

CITY OF SANTA ROSA  
BOARD OF PUBLIC UTILITIES

TO: BOARD OF PUBLIC UTILITIES  
FROM: LINDA REED  
SANTA ROSA WATER  
SUBJECT: SONOMA COUNTY WATER AGENCY 2017/18 WATER  
TRANSMISSION BUDGET AND WATER RATE INCREASE

AGENDA ACTION: MOTION

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RECOMMENDATION

The Water Department recommends that the Board consider the SCWA 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 representative.

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EXECUTIVE SUMMARY

The City of Santa Rosa purchases approximately 90% of the water supplied to our customers from the Sonoma County Water Agency (SCWA). The SCWA is proposing to raise the wholesale rate of water by 4.98% from \$806.59 to \$846.78. This increase is 'passed through' to Santa Rosa customers and would result in an average increase to the water usage charge of 2.2%.

The Board of Public Utilities may make a recommendation to the City Council, which will in turn advise their representative to the Water Advisory Committee (WAC) prior to a WAC vote. The WAC is an advisory board. Ultimately, the SCWA Board of Director's will have final authority to approve the proposed rate increase.

BACKGROUND

There is a Water Advisory Committee (WAC) made up of elected officials of each of the contractors to the Sonoma County Water Agency's (SCWA) wholesale water. The WAC is an advisory committee to the SCWA Board of Directors. The City's WAC Representative is Council Member Tom Schwedhelm. On April 3, 2017 the WAC is scheduled to vote on whether or not to recommend the SCWA budget and proposed rate increase for approval of 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 March 14, 2017.

### PRIOR BOARD OF PUBLIC UTILITIES REVIEW

Each year the Board reviews the SCWA proposed rate increase and makes a recommendation to the City Council.

### ANALYSIS

Sonoma County Water Agency (SCWA) staff presented the proposed 2017/18 Water Transmission System budget to the SCWA Technical Advisory Committee (TAC) budget subcommittee over a series of meetings in January and February, 2017. SCWA staff made numerous adjustments to the budget resulting in substantial reduction to the initially proposed rate increase. The entire TAC reviewed the proposed budget and rate increase on February 17, 2017 and voted to support the request. The SCWA proposes to increase rates for wholesale water on the Santa Rosa Aqueduct by 4.98% or from \$806.59 per acre foot to \$846.78 per acre foot. Significant factors driving the 2017/18 SCWA budget are as follows:

1. Per the Restructured Agreement, estimated water deliveries for 2017/18 are 41,446 acre feet – the lower of the previous 12 months or the average of the past three years – just slightly higher than the deliveries for 2016/17. However, the deliveries for these two years are down about 27% from 2015/16 with correspondingly reduced revenues. This assumption directly affects the rate calculation. Last year the Agency significantly reduced their overall fund balance to mitigate the revenue loss.
2. The overall Operations and Maintenance charge is up 6.2% which includes increased expenditures on large non-routine maintenance projects.
3. The Storage and Common Bond & Loan charge is up 14.95% due to new financing in 2015.
4. The Santa Rosa Aqueduct Capital Charge, which is classified as a discretionary charge remains at \$19.50 an acre foot to accumulate funding for capital projects specific to the Santa Rosa Aqueduct. Santa Rosa and Windsor pay into the Santa Rosa Aqueduct Capital Charge.

### FISCAL IMPACT

The proposed wholesale water rate increase is \$40.19 per acre foot or 4.98%. At the SCWA estimated delivery of 41,446 acre feet, this would be a \$1,665,715 increase spread across all the contractors. Santa Rosa's estimated water use for next year of

15,711 acre feet would result in an overall increase of \$631,425. Per the pass-through calculation included in the City code, the average pass-through increase to a customer's water usage charge if this rate is approved, will be 2.2% or about \$0.50 for a typical single family residential customer. The water usage charge is only one component of the average Santa Rosa Water bill.

### ENVIRONMENTAL IMPACT

This action is exempt from the California Environmental Quality Act (CEQA) because it is not a project which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, pursuant to CEQA Guideline section 15378.

### BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

The Technical Advisory Committee to the Sonoma County Water is scheduled to vote on whether or not to recommend the SCWA budget and proposed rate increase for approval of the Water Advisory Committee at their meeting on March 6, 2017.

Water Advisory Committee to the Sonoma County Water is scheduled to vote on whether or not to recommend the SCWA budget and proposed rate increase for approval of the SCWA Board of Directors on April 3, 2017

### ATTACHMENTS

- Water Transmission FY 2017/18 Draft Budget Rates

### CONTACT

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