



Sonoma Water

Clean. Reliable. Essential. Every day.

FY 2022-2023 Proposed Budget and Rates Water Transmission System

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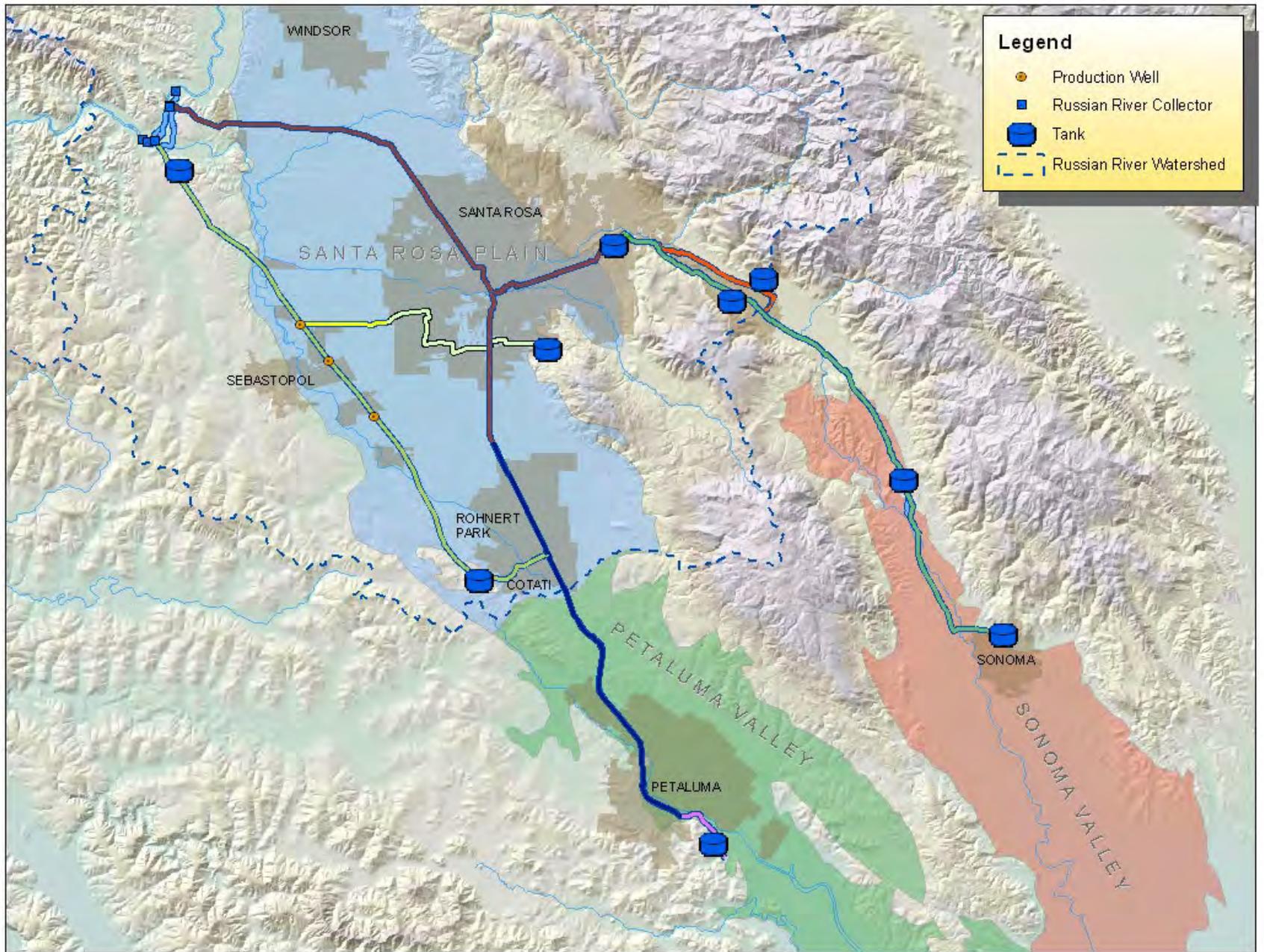
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Sonoma Water's Enterprises

- Water Supply
- Water Transmission
- Flood Protection
- Wastewater Treatment and Reuse
- Energy and Sustainability



Transparent and Collaborative Process

Restructured Agreement requires our Board of Directors to adopt rates by the end of April each year



- **Review by Technical Advisory Budget Subcommittee – January and February**



- **Technical Advisory Committee Vote on Budget and Rates on March 7**



- **Presentations to City and Town Councils, and Water District Boards in March**



**NORTH MARIN
WATER DISTRICT**

- **Water Advisory Committee Vote on Budget and Rates on April 4**

- **Adoption by Sonoma Water's Board of Directors on April 19.**



Water Transmission System Activities and Funds

- Operations and Maintenance
- Subfunds:
 - Water Management
 - Watershed Planning and Restoration
 - Recycled Water and Local Supply
 - Water Conservation
- Capital Funds:
 - Santa Rosa, Petaluma, and Sonoma Aqueducts
 - Storage Facilities
 - Common Facilities
- Debt Service Funds
 - State Revolving Loan Fund
 - 2012, 2015, 2019, and 2022 Revenue Bonds



Sonoma
Water

Hazard Mitigation Projects

Ely Booster Pump Station Flood Mitigation	Award in FY21-22; Offsetting revenue
Mark West Creek Crossing	FY21/22 award; construction summer 22; Offsetting Revenue
Russian River Crossing	Awarded FY20/21; construction commenced FY21/22, completion 22/23; Offsetting Revenue
Santa Rosa Creek Crossing	Funding de-obligated; re-evaluating project design and schedule
Seismic Retrofit of Storage Tanks	Preliminary design; Tied to Tank Recoat schedule
Bennett Valley Fault Crossing	Preliminary design/Consultant selection 22/23

FY22-23 Budget: \$3.2M

Other Capital Projects

FY22-23 Budget: \$10.1M

Kawana-Ralphine SBS Pipeline

Sebastopol/Occidental Wells - Rehab & ASR

Todd Road Well -
Recirculation/Automation/Disposal

Warm Springs Dam Hydroturbine Retrofit



Total FY22-23 Capital Budget including Hazard Mitigation
Projects: \$13.3M

Operations and Maintenance

Projects

Cathodic Protection - Santa Rosa Aqueduct and Russian River-Cotati Intertie

Collector Well & Well Field Rehabilitations

Emergency Inventory Procurement

Tank Recoats & Tank Maintenance Program

Studies

Regional Water Supply Resiliency Study

Collector Well, AQs, and Tank Seismic Mitigation Study

Watershed and Riverbank Filtration Water Quality Studies

Wohler & Chlorine Storage Facility Assessment



Biological Opinion Compliance and Water Conservation

Dry Creek Habitat Enhancement Phase IV:
Anticipate Corps will Construct Summer 2022



**It's a dry year.
Save water with us.**

**Save water now by turning off
your irrigation system.**

Plants need much less water during the winter. Manually water only when the soil below the surface is dry.

For more water saving tips visit
SavingWaterPartnership.org



FY22-23 Biological Opinion
Compliance, Water Supply
Planning, Water
Conservation
\$13.9M

Expenditures Compared to FY 21-22

	FY21-22	FY22-23	
	Budget (in Millions)	Budget (in Millions)	Change (in Millions)
Operations and Maintenance	\$30.54	\$38.68	\$8.14
Capital Projects	\$9.67	\$13.25	\$3.58
BO Compliance, Water Supply Planning, Water Conservation	\$11.05	\$13.89	\$2.84
Debt Service	\$4.85	\$6.01	\$1.16
Totals	\$56.11	\$71.83	\$15.72

Grants, Use of Fund Balance,
and Bond Proceeds

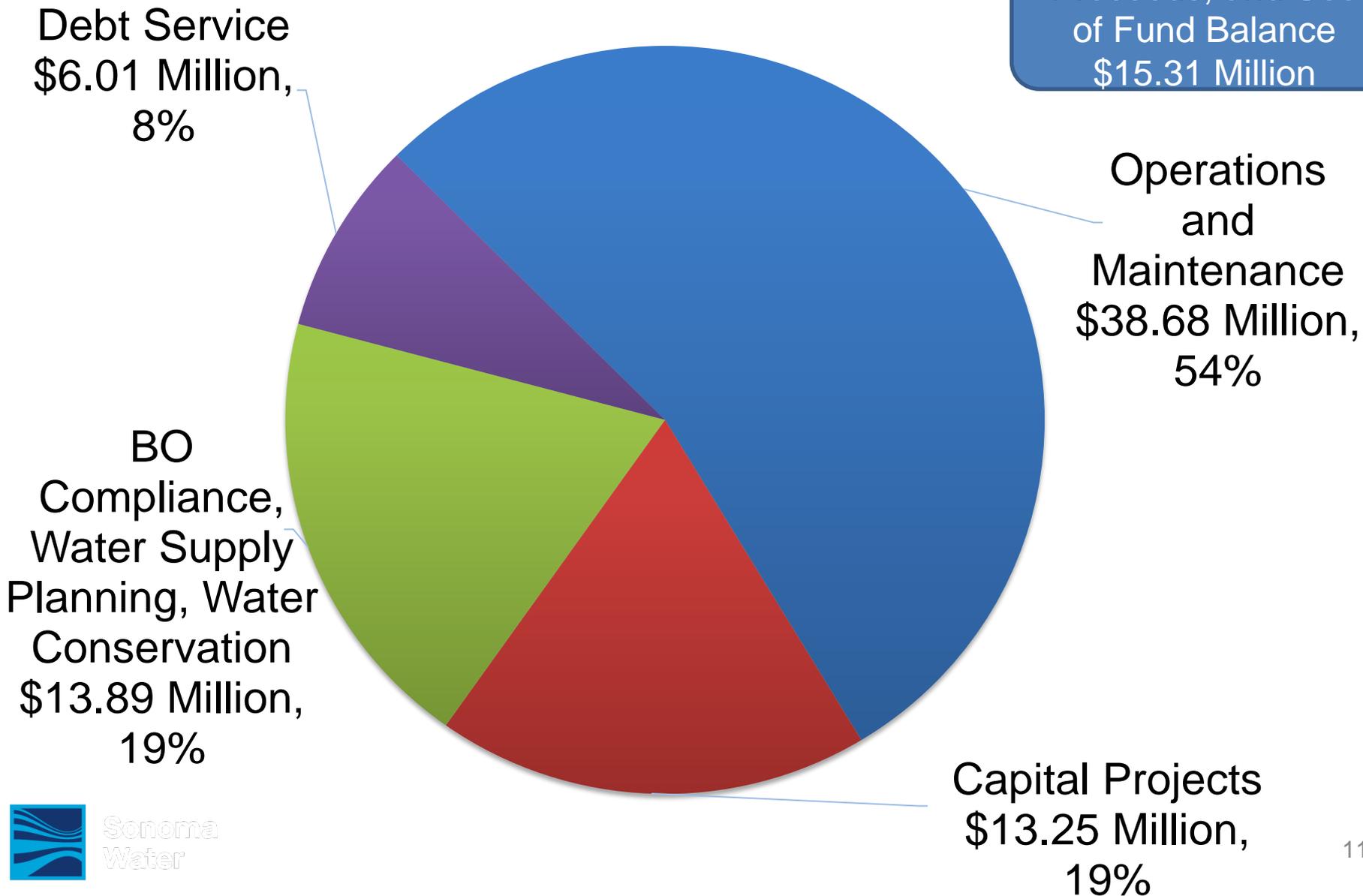
\$8.49

\$15.31

\$6.82

FY 22-23 Budgeted Expenditures

Grants, Bond Proceeds, and Use of Fund Balance
\$15.31 Million



Rate Setting Calculation (EXAMPLE)

$$\frac{\$48,539,000}{45,748 \text{ AF}} = \$1,061/\text{Acre Foot}$$

Water Sold = Lesser of:

45,748 AF

or

45,788 AF

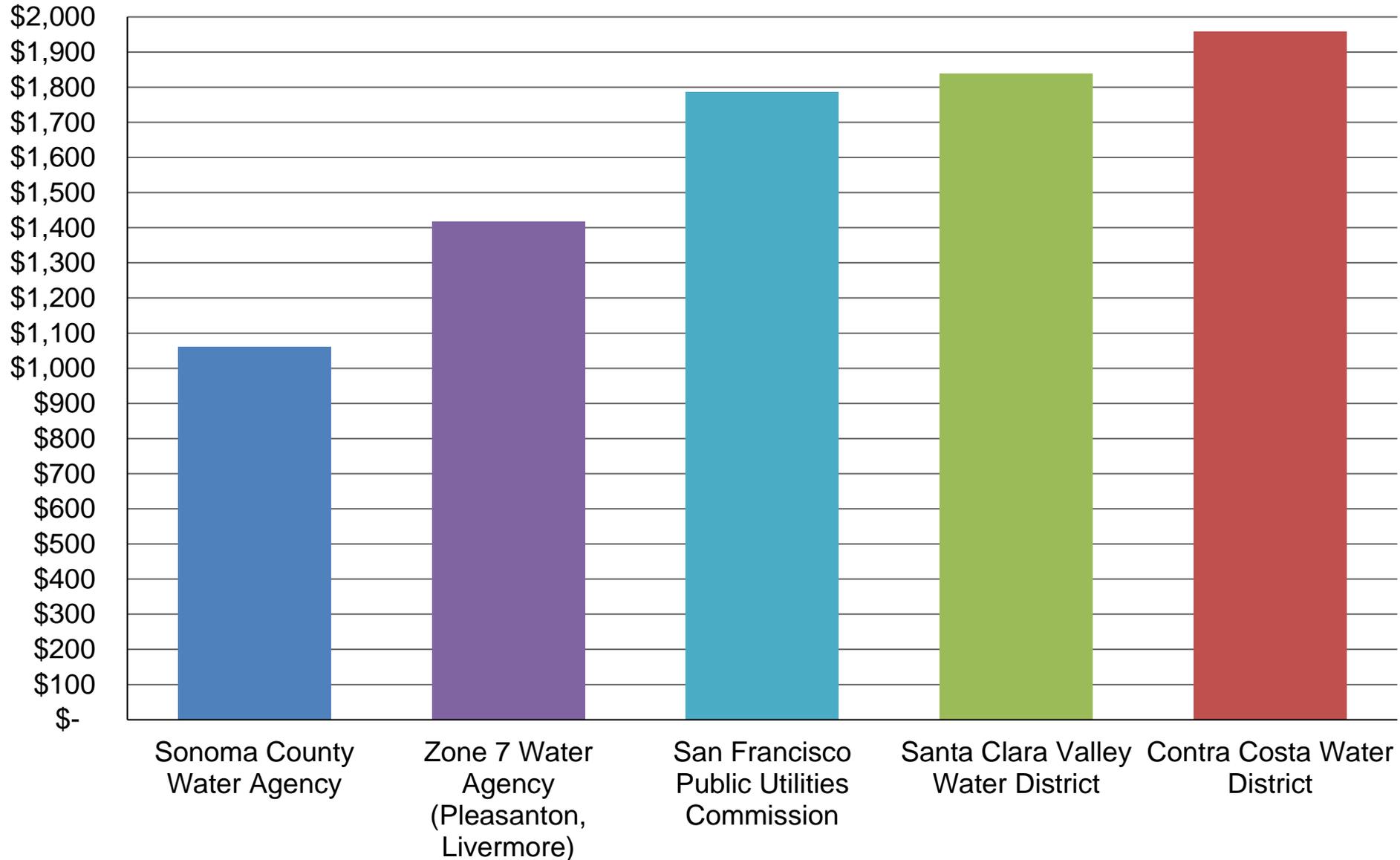
Proposed Rates for FY 22-23

Charge / Aqueduct	Santa Rosa	Petaluma	Sonoma
Deliveries (Acre-Feet)	45,748		
O&M	\$816.03	\$816.03	\$816.03
Water Management Planning	\$0.20	\$0.20	\$0.20
Watershed Planning & Restoration	\$32.70	\$32.70	\$32.70
Recycled Water and Local Supply	\$0.50	\$0.50	\$0.50
Water Conservation	\$47.50	\$47.50	\$47.50
Total O&M	\$896.93	\$896.93	\$896.93
Storage & Common Bond/Loan Charges	\$153.11	\$153.11	\$153.11
Sonoma Aqueduct Bond/Loan Charge			\$131.87
<i>Prime Contractors</i>	\$1,050.04	\$1,050.04	\$1,181.90
<u>Discretionary Charges</u>			
Capital Charges - to build fund balance for future projects	\$11.00	\$12.00	\$38.00
<i>Prime Contractors</i>	\$11.00	\$12.00	\$38.00
<i>Total Prime Contractors</i>	\$1,061.04	\$1,062.04	\$1,219.90
Total Overall Increase:	6.06%	6.16%	6.52%

Budget and Rate Reduction Measures

- Reduced rate increase from 9.99% to 6.84%
- Santa Rosa AQ Water Contractors elected to lower Aqueduct Capital Charge to further reduce rate increase to 6.06%
- Petaluma AQ Water Contractors elected to lower Aqueduct Capital Charge to further reduce rate increase to 6.16%
- Sonoma Aqueduct Water Contractors elected to keep Aqueduct Capital Charge at \$38/AF resulting in a rate increase of 6.52%
- Decreased O&M project costs by \$1.47 million
- Increased use of fund balance by \$2.5 million to \$7.2 million
- 2022 sale of \$15M in Revenue Bonds
- Total Cost per gallon is \$0.003

2022 Wholesale Water Rates Per Acre-Foot



Next Steps

- **Presentations upon Request to City and Town Councils, and Water District Boards in March**
- **Water Advisory Committee Vote on Monday, April 4**
- **Adoption by Sonoma Water's Board – April 19**

No Customer or Rate Impacts

- Water charges increasing 3% on 7/1/2022
 - Per rate schedule approved in 2021
- Pass through of wholesale rate to customers removed in 2021
 - No impact to customer or current rate schedule
- Santa Rosa Water Financial Model
 - Included 6% annual wholesale rate increase in rate development

Recommendation

Santa Rosa Water recommends that the Board of Public Utilities consider the Sonoma Water's budget and proposed water rate increase and, by motion, make a recommendation to the City Council regarding Council's direction to its Water Advisory Committee (WAC) representative for the WAC vote on April 4, 2022.



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