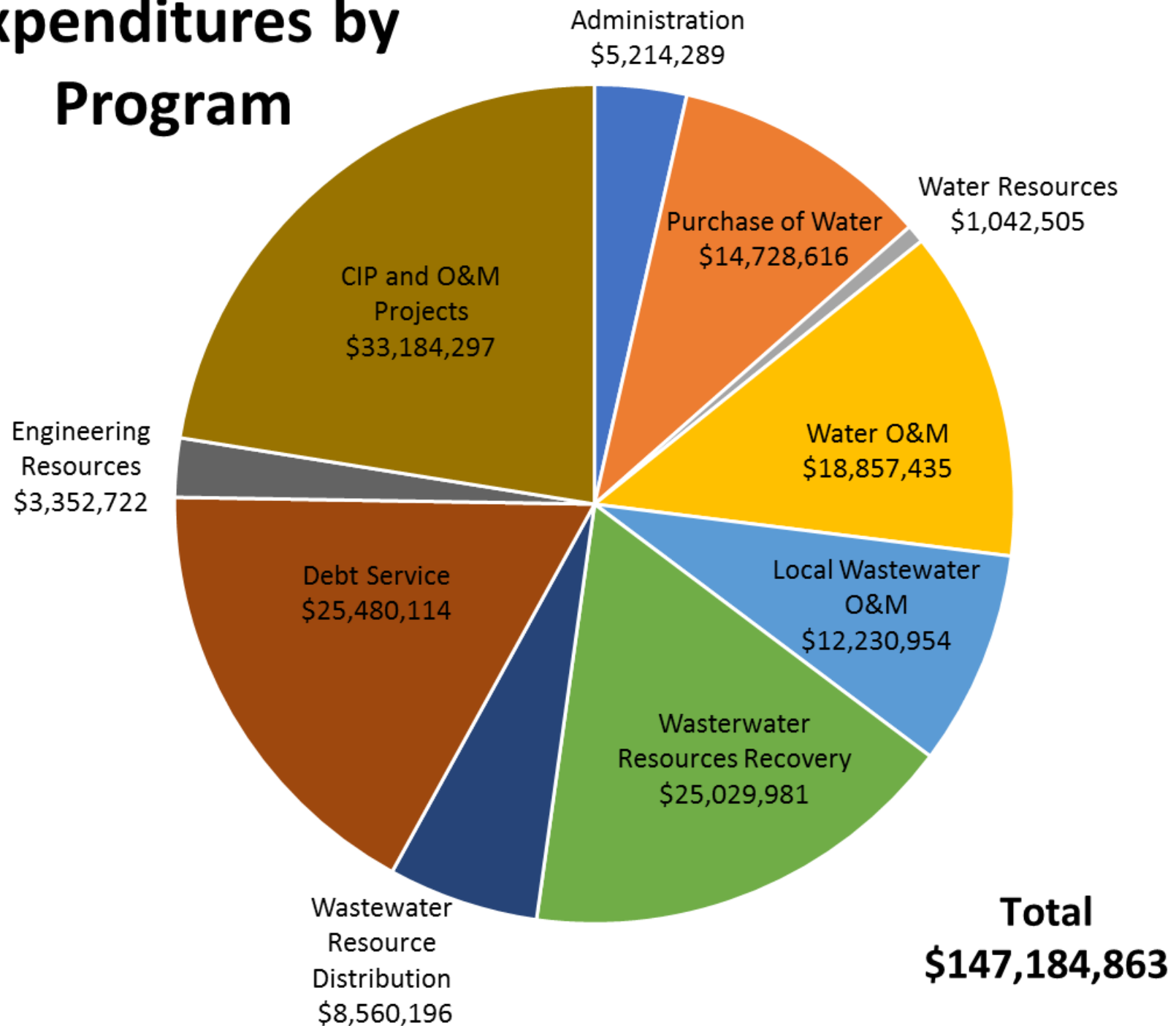


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Expenditures by Program

By Program	2018-19	2019-20	Difference
Administration	\$4,109,148	\$5,214,289	\$1,105,141
Purchase of Water	\$14,101,315	\$14,728,616	\$627,301
Water Resources	\$1,168,197	\$1,042,505	-\$125,692
Water O&M	\$17,794,643	\$18,577,818	\$783,175
Local Wastewater O&M	\$11,821,874	\$12,114,326	\$292,452
Wasterwater Resources Recovery	\$24,422,780	\$24,929,980	\$507,200
Wastewater Resource Distribution	\$8,225,867	\$8,560,196	\$334,329
Debt Service	\$25,853,496	\$25,480,114	-\$373,382
Engineering Resources	\$3,300,457	\$3,352,722	\$52,265
CIP and O&M Projects	\$76,155,703	\$33,184,297	-\$42,971,406
Total	\$186,953,480	\$147,184,863	-\$39,768,617

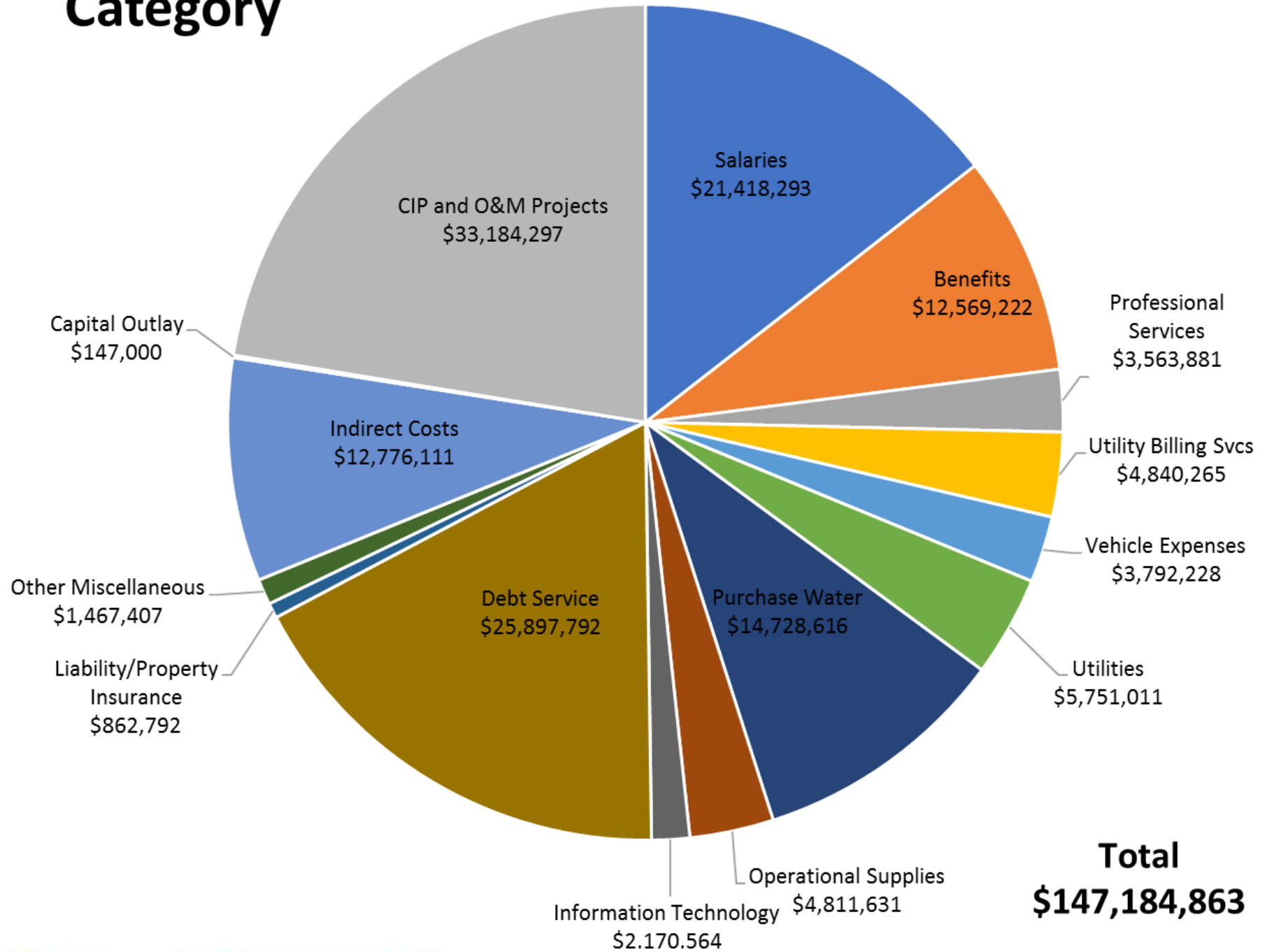
Expenditures by Program



Expenditures by Category

By Category	2018-19	2019-20	Difference
Salaries	\$20,807,382	\$21,046,547	\$239,165
Benefits	\$11,840,928	\$12,465,094	\$624,166
Professional Services	\$3,433,519	\$3,563,881	\$130,362
Utility Billing Svcs	\$4,538,186	\$4,662,107	\$123,921
Vehicle Expenses	\$3,023,721	\$3,510,014	\$486,293
Utilities	\$5,659,307	\$5,751,011	\$91,704
Purchase Water	\$14,101,315	\$14,728,616	\$627,301
Operational Supplies	\$4,545,591	\$4,811,631	\$266,040
Information Technology	\$2,338,230	\$2,170,564	-\$167,666
Debt Service	\$26,271,174	\$25,897,792	-\$373,382
Liability/Property Insurance	\$860,619	\$862,792	\$2,173
Other Miscellaneous	\$1,982,828	\$1,907,407	-\$75,421
Indirect Costs	\$11,344,977	\$12,476,110	\$1,131,133
Capital Outlay	\$50,000	\$147,000	\$97,000
CIP and O&M Projects	\$76,155,703	\$33,184,297	-\$42,971,406
Total	\$186,953,480	\$147,184,863	-\$39,768,617

Expenditures by Category



2019/20 Operations & Maintenance Budget



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Budget Highlights

- Overall O&M department up 1.6%
- Continue FEMA recovery process
- Completing long range financial plan

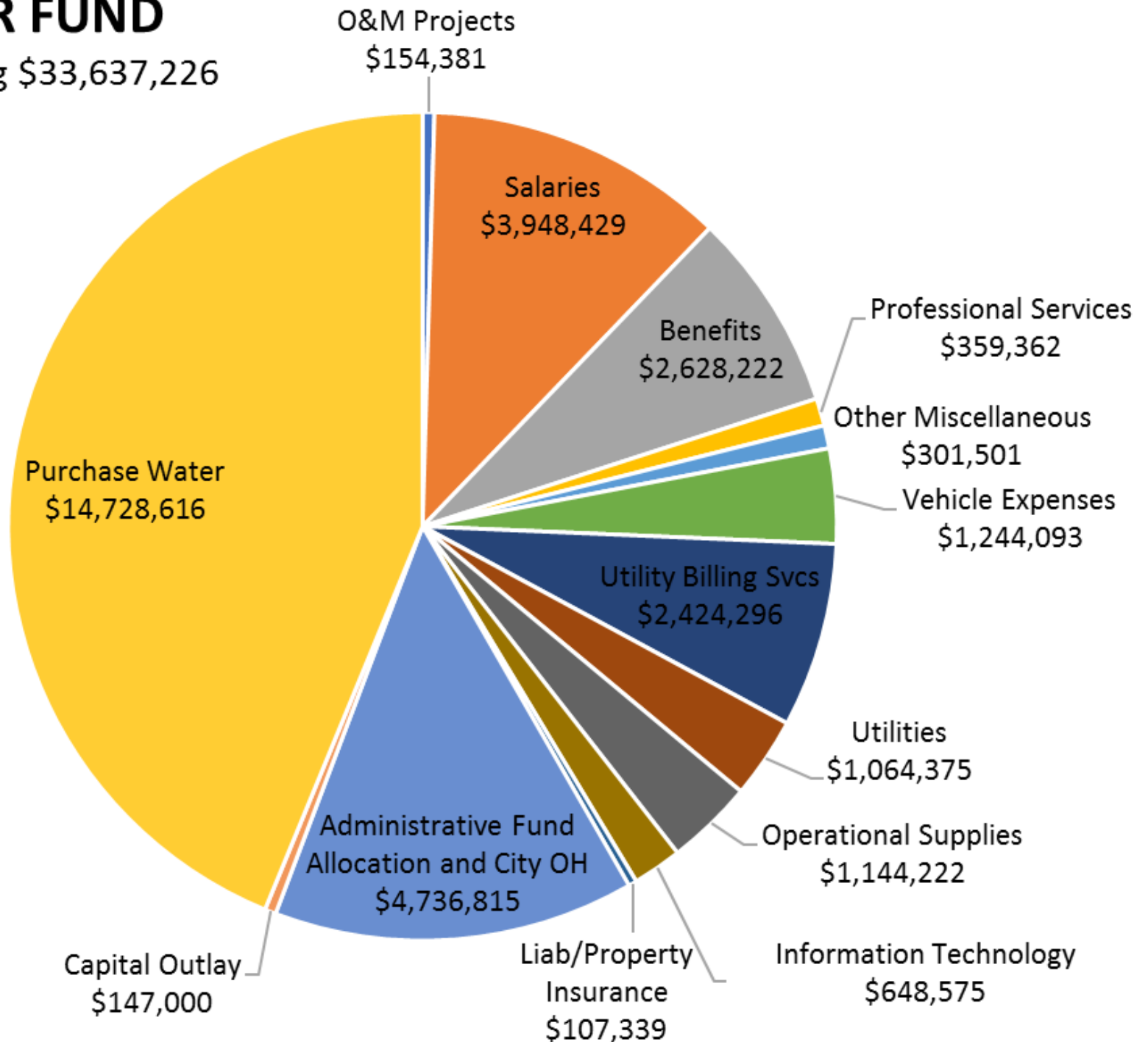


Fund Changes

- Administrative Fund up – \$928,714 or 10.5%
 - 9 Support staff moved in
- Water Fund up – \$1,377,047 or 4.3%
 - Shifted USO's from WW Fund
- Wastewater Fund down – **\$276,541 or 2.2%**
 - Deleted 2 positions
 - Shifted support staff to Admin Fund
- Subregional Fund up – \$227,376 or 0.7%

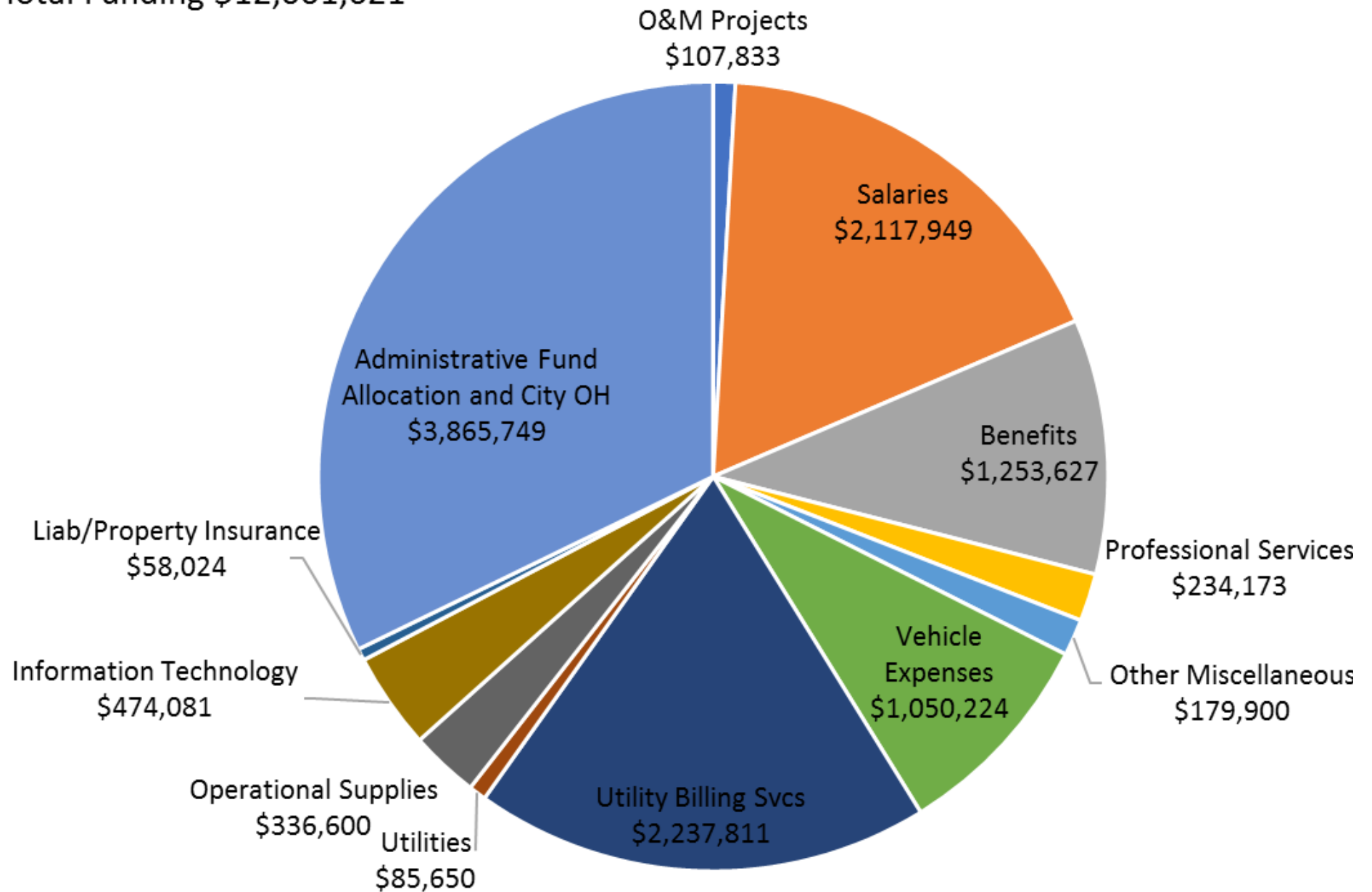
WATER FUND

Total Funding \$33,637,226



WASTEWATER FUND

Total Funding \$12,001,621



Purchase of Water

- Volume of water budgeting flat
- Sonoma Water - 4.6% increase in wholesale rate
 - Results in a 1.9% pass through usage charge increase (based on average family of 4)
 - Per thousand gallons \$0.11 (Tier 1) / \$0.12 (Tier 2)
- Approved for recommendation by BPU & CC



Position Changes

- Reclassification
 - Sustainability Technician reclassified to Sustainability Representative by City Council
- Deletions
 - Sustainability Technician
 - 2 – Utilities Systems Operators
 - Skilled Maintenance Worker
 - Environmental Compliance Inspector
- Moved administrative staff to Administrative Fund



Subregional Contribution Allocations 2019/20



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Fund Summary 2019/20		
		2019/20 Budget
Operating Expenditure Request		\$35,253,760
Transfers Out:		
City Accounting Software - Fund 0316		
Water Capital Fund (software projects)		
CEC Loan Debt Service Fund		51,563
Subregional WW Capital (Cash funded CIP)		6,000,000
Additional Operating Reserve needed		13,882
Expenditures / Transfers Out / Change in Operating Reserve		\$41,319,205
Subregional System Reserves for 2019/20		
Operating Reserves (15% of projected expenditures)		\$5,288,064
Geysers Reserves		\$1,250,000
Catastrophic Reserve		\$1,700,000
User Agency Reserve		\$5,000,000
		\$13,238,064
Agency Contribution Calculation:		
Expenditures / Transfers Out / Change in Operating Reserve		\$41,319,205
Less Revenue		(\$3,849,793)
Agency Contribution		\$37,469,412

Total Allocation Variation

CIP Calculated by 5 Year Average

1 Year O&M - 5 Year CIP Flow Basis	2018/19 Total Contribution	2019/20 Budgeted O&M	2019/20 CIP Contribution	2019/20 Debt Service	Total 2019/20	\$ Difference	% Difference No Refund Applied
Santa Rosa	\$47,233,449	\$22,804,063	\$4,406,400	\$17,556,802	\$44,767,265	-\$2,466,184	-5.2%
Rohnert Park	\$10,092,077	\$5,932,255	\$1,092,000	\$3,483,401	\$10,507,656	\$415,579	4.1%
Sebastopol	\$1,674,414	\$859,111	\$167,400	\$594,470	\$1,620,981	-\$53,433	-3.2%
Cotati	\$1,765,731	\$746,235	\$139,200	\$857,099	\$1,742,534	-\$23,197	-1.3%
SPCSD	\$1,680,112	\$1,012,747	\$195,000	\$474,379	\$1,682,126	\$2,014	0.1%
	\$62,445,783	\$31,354,411	\$6,000,000	\$22,966,151	\$60,320,562	-\$2,125,221	-3.4%

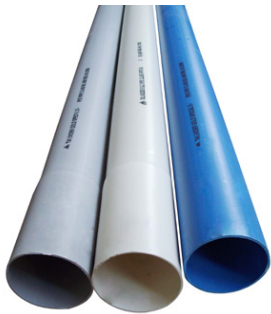
***1 year deviation for flow calculation on CIP
CIP based on 5 year average
O&M based on single previous year's flows***

2019-20 Capital Improvement Program Budget Review



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Santa Rosa Water - Assets



621 Miles of Water Mains
591 Miles of Sewer Main



23 Reservoirs



12,215- Sewer Manholes



20 Pump Stations
17 Sewer Lift Stations



28,537 Water Valves



6,360 Hydrants



Geysers Operations



Laguna Treatment Plant

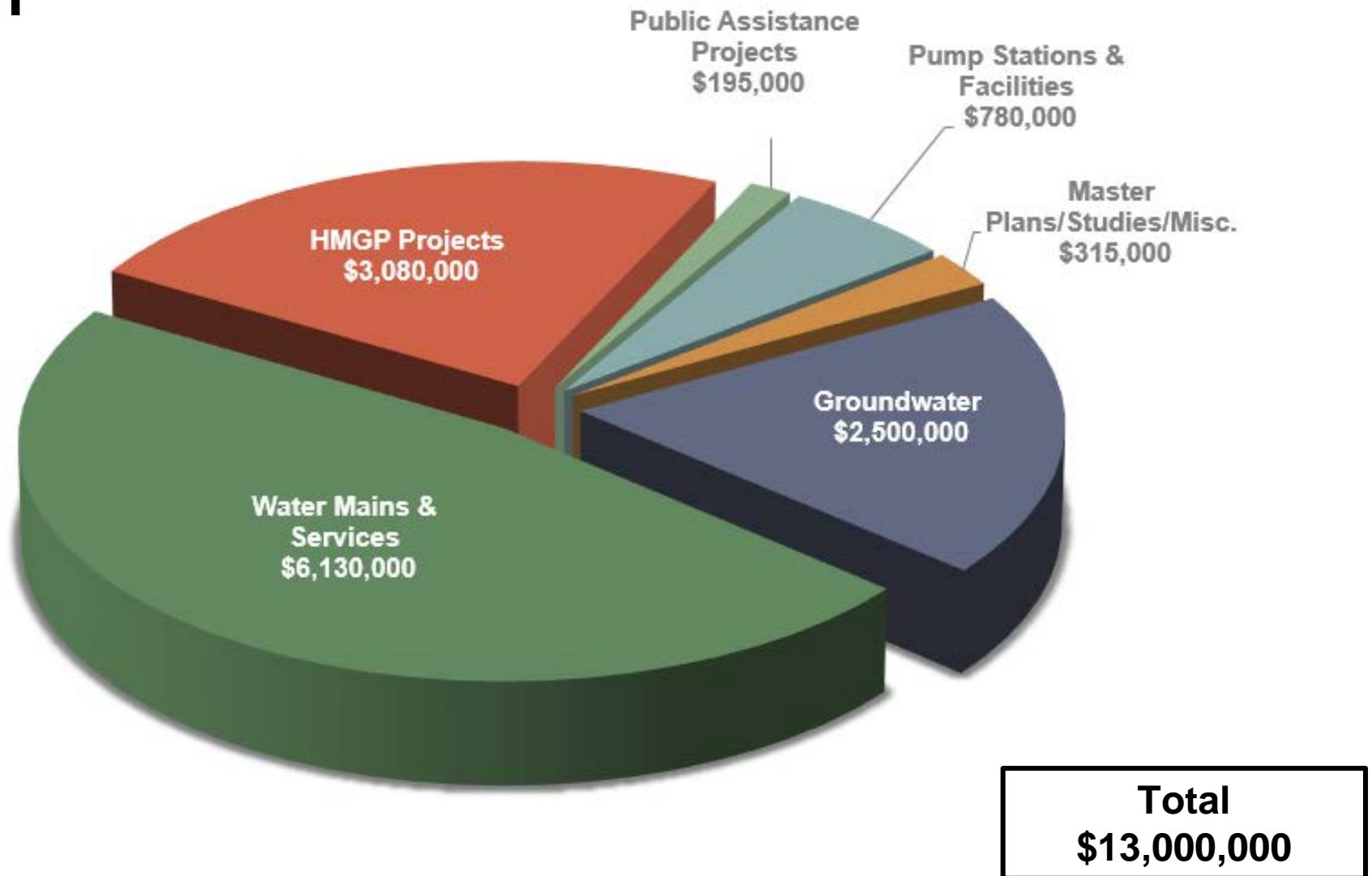
CIP Funding

- Planned Funding
 - Water - \$13m
 - Wastewater - \$12m
 - Subregional - \$6m

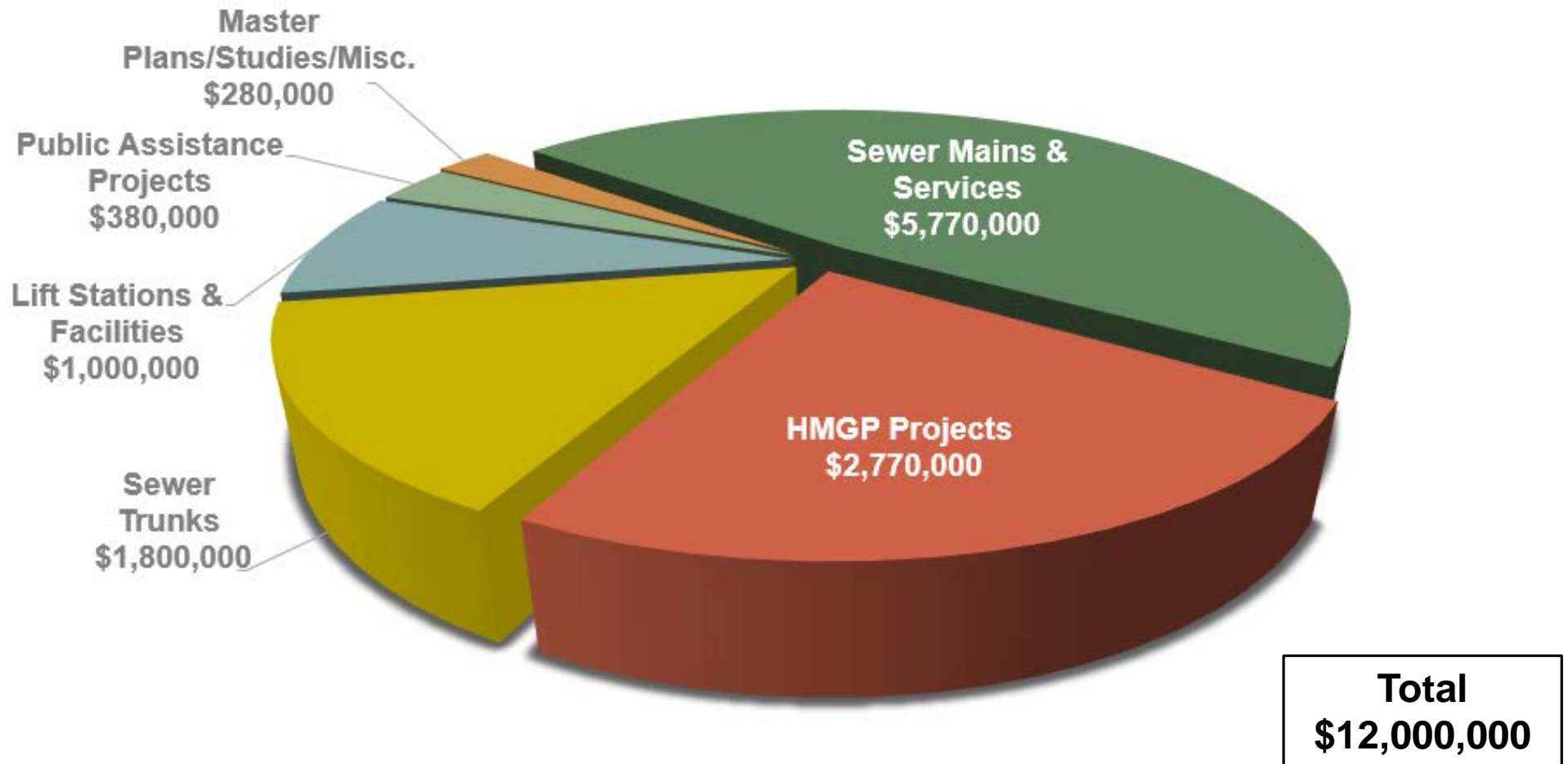


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Santa Rosa Water 2019-20 CIP Proposed Water

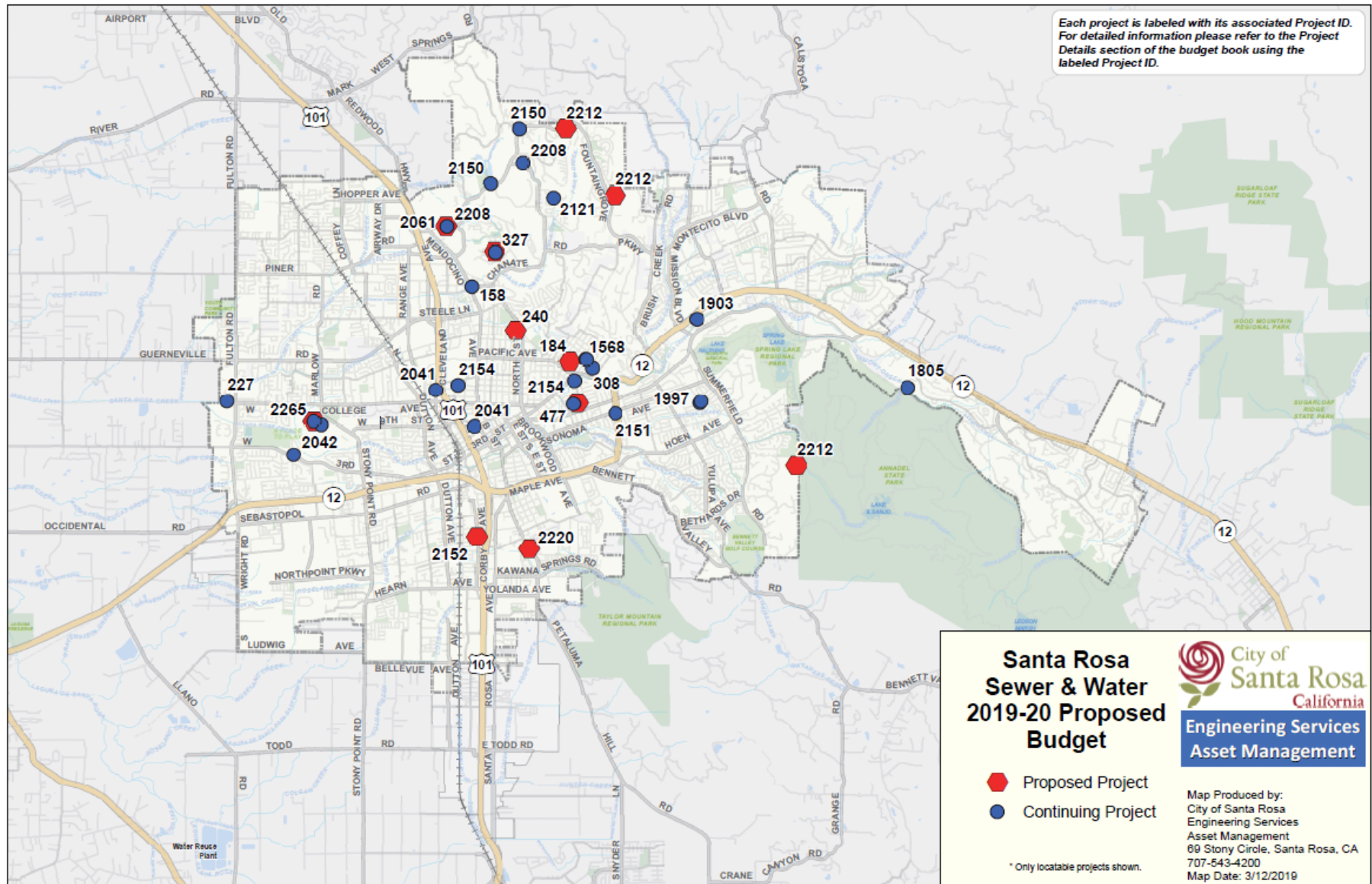


Santa Rosa Water 2019-20 CIP Proposed Wastewater

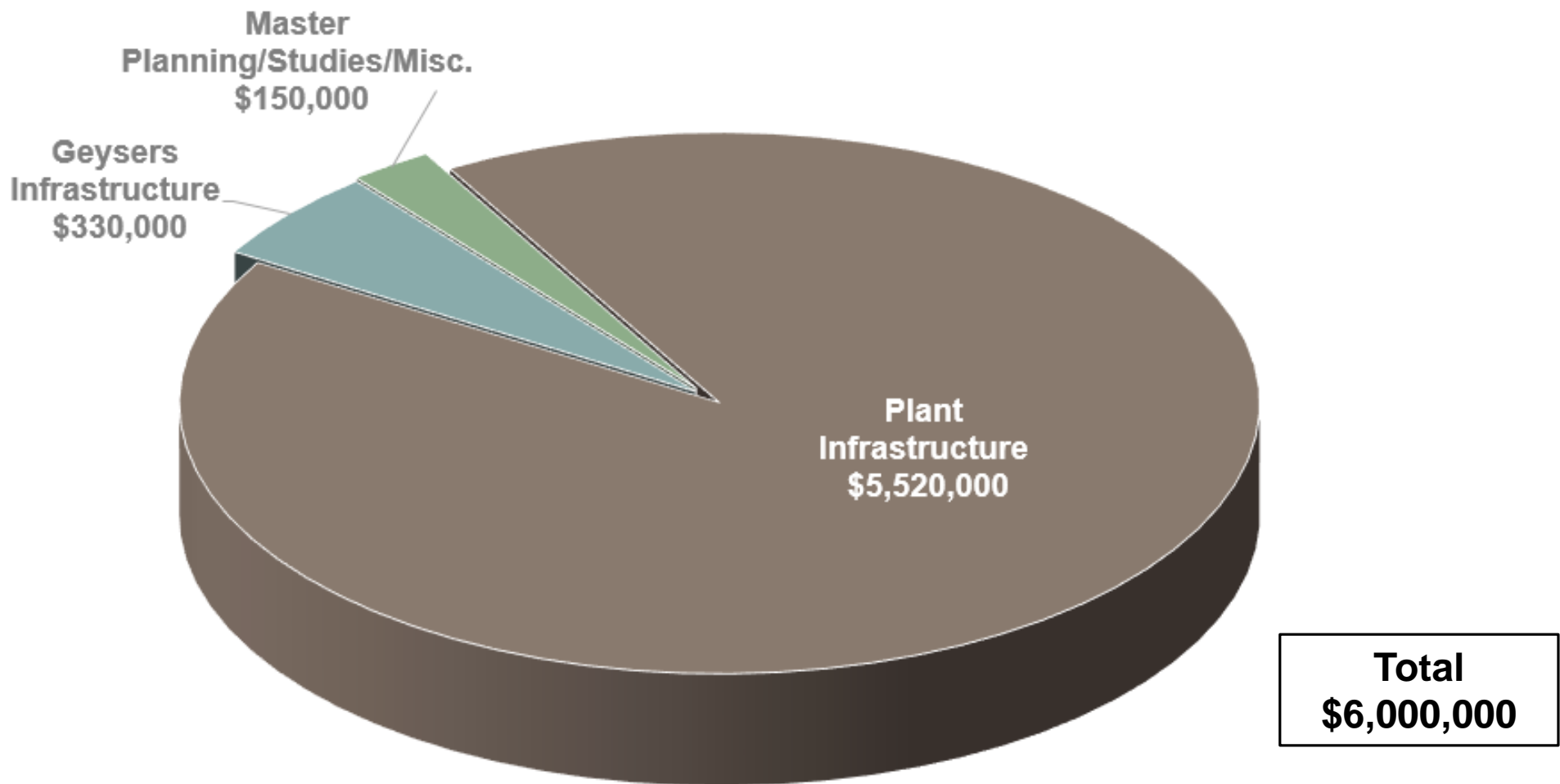


CIP Project Locations

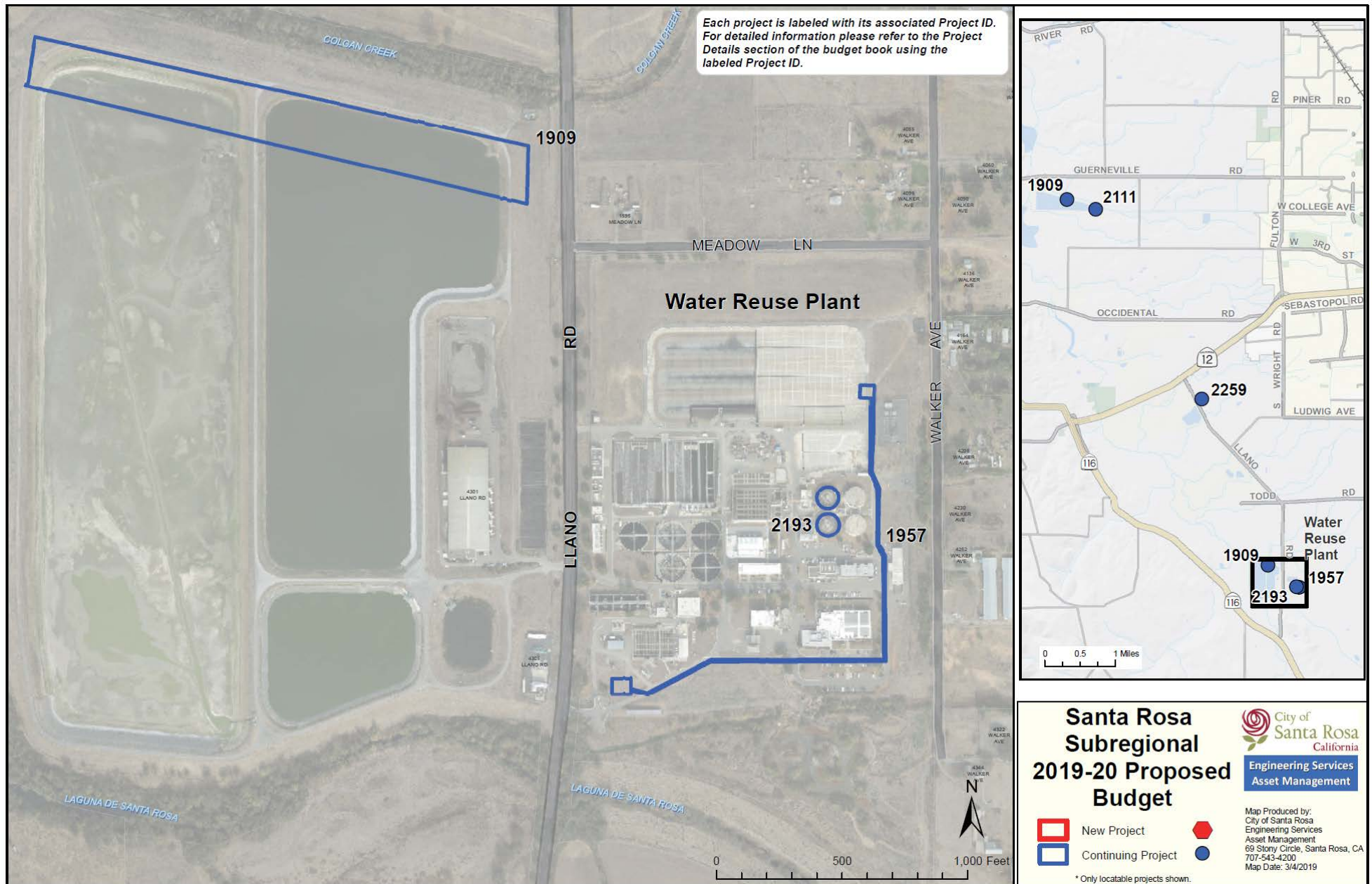
Water and Wastewater



Santa Rosa Water 2019-20 CIP Proposed Subregional



Subregional CIP Locations



Budget Schedule

- **BPU Budget Subcommittee – 3 meetings**
 - February 27th – O&M and staff assumptions reviewed
 - March 7th – Detailed O&M, CIP& FEMA project review
 - March 28th – O&M & CIP budget recommendation
- **BPU – April 18th**
 - Budget Recommendation to City Council
- **City Council – April 30th**
 - Preliminary approval of Subregional Budget
- **City Council – May 21st & 22nd**
 - Budget Study Sessions
- **City Council – June**
 - Public Hearing for Budget Adoption

Water & Wastewater Recommendation

- 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 2019/20 Water Fund and Local Wastewater Fund operation, maintenance and capital expenditure appropriation requests.
- 2 Resolutions

Subregional Recommendation

- It is recommended by Santa Rosa Water Staff and the Technical Advisory Committee (TAC) that the Board of Public Utilities, by resolution, recommend that the City Council approve the Preliminary 2019/20 Subregional System Operating and Maintenance, Capital Improvement, and Debt Service Budget and Allocation of Costs for the purpose of notifying the participating Subregional User Agencies of their allocation of such costs.

QUESTIONS?



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EMAIL: SRWATER@SRCITY.ORG

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