

# O&M and CIP Budget Recommendation

BPU Budget Subcommittee

March 14, 2018



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# Our mission:

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



# Overview

- Rate Schedule
- Staff Assumptions
- 2018/19 CIP Staff Recommendation
- 2018/19 O&M Staff Recommendation
- 2018/19 Subregional Allocations



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# 5 Year Rate Schedule

	2015/16	2016/17	2017/18	2018/19	2019/20
<b>Water Usage</b>	0%	0%	0%	0%	0%
<b>Water Fixed</b>	5%	5%	5%	5%	5%
<b>Sewer Usage</b>	<del>3%</del> 2%	3%	3%	2.5%	2.5%
<b>Sewer Fixed</b>	3%	3%	3%	2.5%	2.5%

*SCWA Pass Through only applied to water usage charges*  
*Sewer increases lowered to 2% 2016 from planned 3%*



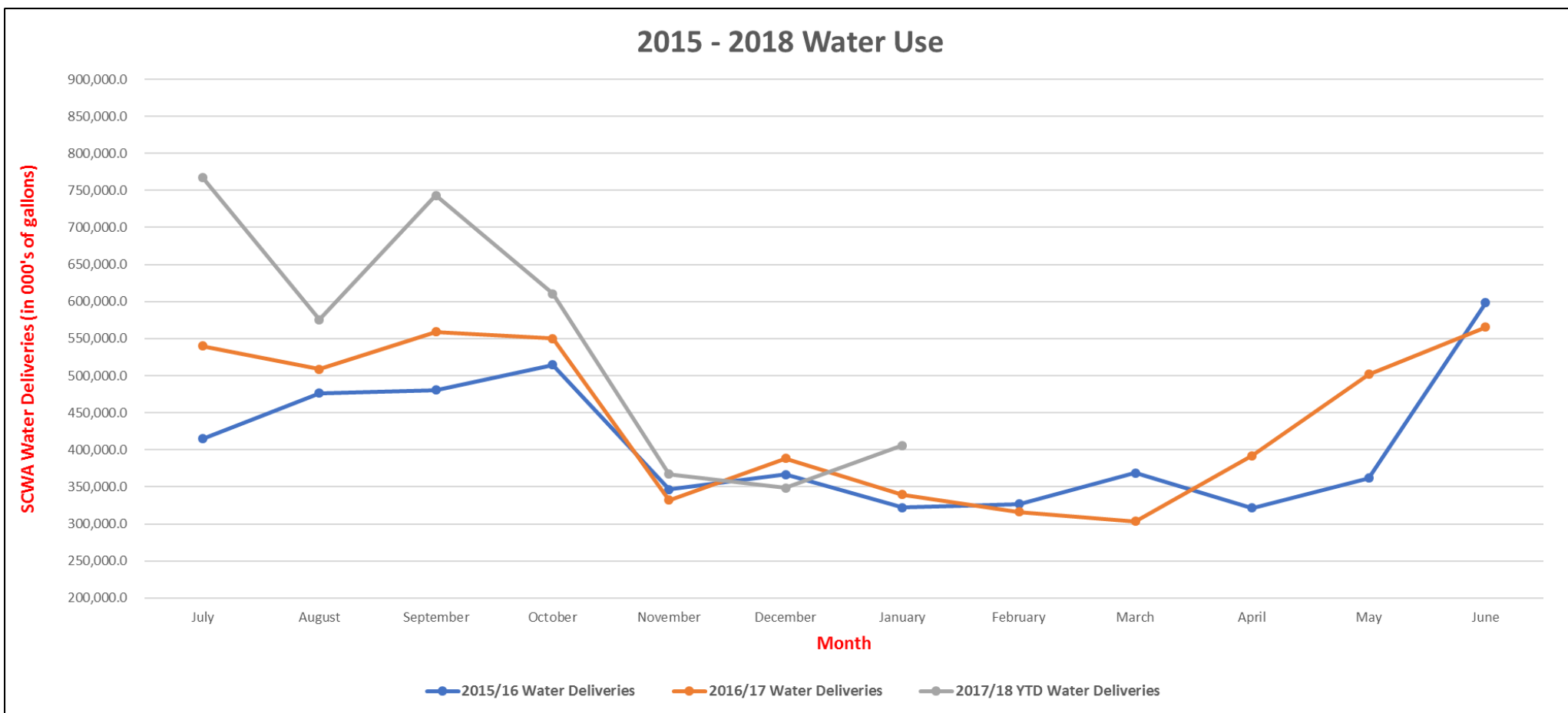
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# Staff Assumption Usage

- Water use will be flat as compared to 2017/18 projection
  - Trending use (next slide)
- Wastewater use will decrease **2%** in 2018/19 compared to 2017/18
  - Assumption remained flat 2016/17 to 2017/18
  - July through February 2016/17 to 2017/18 comparison
    - 2% decrease



# Water Use



# Staff Assumption

## Fixed Revenue

- Net Revenue for water fixed fees will increase 1.4%
  - 5% planned increase but reducing by fire destroyed properties
- Net Revenue for wastewater fixed fees will decrease -3%
  - Based on 3% planned increase but reduced by fire destroyed properties



# Other Revenues

- Water and Wastewater – Flat Year over Year
  - Demand Fees
  - Charges for Service
    - Miscellaneous Fees last adjusted in 2015
  - Interest Earnings
    - Current Earnings about 1%
- Regional Water Reuse
  - Misc Revenues down to \$2,915,784 or **-0.7%**
  - Agency Allocations – Make up balance of income





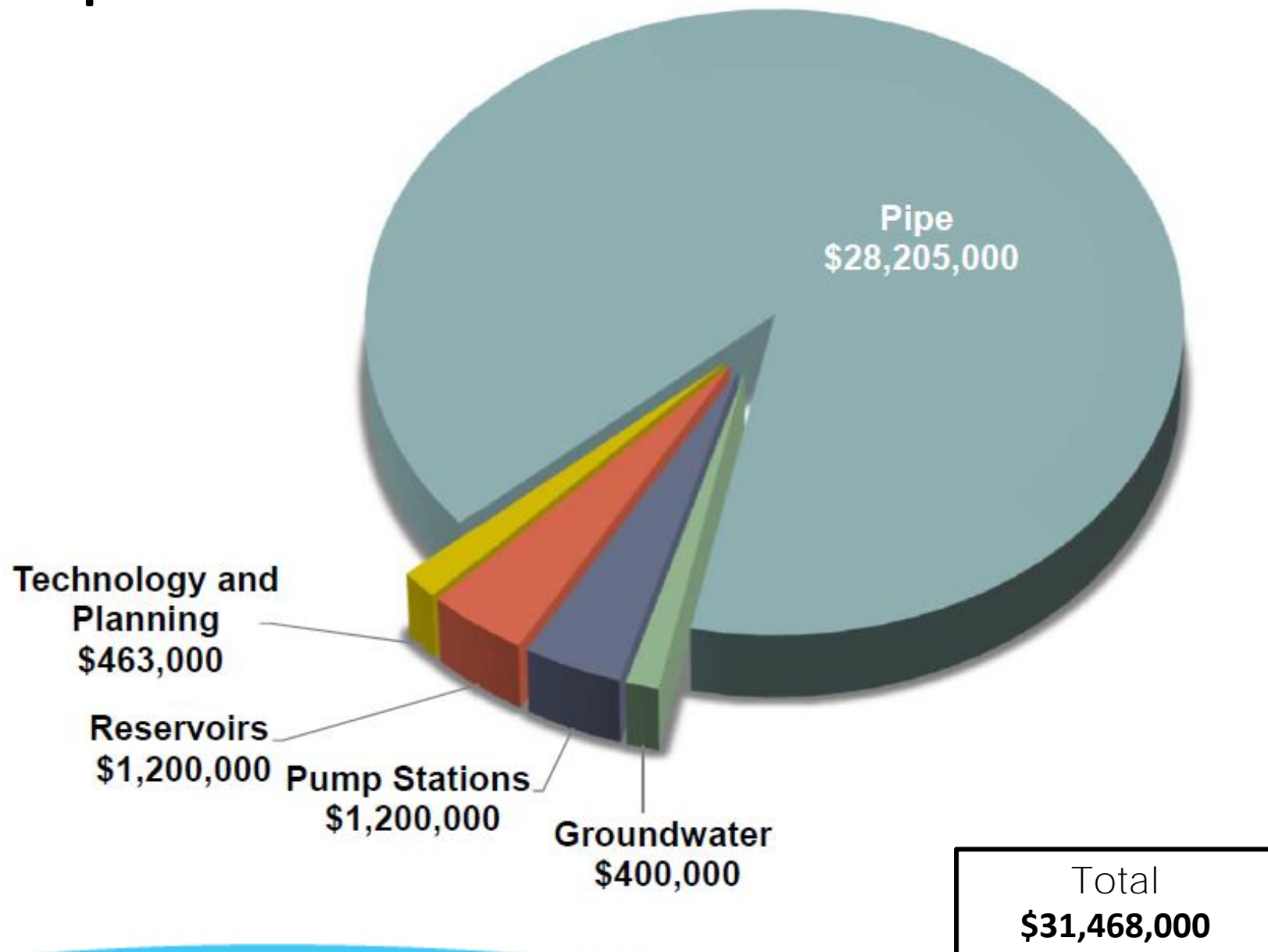
# 2018-19 Capital Improvement Program Budget Review



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# Santa Rosa Water 2018-19 CIP

## Proposed Water



# Water CIP Scenarios Year 1

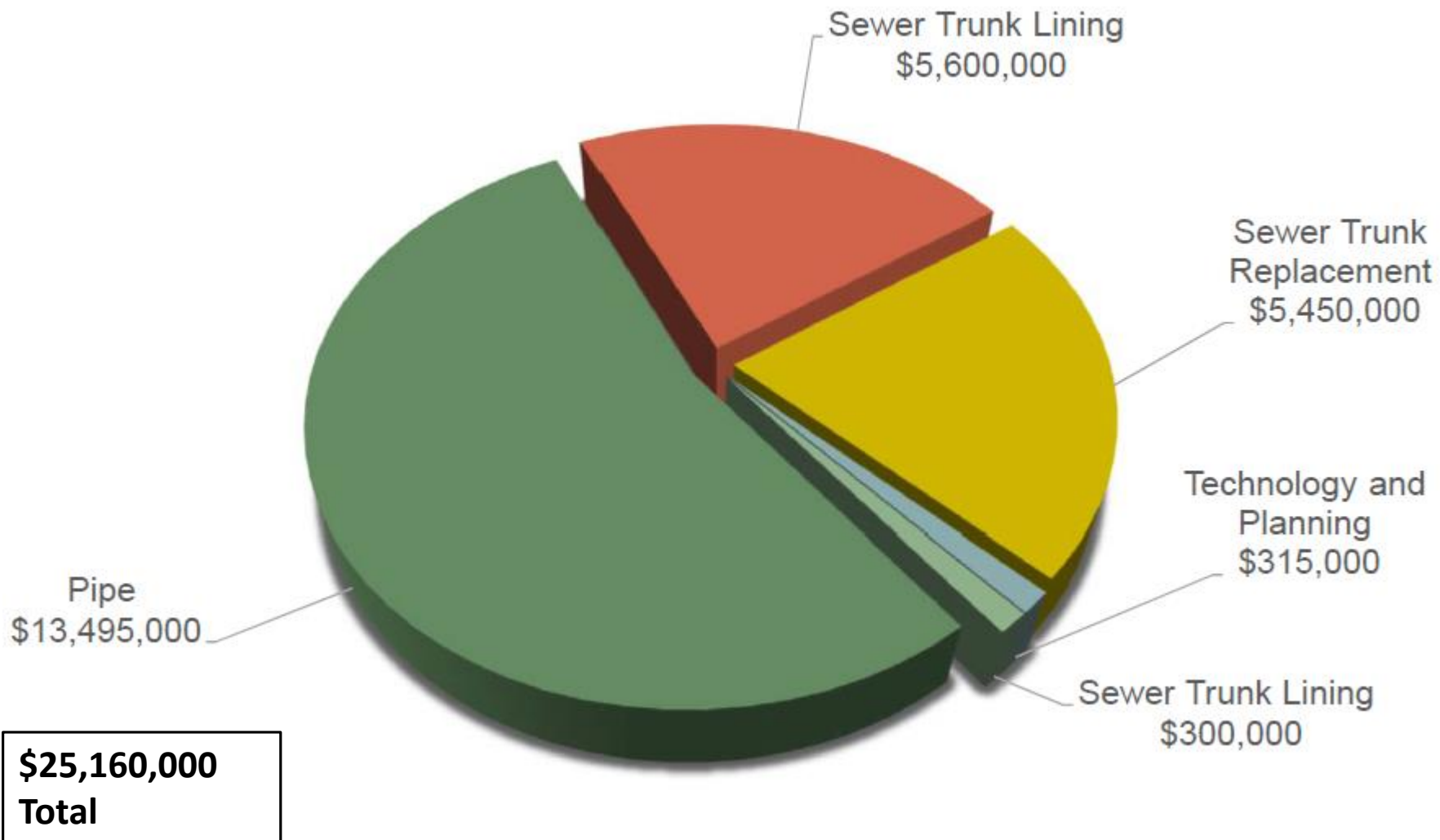
- Main Replacement Included with FEMA Funding
  - Total Year 1 Funding \$31.5m
  - Funded By
    - 40% FEMA / Previous planned / Contingency / Reserves / Lower priority projects
- Main Replacement Included with no FEMA Funding
  - Total Year 1 Funding \$51m
  - Funded By
    - Previous planned / Contingency / Reserves / Lower priority projects
    - Depletes existing project funding
- No Main Replacement Included
  - Total Year 1 Funding \$14.3m
  - Funded By – Previous planned / Contingency

# 2018-19 Proposed CIP Water Project / Program Highlights

- Pacific Avenue Water Main Replacement
  - PID 661
- Emergency Generators
  - PID 2209



# Santa Rosa Water 2018-19 CIP Proposed Wastewater



# Wastewater CIP Year 1

- Total Funding Year 1
  - \$25.1m
    - Including fire related projects
  - Funded by
    - Previous planned
    - Undesignated Funds
    - Contingency

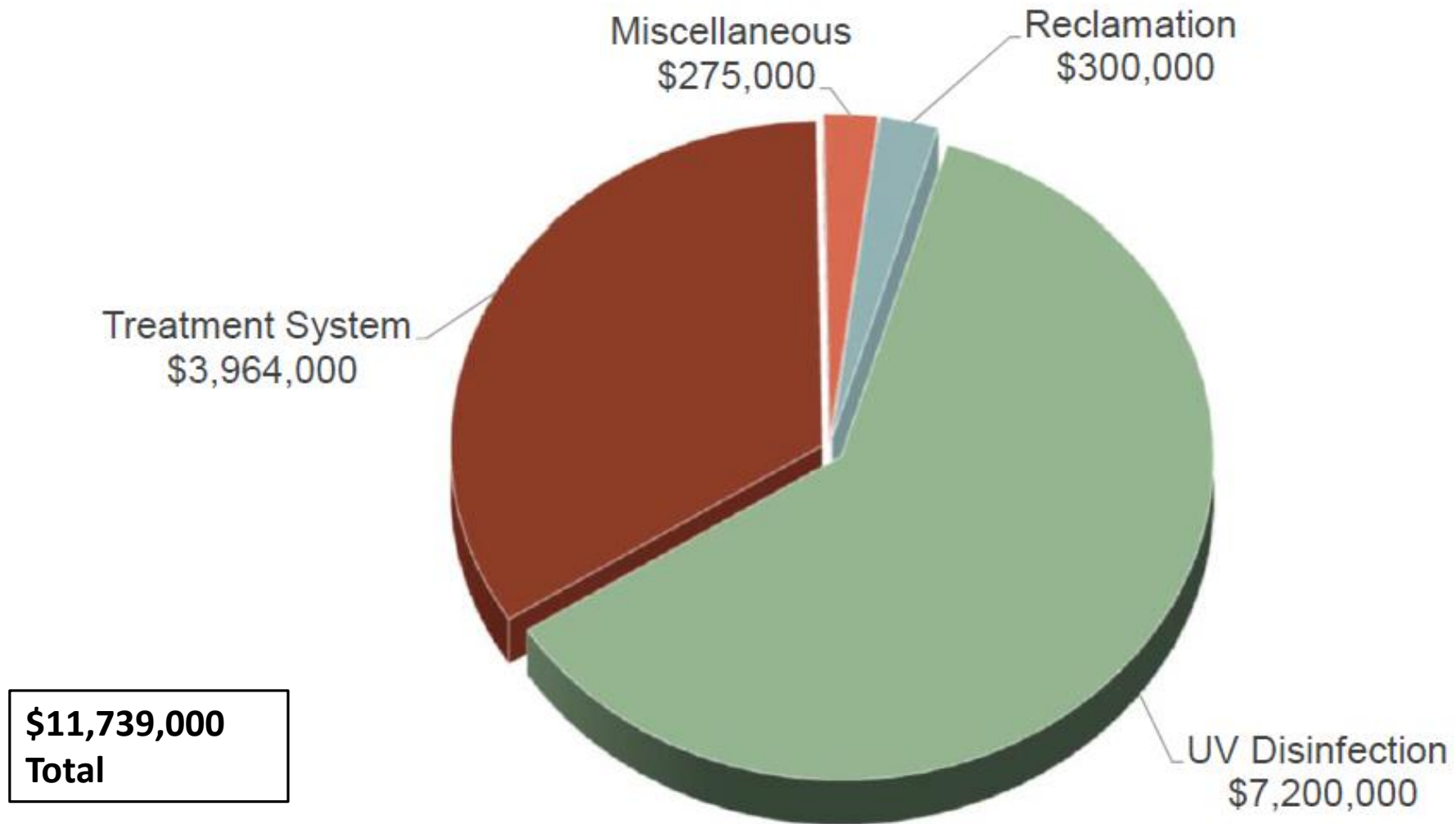
# 2018-19 Proposed CIP Wastewater Project Highlights

- Robles Trunk Lining Phase 1
  - PID 2114
- Matanzas and Glenbrook Siphons
  - PID 2190
- Los Alamos Trunk Replacement
  - PID 1903





# Santa Rosa Water 2018-19 CIP Proposed Subregional





# Subregional CIP Scenarios

- Total Year 1 Funding \$11.7m
  - UV Project – Diversion Phase Included
    - \$7.2m
  - Funded By
    - Previous planned
    - Reserves
- Total Year 1 Funding \$14.2m
  - UV Project – Diversion Phase & Land Purchase Included
    - \$7.2m Diversion / \$2.5m Land Purchase
  - Funded By
    - Previous planned
    - Reserves

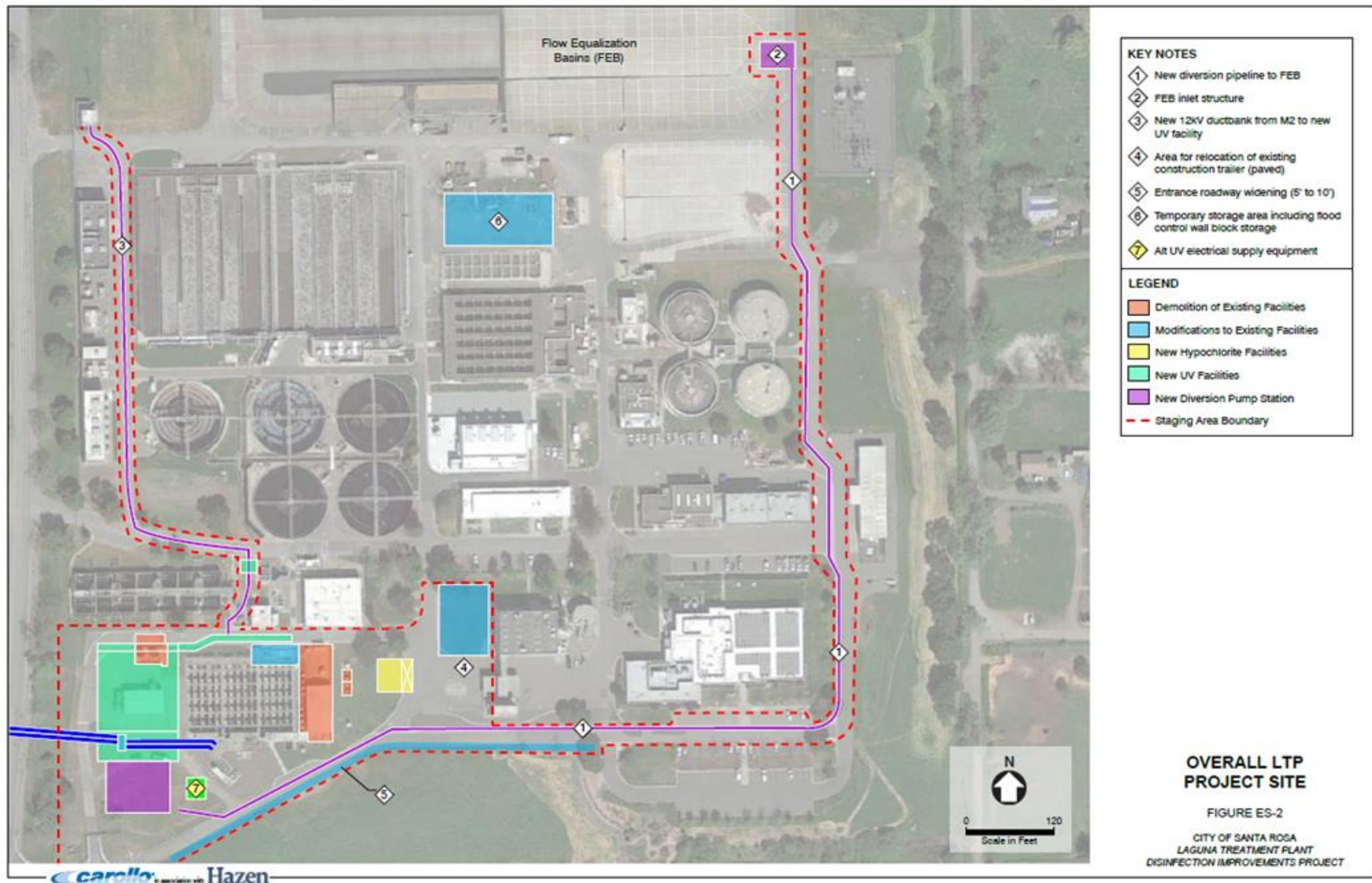
# 2018-19 Proposed CIP Subregional Project Highlights

- Waste Gas Flare Assembly
  - PID 1978
- Manhole 5 Rehabilitation
  - PID 2170
- UV Diversion Project Phase 1
  - PID 1957



# UV Project

## Diversion Phase





# CIP Questions

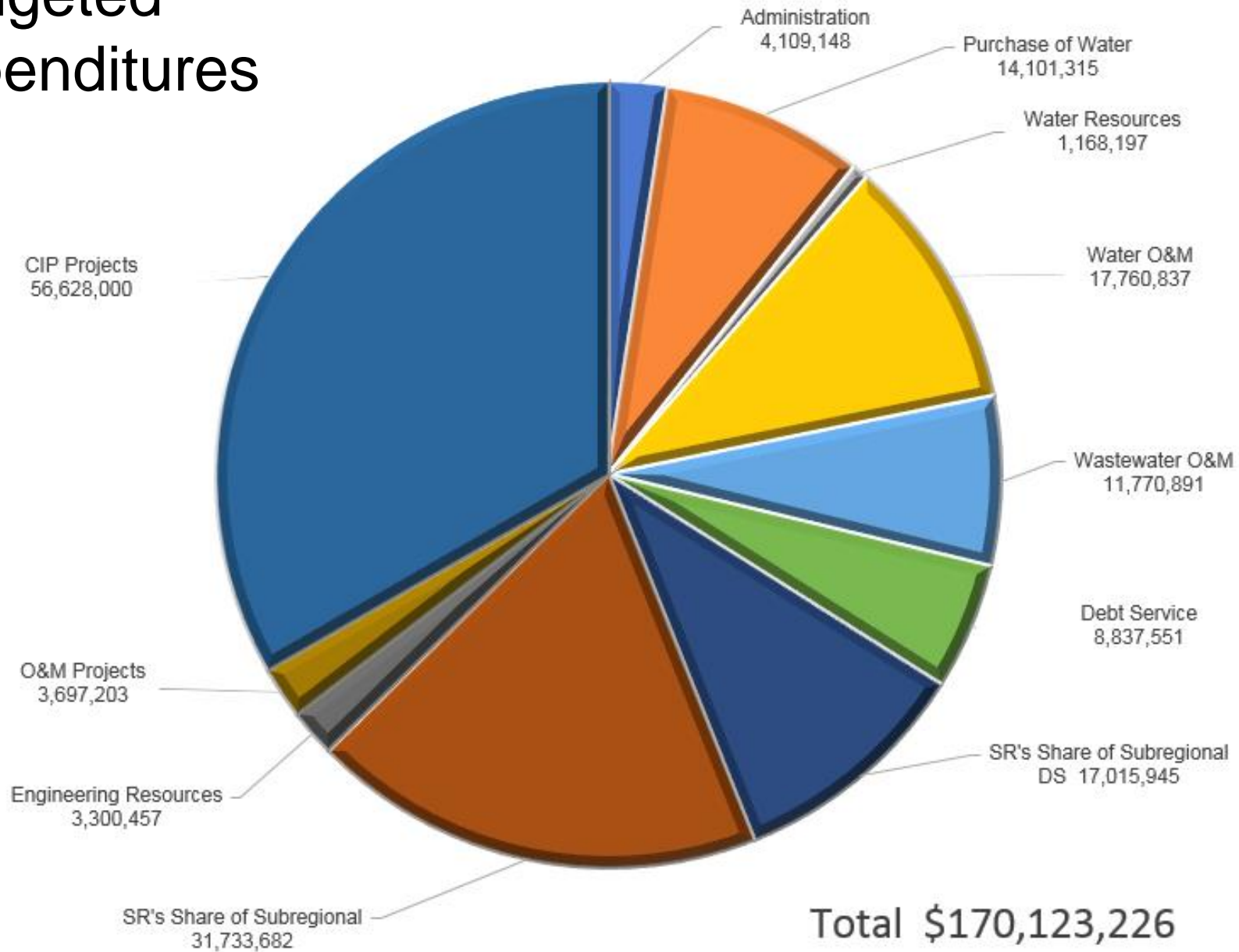


# 2018/19 Operations & Maintenance Budget



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# Santa Rosa Water Budgeted Expenditures



# Department Wide Salary and Benefits Increases

- Base Salaries up \$414,699 or 1.9%
  - 3% COLA included
- Base Benefits up \$1,716,338 or 15.42%
  - Short term disability program implemented



# New Positions Requested

- Senior Buyer
    - \$111,000
  - Deputy Director Engineering Resources
    - \$150,000
  - Administrative Technician Limited Term
    - Extension – Utility Billing
    - \$113,000
- 
- Offset by deleted positions
    - Electrical Technician
    - Senior Administrative Assistant
    - Environmental Specialist



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# Reclassification

- Currently Sustainability Technician
- Proposed Sustainability Representative
- Planning not to backfill



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# Department Summary

Includes new positions  
and deletions

Dept: All

Entity: All

Fund: 1601 - Utilities Administration Fund, 1611 - Water Utility Operations,  
1621 - Local Wastewater Utility Fund, 1631 - Subregional Waste Operations



Program	2015-16 Actual	2016-17 Actual	2017-18 Current Budget	2018-19 Total Request	Change	%
<b>General Ledger</b>						
Administration	\$4,066,351	\$5,021,832	\$6,887,627	\$4,109,148	(\$2,778,479)	-40.3
Engineering Resources	\$0	\$0	\$0	\$3,300,457	\$3,300,457	100
Purchase of Water	\$11,462,535	\$12,520,618	\$16,271,850	\$14,101,315	(\$2,170,535)	-13.3
Water Resources	\$974,045	\$958,208	\$1,237,773	\$1,168,197	(\$69,576)	-5.6
Water O&M	\$13,301,774	\$13,721,594	\$16,945,837	\$17,760,837	\$815,000	4.8
Local Wastewater O&M	\$8,854,459	\$9,573,882	\$11,468,976	\$11,770,891	\$301,915	2.6
Wastewater Resource Recovery	\$18,154,014	\$19,994,555	\$23,637,369	\$24,492,111	\$854,742	3.6
Wastewater Resource Distributn	\$5,757,285	\$6,395,240	\$8,516,942	\$8,225,867	(\$291,075)	-3.4
O&M Projects	\$3,972,211	\$3,817,973	\$3,333,541	\$3,697,203	\$363,662	10.9
<b>Total SR Water</b>	<b>\$66,542,674</b>	<b>\$72,003,902</b>	<b>\$88,299,915</b>	<b>\$88,143,906</b>	<b>\$326,111</b>	<b>0.4</b>



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# Purchase of Water

- Volume of water budget up 0.3%; increasing acre feet budget 290 acre feet
- Assuming estimated 3.67% increase in wholesale cost
  - Only estimated
  - Results in a 1.6% pass through usage charge increase
- Not budgeting for contingency
  - \$2.7m

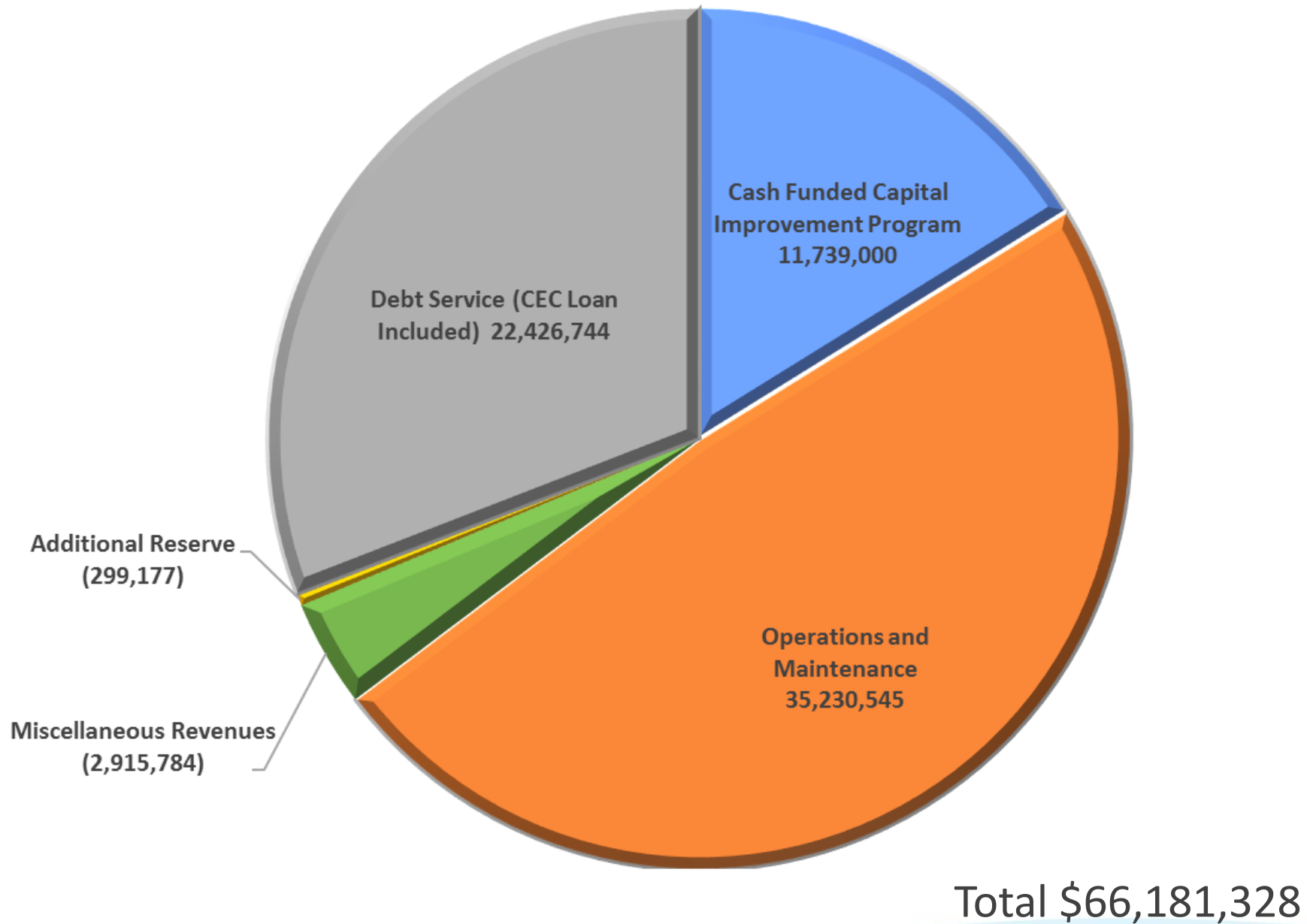


# Water O&M

## Wastewater O& M

- Water Overall down -3.2%
  - Base Salaries up \$88,572 & Benefits up \$330,501
    - Short term disability implemented this year
  - Water Billing up \$99,007 or 4%
  - Water Purchase Contingency removed
- Wastewater Overall up 3.9%
  - Base Salaries down \$36,813 and Benefits up \$153,419
  - Water Billing up \$91,389 or 4%
- Electricity up 10%
- City Overhead up estimated 10%
- IT up 17.9%
  - Increases in new programs and support

# Subregional Budget Expenditures



# Subregional O&M

- Overall Flat
- Salaries down **\$90,338**
- Electricity up 10%



# Subregional CIP

- Total Proposed Funding
  - \$11.7m
    - \$7.2m UV Project – Diversion Phase
- Funded By
  - Previously planned - \$5.1m
  - Reserves - \$6.6m



# Regional Water Reuse Allocations 2018/19



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# 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
	<b>\$4,565,004</b>	<b>\$2,936,454</b>	<b>\$2,915,784</b>



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# Retained Contributions

	<b>Retained Reserves through 2017</b>	<b>2017/18 Applied to Contribution</b>	<b>Estimated Refund 2017/18</b>	<b>Total Estimated Retained Reserves</b>
Santa Rosa	\$2,516,051	\$0	\$781,821	\$3,297,872
Rohnert Park	\$1,128,978	\$624,906	\$949,069	\$1,453,141
Sebastopol	\$272,484	\$85,538	\$190,659	\$377,605
Cotati	\$74,426	\$62,078	\$180,711	\$193,059
SPCSD	\$295,126	\$88,369	\$166,708	\$373,465
	\$4,287,065	\$860,891	\$2,268,968	\$5,695,142

Fund Summary 2018/19		
		2018/19 Budget
<b>Operating Expenditure Request</b>		\$35,230,545
<b>Transfers Out:</b>		
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		(299,177)
<b>Expenditures / Transfers Out / Change in Operating Reserve</b>		<b>\$46,773,495</b>
<b>Subregional System Reserves for 2018/19</b>		
<b>Operating Reserves (15% of projected expenditures)</b>		<b>\$5,284,582</b>
<b>Geysers Reserves</b>		<b>\$1,250,000</b>
<b>Catastrophic Reserve</b>		<b>\$1,700,000</b>
<b>User Agency Reserve</b>		<b>\$5,000,000</b>
		<b>\$13,234,582</b>
<b>Remaining to be Collected</b>		
<b>User Agency Reserve</b>		
<b>Agency Contribution Calculation:</b>		
Expenditures / Transfers Out / Change in Operating Reserve		\$46,773,495
Less Revenue		(\$2,915,784)
<b>Agency Contribution</b>		<b>\$43,857,711</b>

# 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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# Operating and CIP Allocation Based on Flow

	2017/18 Total O&M and CIP Contribution	2018/19 Budgeted O&M	2018/19 CIP Contribution	Total 2018/19	\$ Difference
Santa Rosa	\$26,571,169	\$23,950,923	\$8,753,772	\$32,704,695	\$6,133,526
Rohnert Park	\$6,126,336	\$5,575,808	\$2,037,890	\$7,613,699	\$1,487,363
Sebastopol	\$938,814	\$880,053	\$321,649	\$1,201,701	\$262,887
Cotati	\$845,621	\$703,400	\$257,084	\$960,484	\$114,863
SPCSD	\$1,110,961	\$1,008,528	\$368,605	\$1,377,132	\$266,171
	\$35,592,901	\$32,118,711	\$11,739,000	\$43,857,711	\$8,264,810

*Miscellaneous Revenues and Reserve Decrease removed from 2018/19 O&M  
Operations and cash funded CIP combined in 2017/18 Total Contribution*

# Debt Service Allocation Based on Agreements

	2017/18 Debt Service	2018/19 Debt Service	\$ Difference	% Difference
Santa Rosa	\$17,177,726	\$17,015,945	-\$161,781	-0.94%
Rohnert Park	\$3,485,166	\$3,403,951	-\$81,215	-2.33%
Sebastopol	\$655,866	\$603,899	-\$51,967	-7.92%
Cotati	\$836,028	\$829,684	-\$6,344	-0.76%
SPCSD	\$489,146	\$470,138	-\$19,008	-3.89%
	\$22,643,932	\$22,323,617	-\$320,315	-1.41%

# 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	\$23,965,837	\$8,753,772	\$17,015,945	\$49,735,554	\$5,986,659	13.7%
Rohnert Park	\$9,611,502	\$5,579,280	\$2,037,890	\$3,403,951	\$11,021,122	\$1,409,620	14.7%
Sebastopol	\$1,594,680	\$880,601	\$321,649	\$603,899	\$1,806,148	\$211,468	13.3%
Cotati	\$1,681,649	\$703,838	\$257,084	\$829,684	\$1,790,606	\$108,957	6.5%
SPCSD	\$1,600,107	\$1,009,156	\$368,605	\$470,138	\$1,847,898	\$247,791	15.5%
	\$58,236,833	\$32,138,711	\$11,739,000	\$22,323,617	\$66,201,328	\$7,964,495	13.7%

*Miscellaneous Revenues and Reserve Decrease 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	\$49,720,640	\$5,986,659	\$43,733,981	0.0%	\$2,311,945
Rohnert Park	\$9,611,502	\$11,017,650	\$925,573	\$10,092,077	5.0%	\$527,568
Sebastopol	\$1,594,680	\$1,805,600	\$131,186	\$1,674,414	5.0%	\$246,419
Cotati	\$1,681,649	\$1,790,168	\$24,436	\$1,765,731	5.0%	\$168,623
SPCSD	\$1,600,107	\$1,847,270	\$167,158	\$1,680,112	5.0%	\$206,307
	\$58,236,833	\$66,181,328	\$7,235,012	\$58,946,316		\$3,460,862

	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	\$49,720,640	\$5,986,659	\$43,733,981	0.0%	\$2,311,945
Rohnert Park	\$9,611,502	\$11,017,650	\$733,342	\$10,284,307	7.0%	\$719,799
Sebastopol	\$1,594,680	\$1,805,600	\$99,293	\$1,706,308	7.0%	\$278,312
Cotati	\$1,681,649	\$1,790,168	\$0	\$1,790,168	6.5%	\$193,059
SPCSD	\$1,600,107	\$1,847,270	\$135,156	\$1,712,114	7.0%	\$238,309
	\$58,236,833	\$66,181,328	\$6,954,450	\$59,226,878		\$3,741,424



# DISCUSSION / QUESTIONS?



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# CONNECT WITH US!

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