



Sonoma Water

Clean. Reliable. Essential. Every day.

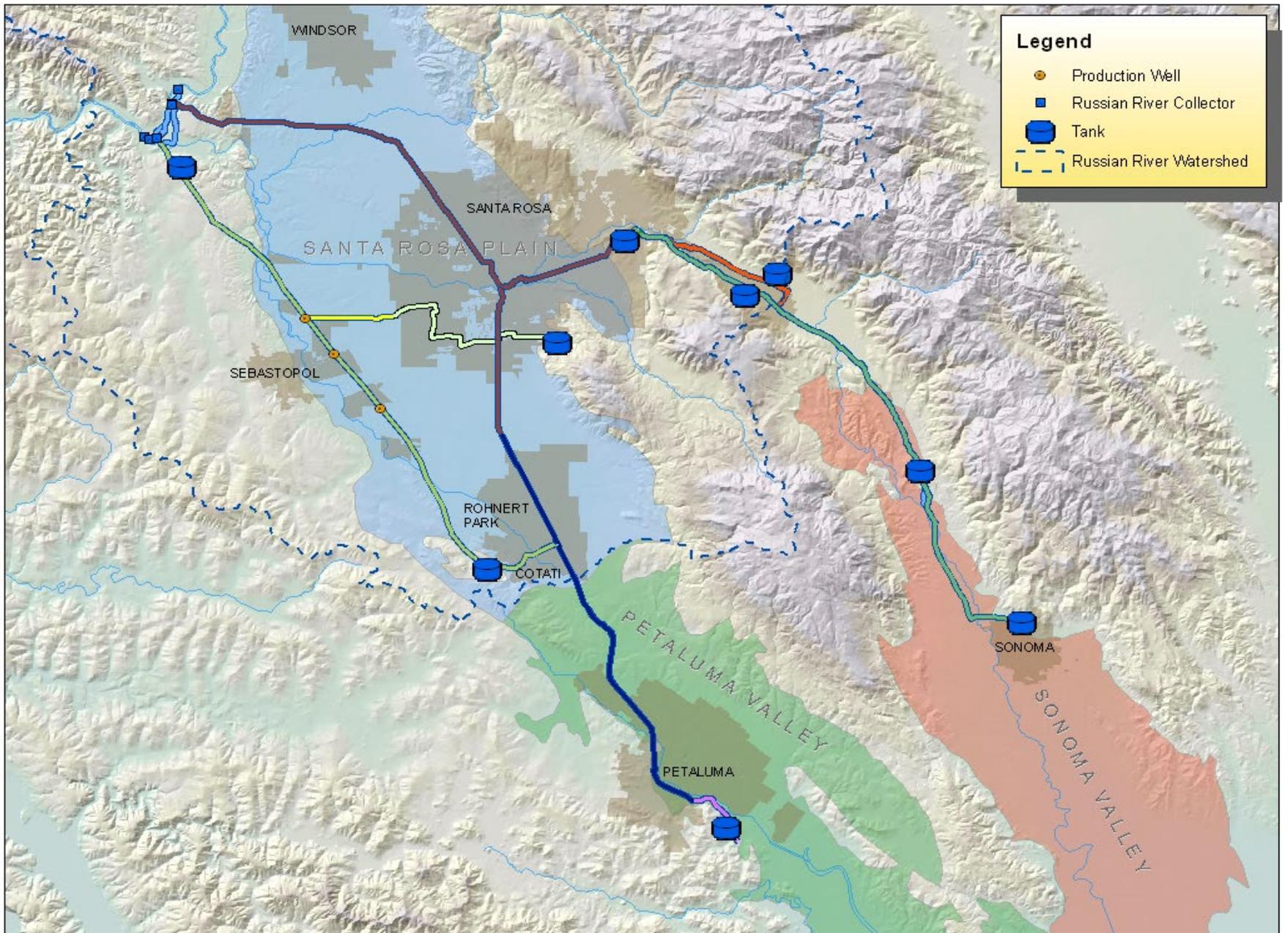
FY 2023-2024 Proposed Budget and Rates Water Transmission System

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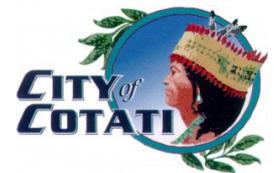
Transparent and collaborative process to bring rates to Board of Directors by end of April

Technical
Advisory
Committee
(Jan-March)

Water
Contractor
Boards &
Councils
(March)

Water
Advisory
Committee
(April)

Sonoma
Water Board
of Directors
(April)



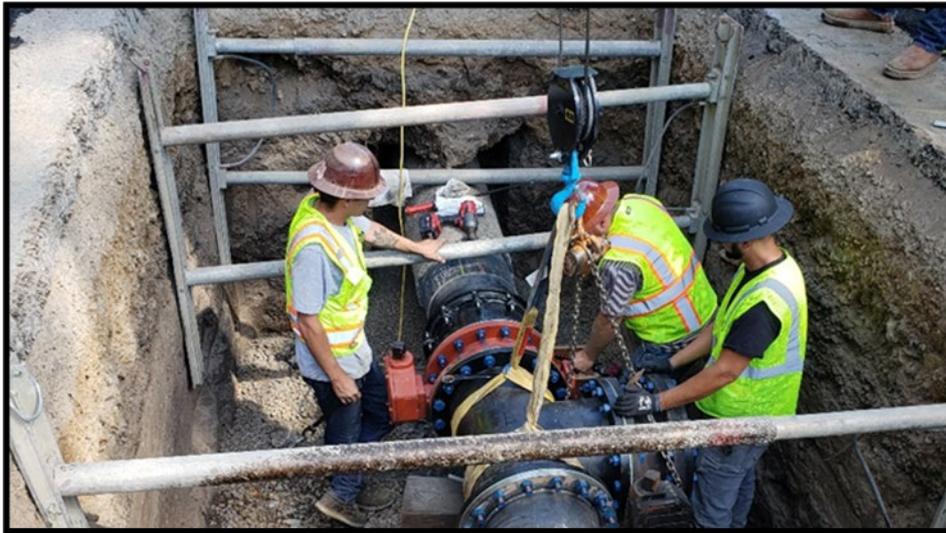
Budget includes multiple water transmission system activities and funds

- Operations and Maintenance
- Four Subfunds
- Five Capital Funds
- Debt Service Funds



Challenges

- Aging Infrastructure
- Maintenance Needs
- Increased Repairs
- Natural Hazard Vulnerabilities



\$6.34 million budgeted for hazard mitigation projects to reduce risks

Bennett Valley Fault Crossing

Ely Booster Pump Station Flood Mitigation

RDS Pump and Motor Control Center Replacement

Seismic Retrofit of Storage Tanks

Wilfred Booster Station

\$5.94 million budgeted for other capital projects to increase resiliency

Kawana-Ralphine SBS Pipeline Acquisition
(SE Greenway)

Mirabel/Wohler Storage Building

Occidental Road and Sebastopol Road Wells

Ralphine Tanks Flow Thru Conversion

Warm Springs Dam Hydroturbine Retrofit

Wohler Bridge Fiber Optic Cable

Total FY23-24 Capital Budget
including Hazard Mitigation Projects:
\$12.28M



\$40.4 million budgeted for operations and maintenance to protect, improve and maintain system reliability

Projects

Aqueduct Cathodic Protection

Collector Well, Pump, Pipeline, Valve Rehabilitations/Replacements

Emergency Inventory Procurement

Tank Recoats & Tank Maintenance Program

Studies

DeMuth Property Hydrogeologic Investigation

Groundwater Banking Feasibility Study

Regional Water Supply Resiliency Study

Transmission System Modeling & Condition Assessments Programs

\$9.78 million for Biological Opinion, Water Supply Planning and Water Conservation



**IS YOUR TOILET RUNNING?
BETTER CATCH IT!**

A leaky toilet is no joke and could cost you a lot of \$\$\$

TAKE THE DYE TAB CHALLENGE

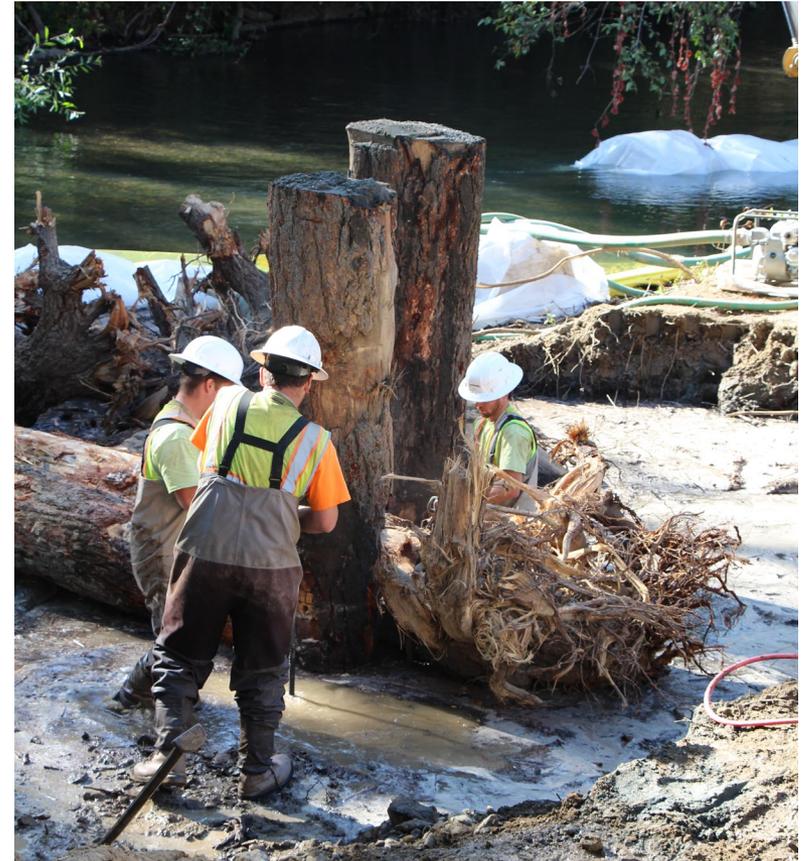
Test your toilet(s) to see if you have a sneaky leak.

SHARE YOUR RESULTS

Visit us online to enter your toilet test results and be entered to win a \$25 gift card.



SavingWaterPartnership.org/challenge



Expenditures compared to FY 22-23

	FY22-23	FY23-24	
	Budget (in Millions)	Budget (in Millions)	Change (in Millions)
Operations and Maintenance	\$38.68	\$40.41	\$1.73
Capital Projects	\$13.25	\$12.28	(\$0.97)
BO Compliance, Water Supply Planning, Water Conservation	\$13.89	\$9.78	(\$4.11)
Debt Service	\$6.01	\$5.83	(\$0.18)
Totals	\$71.83	\$68.30	(\$3.53)

Grants, Use of Fund Balance,
and Bond Proceeds

\$15.31

\$18.15

\$2.84

FY 23-24 Budgeted Expenditures

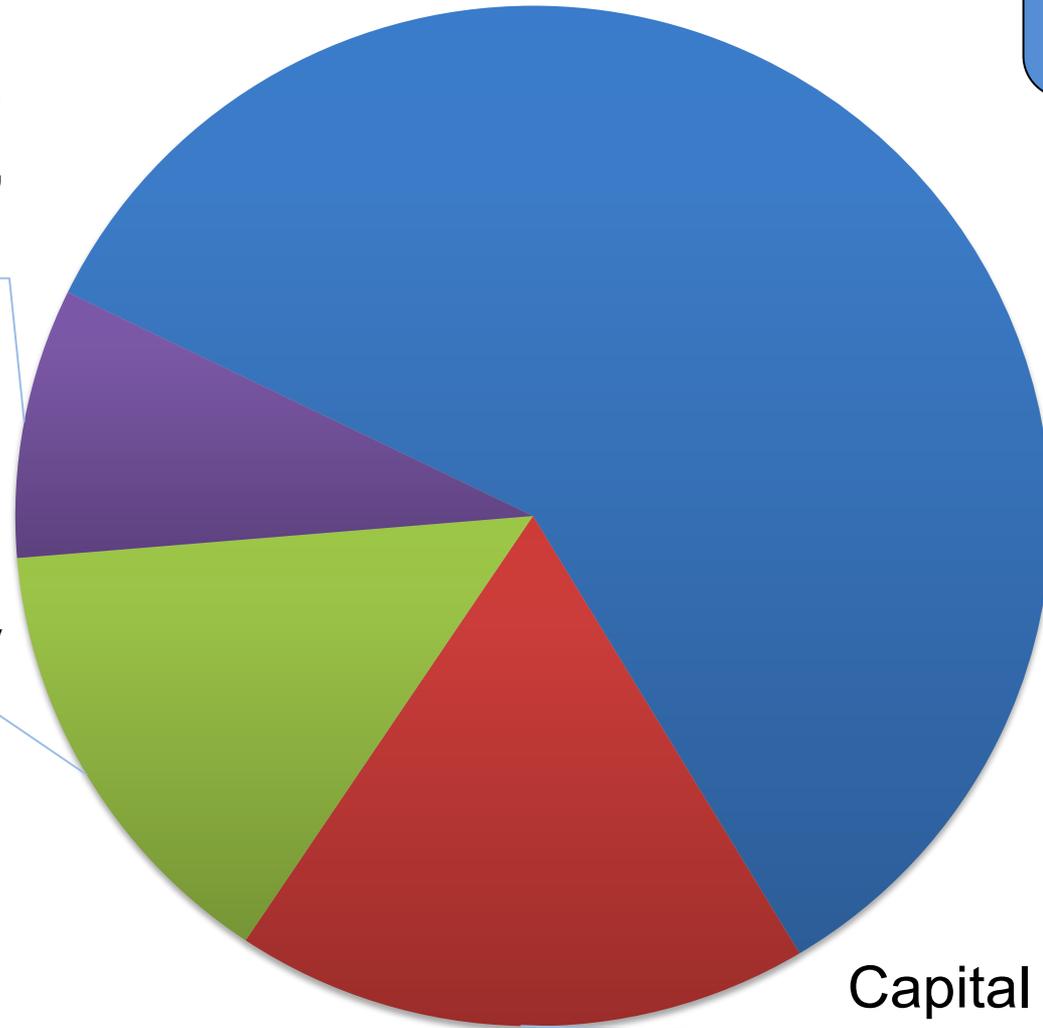
Grants, Bond Proceeds, and Use of Fund Balance
\$18.15 Million

Debt Service
\$5.83 Million,
9%

BO Compliance,
Water Supply Planning,
Water Conservation
\$9.78 Million,
14%

Operations and Maintenance
\$40.41 Million,
59%

Capital Projects
\$12.28 Million,
18%



Example of how rates are calculated

$$\frac{\$49,090,000}{41,847 \text{ AF}} = \$1,173/\text{Acre Foot}$$

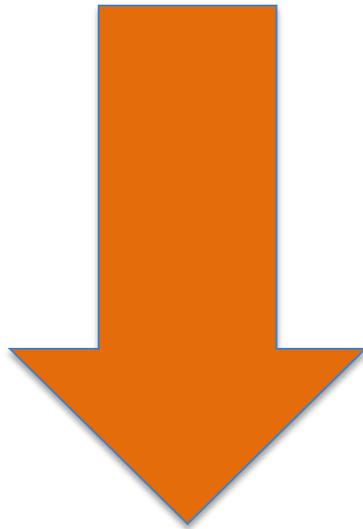
Water Sold = Lesser of:

45,128 AF

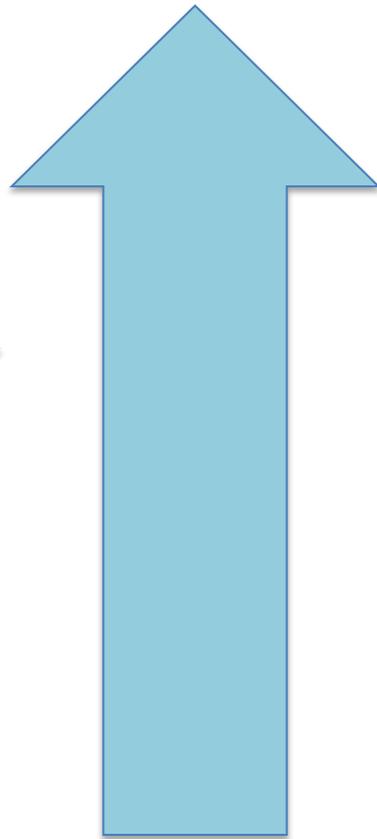
or

41,847 AF

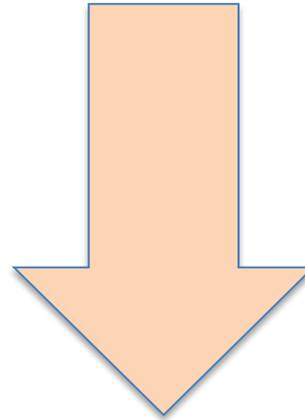
Steps taken to reduce budget and rate



Deferred non-routine maintenance projects = \$2.44 million



Use of grants, bond proceeds, and fund balance = \$18.15 million



Water contractors further reduced rates by cutting discretionary aqueduct capital charges

Result:

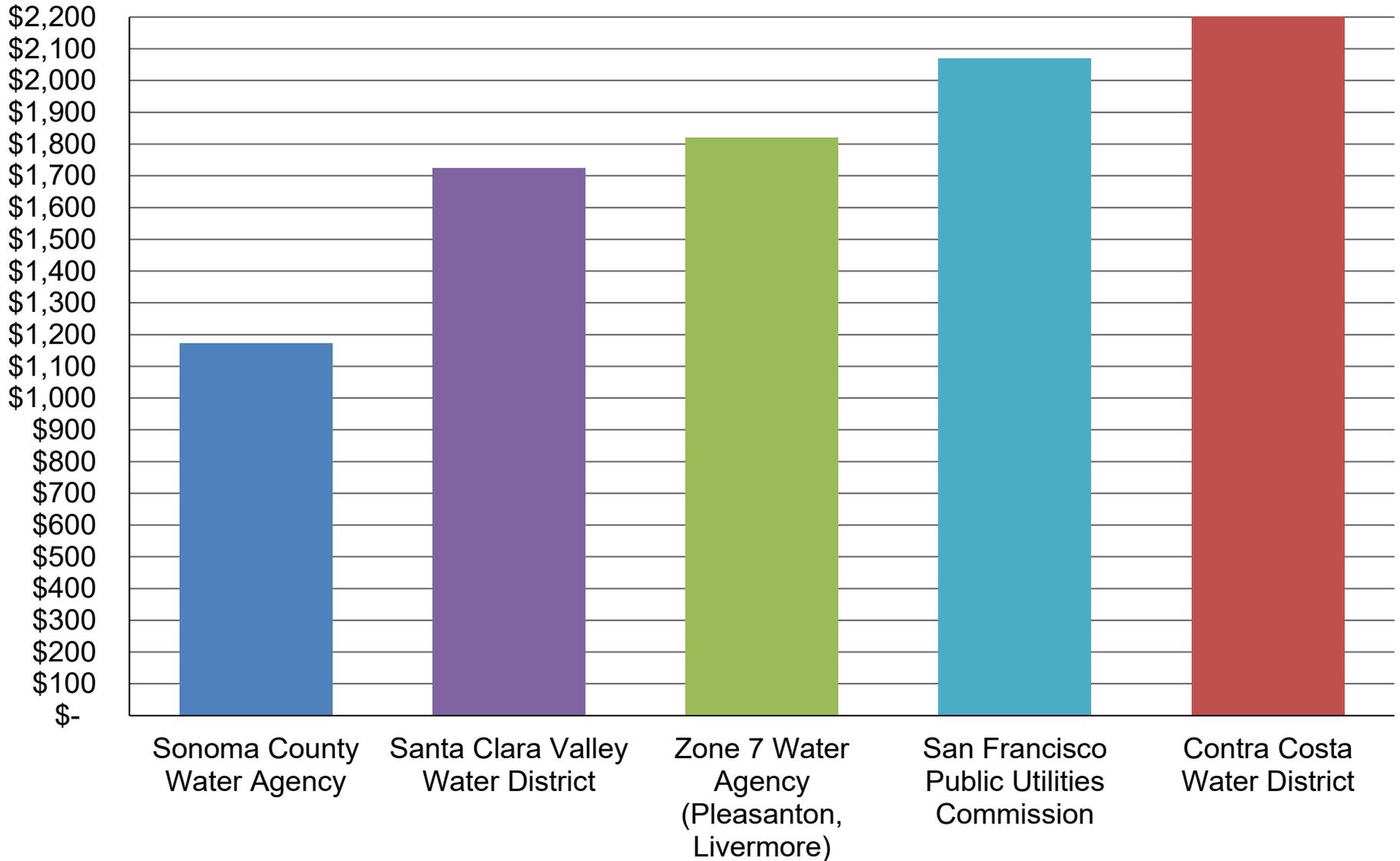
Rate increase dropped from over 20% to 10.56%

Total cost per gallon is \$0.004

Proposed Rates for FY 23-24

Charge / Aqueduct	Santa Rosa	Petaluma	Sonoma
Deliveries (Acre-Feet)	41,847		
O&M	\$903.30	\$903.30	\$903.30
Water Management Planning	\$0.00	\$0.00	\$0.00
Watershed Planning & Restoration	\$35.96	\$35.96	\$35.96
Recycled Water and Local Supply	\$0.00	\$0.00	\$0.00
Water Conservation	\$54.08	\$54.08	\$54.08
Total O&M	\$993.34	\$993.34	\$993.34
Storage & Common Bond/Loan Charges	\$168.75	\$168.75	\$168.75
Sonoma Aqueduct Bond/Loan Charge			\$151.68
<i>Prime Contractors</i>	\$1,162.09	\$1,162.09	\$1,313.77
<u>Discretionary Charges</u>			
Capital Charges - to build fund balance for future projects	\$11.00	\$0.00	\$34.90
<i>Prime Contractors</i>	\$11.00	\$0.00	\$34.90
<i>Total Prime Contractors</i>	\$1,173.09	\$1,162.09	\$1,348.67
Total Overall Increase:	10.56%	9.42%	10.56%

2023 wholesale water rates per Acre-Foot



Long Range Financial Plan

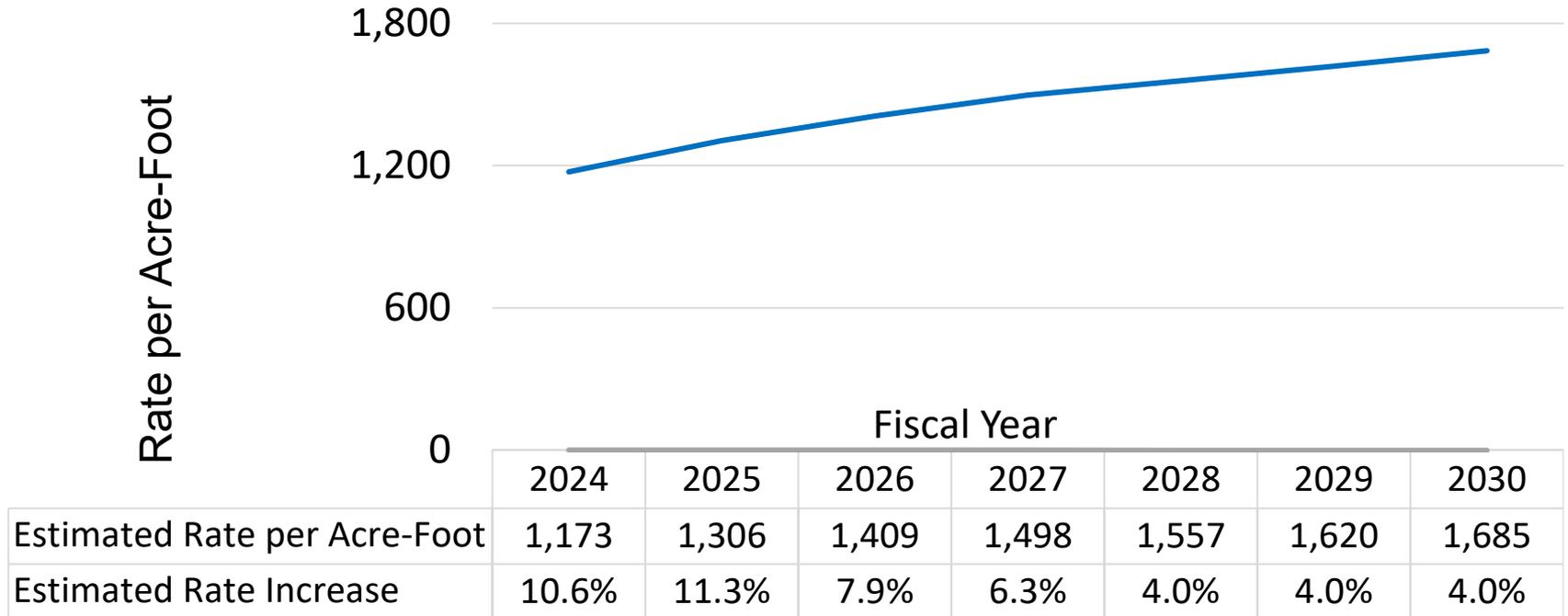
Estimated \$272.5 Million in Projects to 2030

Capital Projects on Santa Rosa Aqueduct	Estimated Costs (in Millions)
Santa Rosa Creek Crossing Seismic Hazard Mitigation	\$11.5

Water Contractors Pay a Share of these Estimated Costs	Estimated Costs (in Millions)
Hazard Mitigation Projects	\$64.4
Resiliency Projects	\$70.8
Maintenance Projects	\$124.0
Biological Opinion Dry Creek Habitat Enhancement	\$1.8

Long Range Financial Plan

Example Santa Rosa Aqueduct Rate Scenario



- Assumes Water Demand Growth of 1.5% based on 2020 Deliveries to 56,000 AF in 2035. Higher Deliveries would reduce rates.
- Assumes no Grant Funding. Grant Funding would reduce rates.
- Rates affected by Inflation, \$7 Million more in project costs annually compared to last fiscal year, and 3 years of Drought.



Santa Rosa Water Budget Impacts

- 10.56% increase = \$2.5m increase
 - \$750k unplanned increase
 - Projected 5% increase in volume purchased
- 11.3% increase (projected) = \$3.2m increase
 - \$1.8m unplanned increase
 - Additional 5% increase in volume purchased
- Current long range financial plan incorporates 6% increase
- Covered by fund balance

Customer Impacts

- No impact next two years
 - Coverage for additional expenditure from fund balance
 - Rates are set for next two years
- Adjustment to future rate cycle
 - Increase in water rates estimated at 5%
 - Local expenditures will be additional

Next steps

- Presentations upon Request to City and Town Councils, and Water District Boards in March
- Water Advisory Committee Vote – April 3
- Adoption by Sonoma Water's Board – April 18



**Sonoma
Water**

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