

# BPU Budget Subcommittee

O&M, CIP and Subregional  
Budget Review  
March 7, 2019



Santa Rosa Water | Our Future in Every Drop



# Our mission:

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



# Overview

- Staff Assumptions
- Revenue vs. Expenditures
- Department Expenditures
- O&M Budget
- Subregional Budget
- FEMA Project Update
- CIP Project Review



# 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



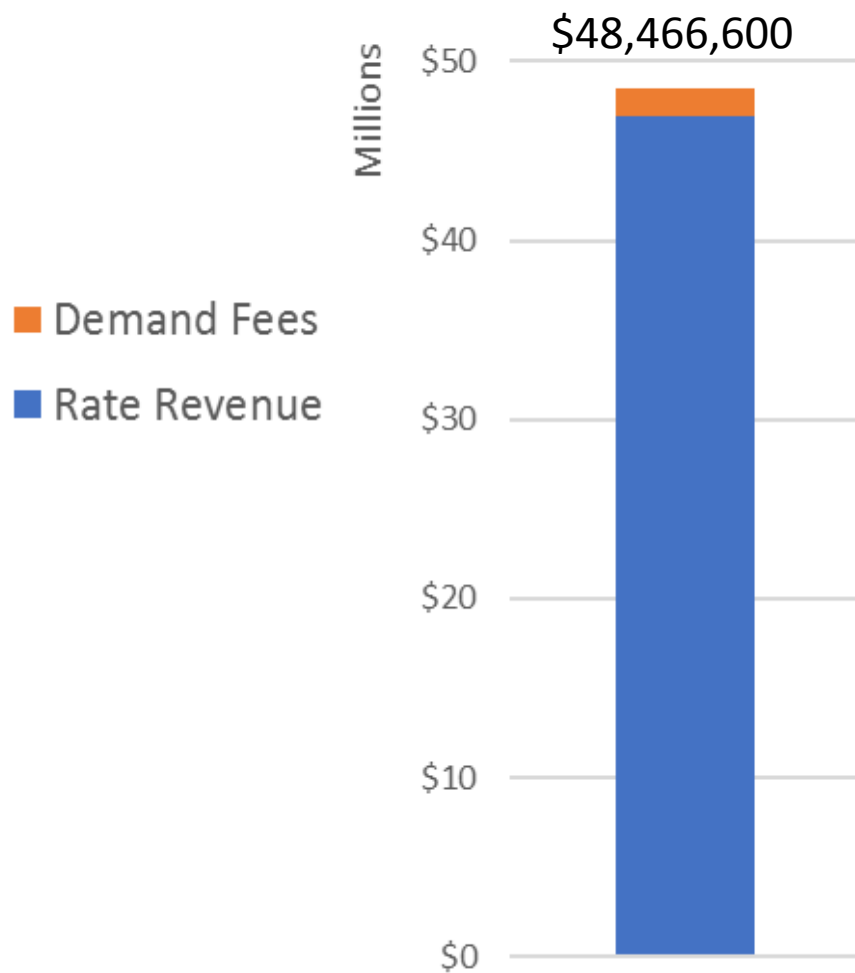
# Revenue vs Expenditures



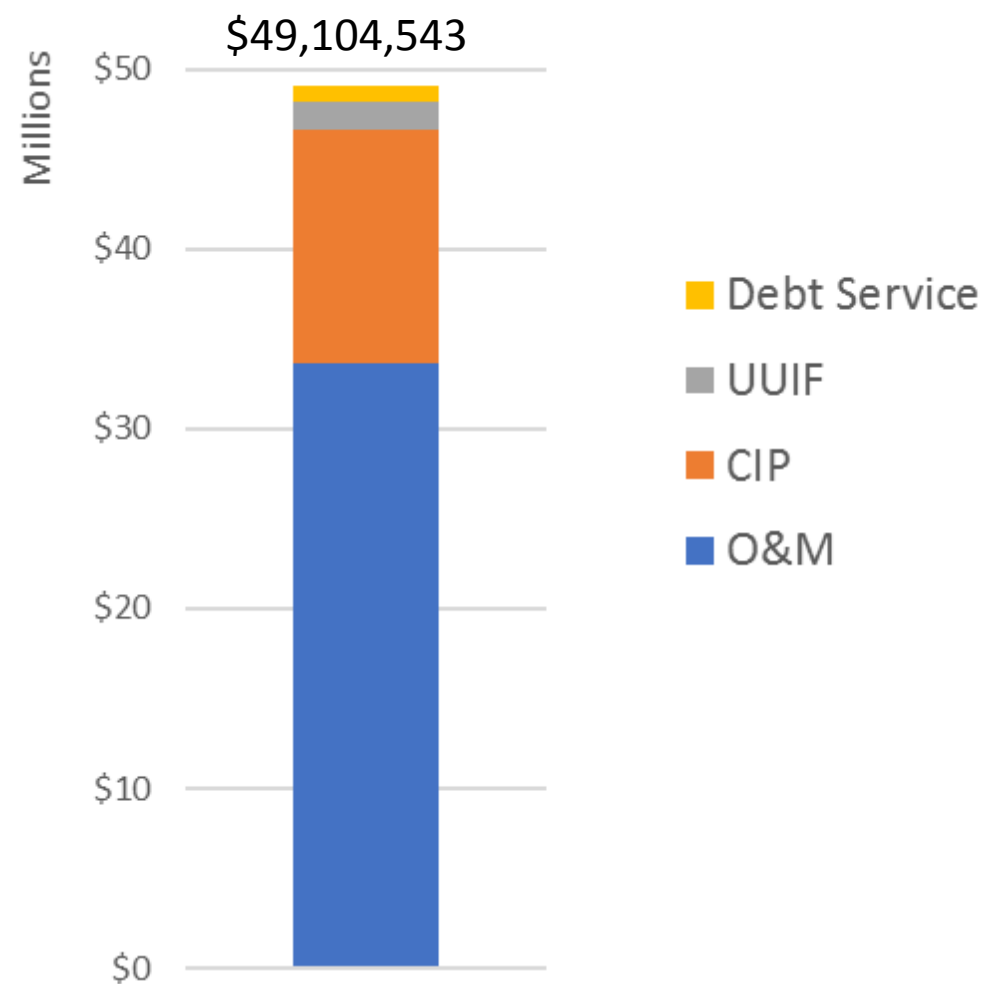
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# Water Fund

## Revenues

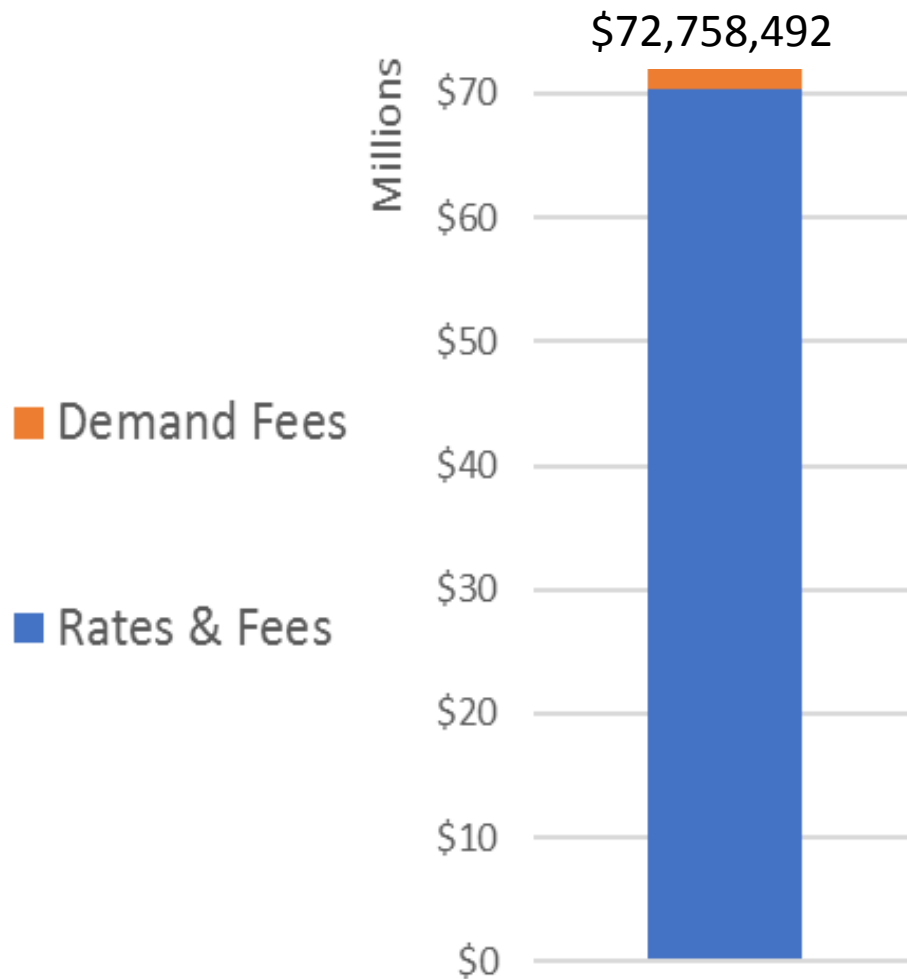


## Expenditures

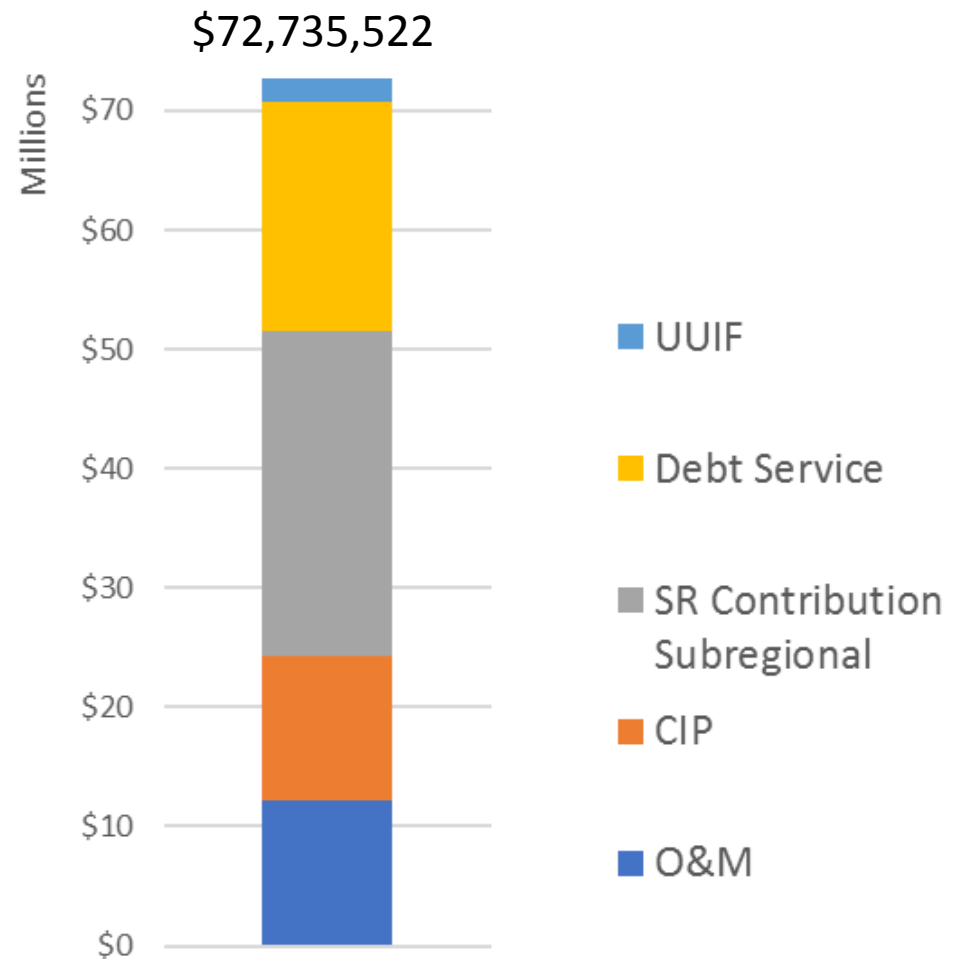


# Wastewater Fund

## Revenues

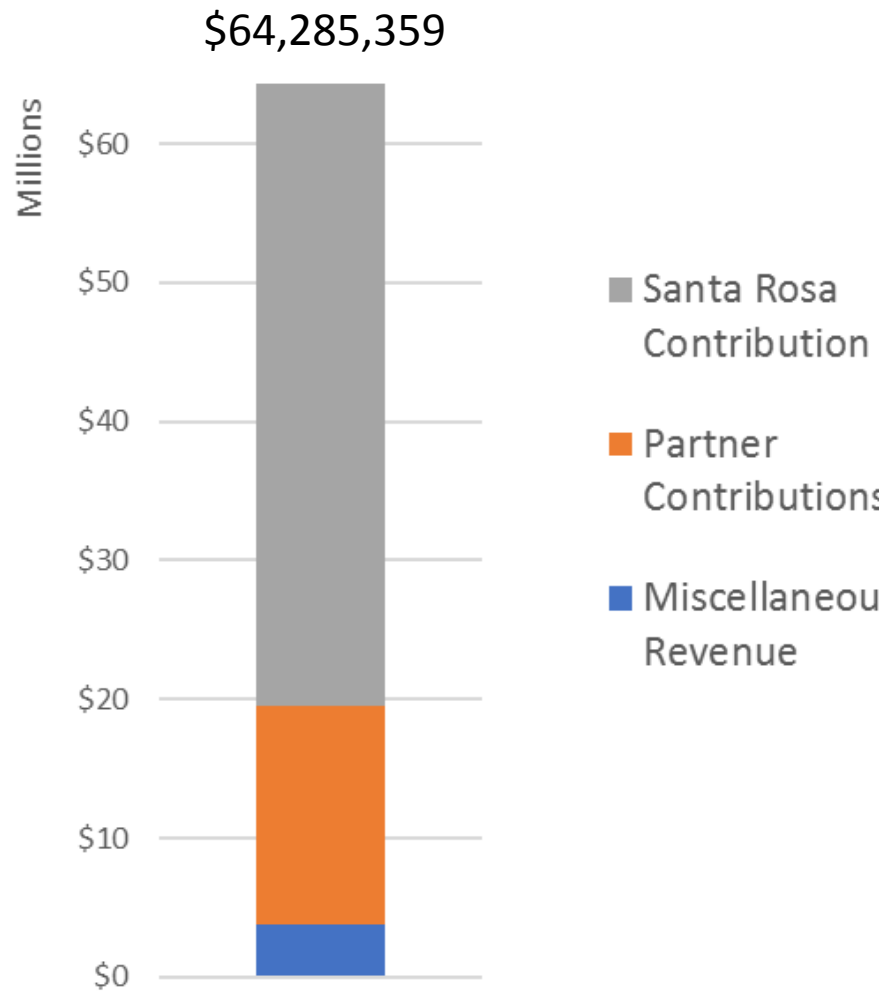


## Expenditures

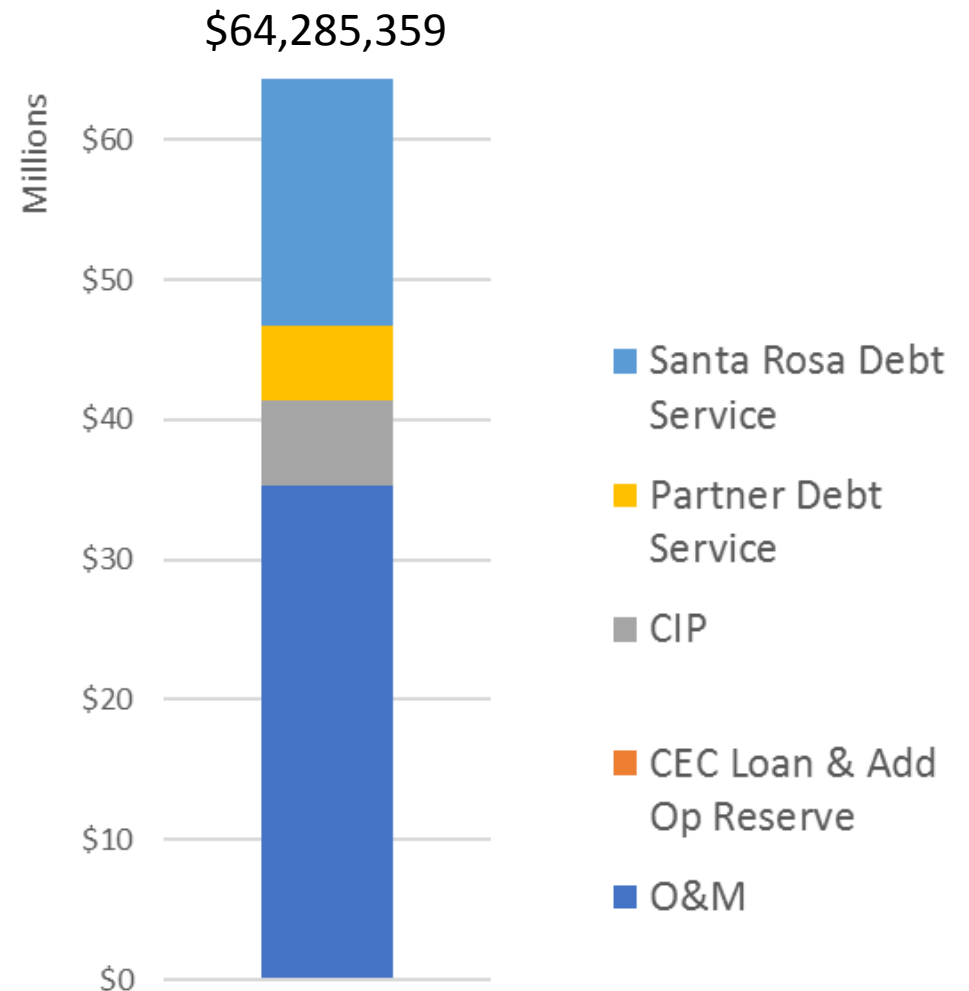


# Subregional Fund

## Revenues



## Expenditures





# Department Expenditures



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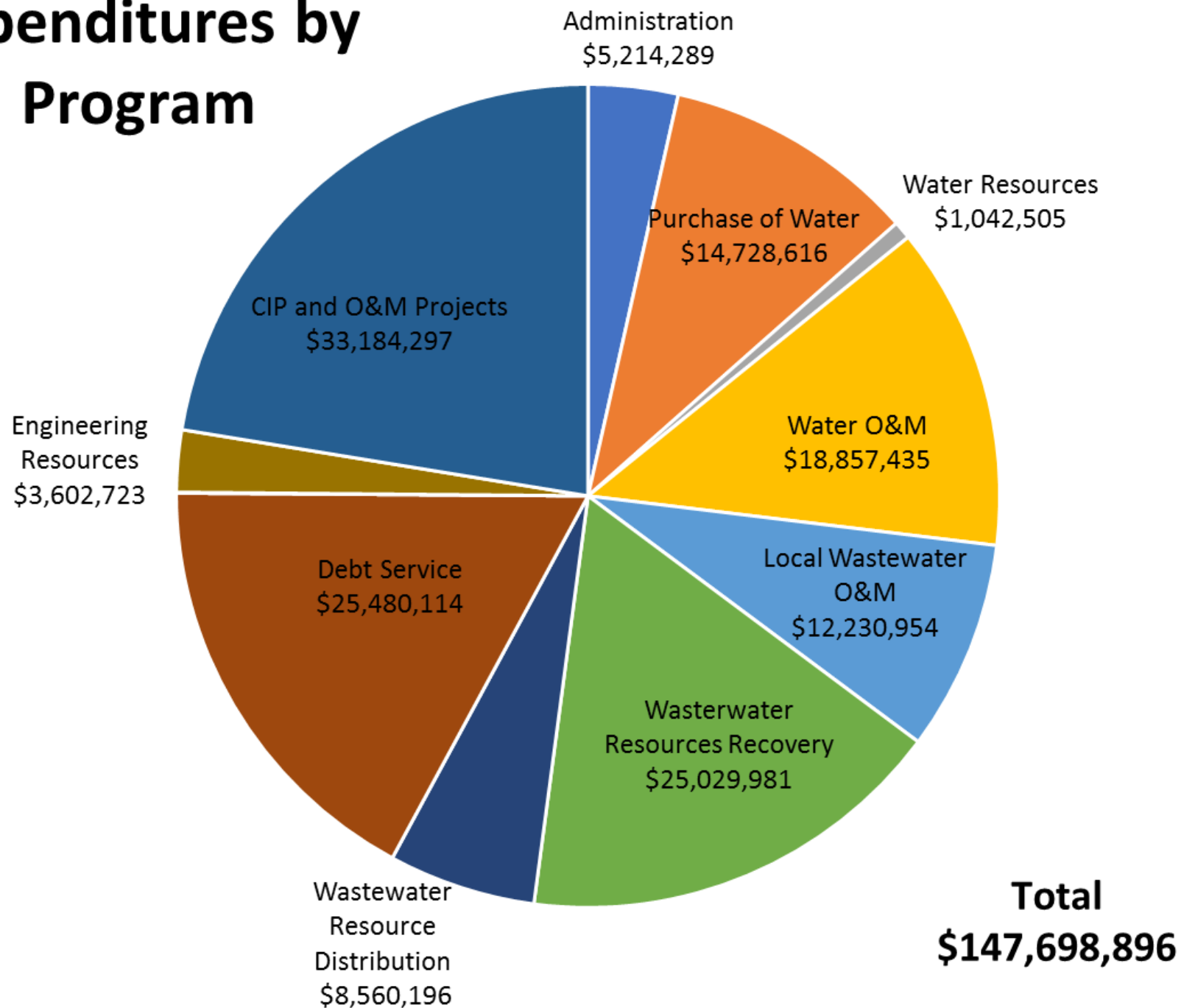
# Expenditures by Program

	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	\$18,683,054	\$888,411
Local Wastewater O&M	\$11,821,874	\$12,123,121	\$301,247
Wastewater Resources Recovery	\$24,422,780	\$25,029,981	\$607,201
Wastewater Resource Distribution	\$8,225,867	\$8,560,196	\$334,329
Debt Service	\$25,853,496	\$25,480,114	-\$373,382
Subregional Environmental Services	\$0	\$50,000	\$50,000
Engineering Resources	\$3,300,457	\$3,602,723	\$302,266
CIP and O&M Projects	\$76,155,703	\$33,184,297	-\$42,971,406
<b>Total</b>	<b>\$186,953,480</b>	<b>\$147,698,896</b>	<b>-\$39,254,584</b>



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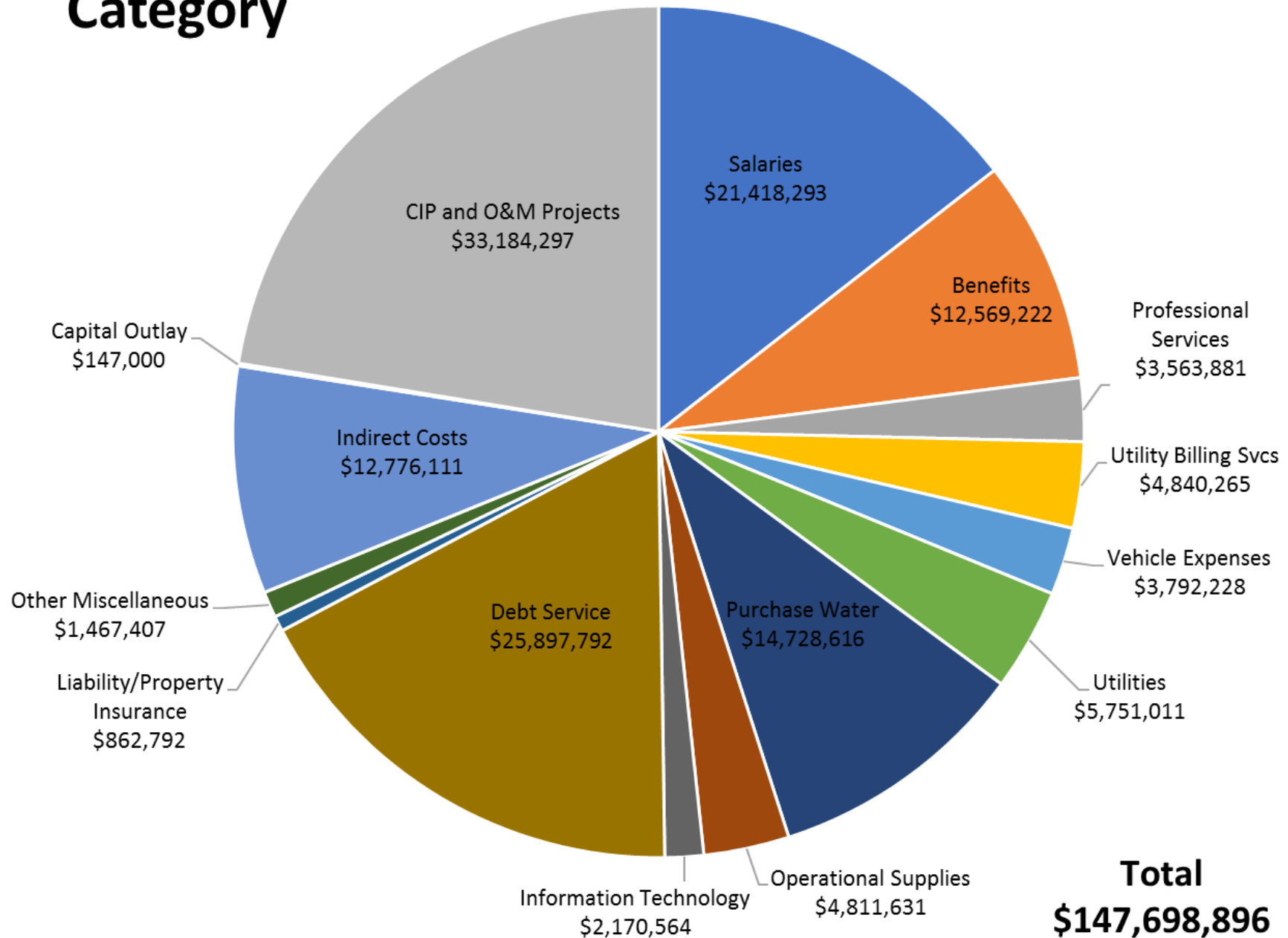
# Expenditures by Program



# Expenditures by Category

	2018-19	2019-20	Difference
Salaries	\$20,807,382	\$21,418,293	\$610,911
Benefits	\$11,840,928	\$12,569,222	\$728,294
Professional Services	\$3,433,519	\$3,563,881	\$130,362
Utility Billing Svcs	\$4,538,186	\$4,840,265	\$302,079
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	\$1,467,407	-\$515,421
Indirect Costs	\$11,344,977	\$12,776,111	\$1,431,134
Capital Outlay	\$50,000	\$147,000	\$97,000
CIP and O&M Projects	\$76,155,703	\$33,184,297	-\$42,971,406
<b>Total</b>	<b>\$186,953,480</b>	<b>\$147,698,896</b>	<b>-\$39,254,584</b>

# Expenditures by Category



# 2019/20 Operations & Maintenance Budget



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# Budget Highlights

- Overall O&M department up 2%
- Continue FEMA recovery process
- Completing long range financial plan



# Fund Changes

- Administrative Fund up – \$1,228,715 or 13.9%
  - 9 Support staff moved in
- Water Fund up – \$1,457,347 or 4.5%
  - Shifted USO's from WW Fund
- Wastewater Fund down – **\$267,746 or 2.1%**
  - Deleted 2 positions
  - Shifted support staff to Admin Fund
- Subregional Fund up – \$327,380 or 0.9%



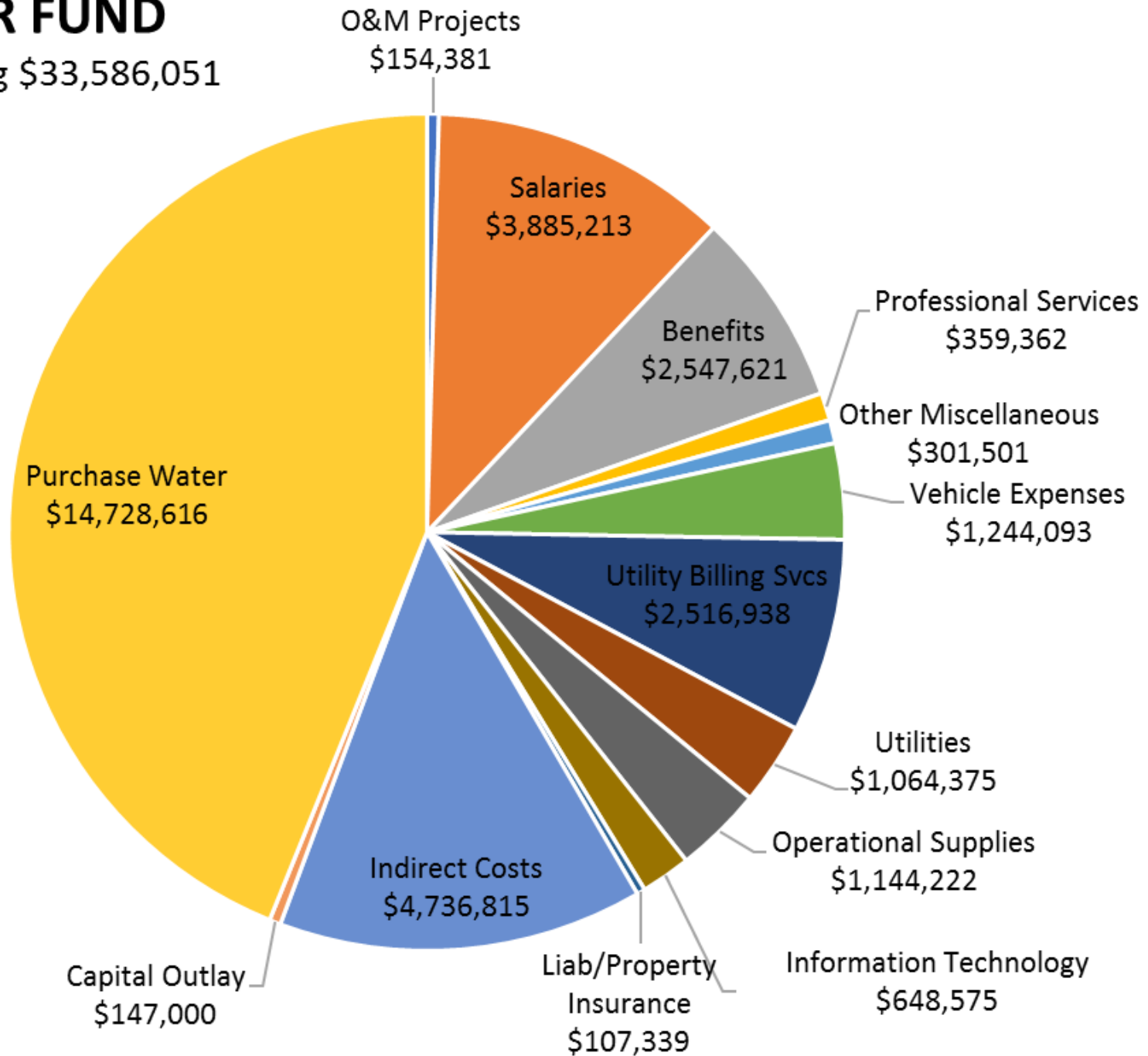
# Budget Changes

- Salaries up – \$635,901 or 3.1%
- Benefits up – \$728,294 or 6.2%
- Water Billing up – \$302,079 or 6.7%
- Electricity up – estimated 10%
- Vehicle Expenses up – \$486,293 or 17%
- IT allocation down – **\$167,666 or 7%**



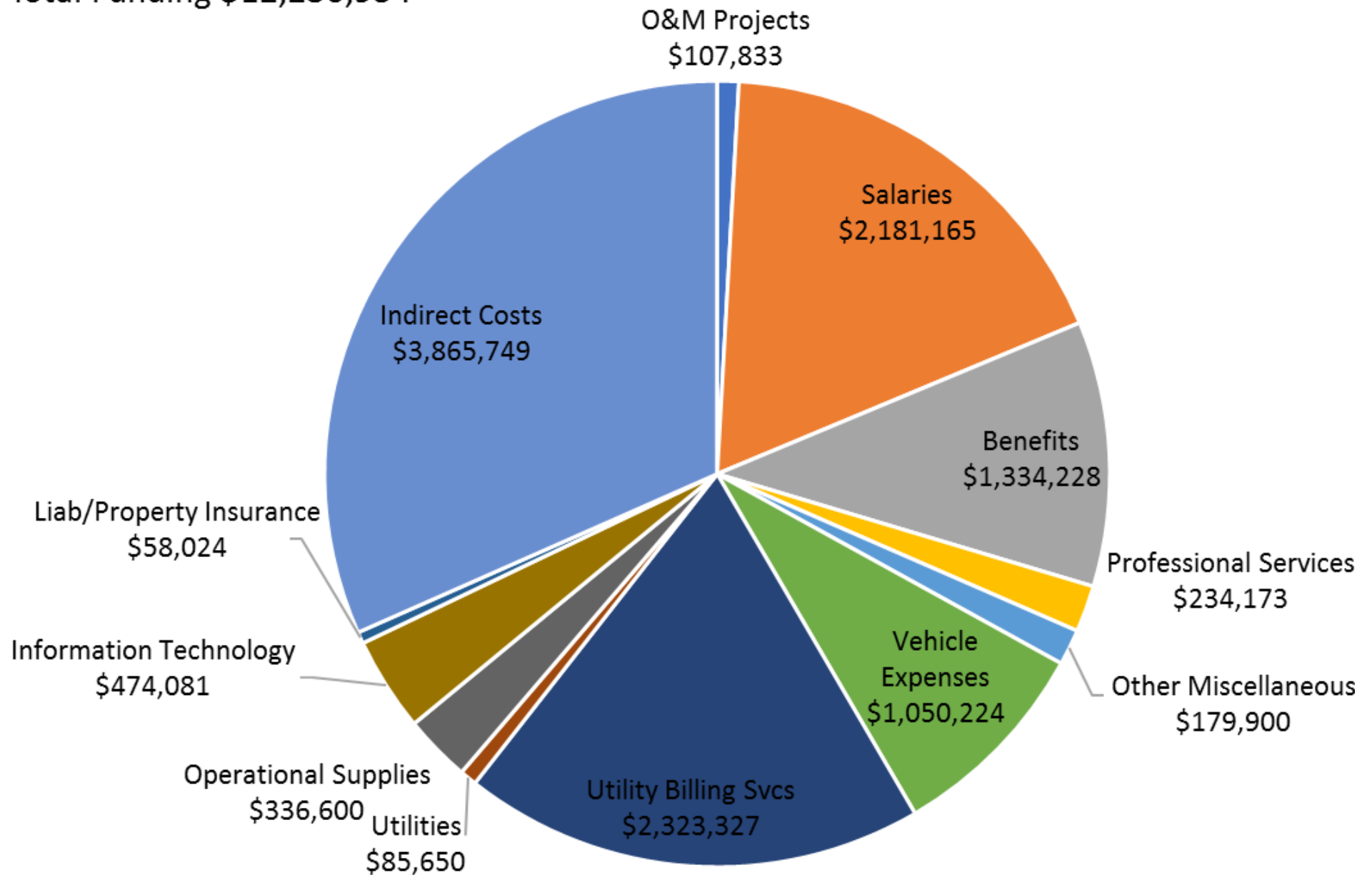
# WATER FUND

Total Funding \$33,586,051



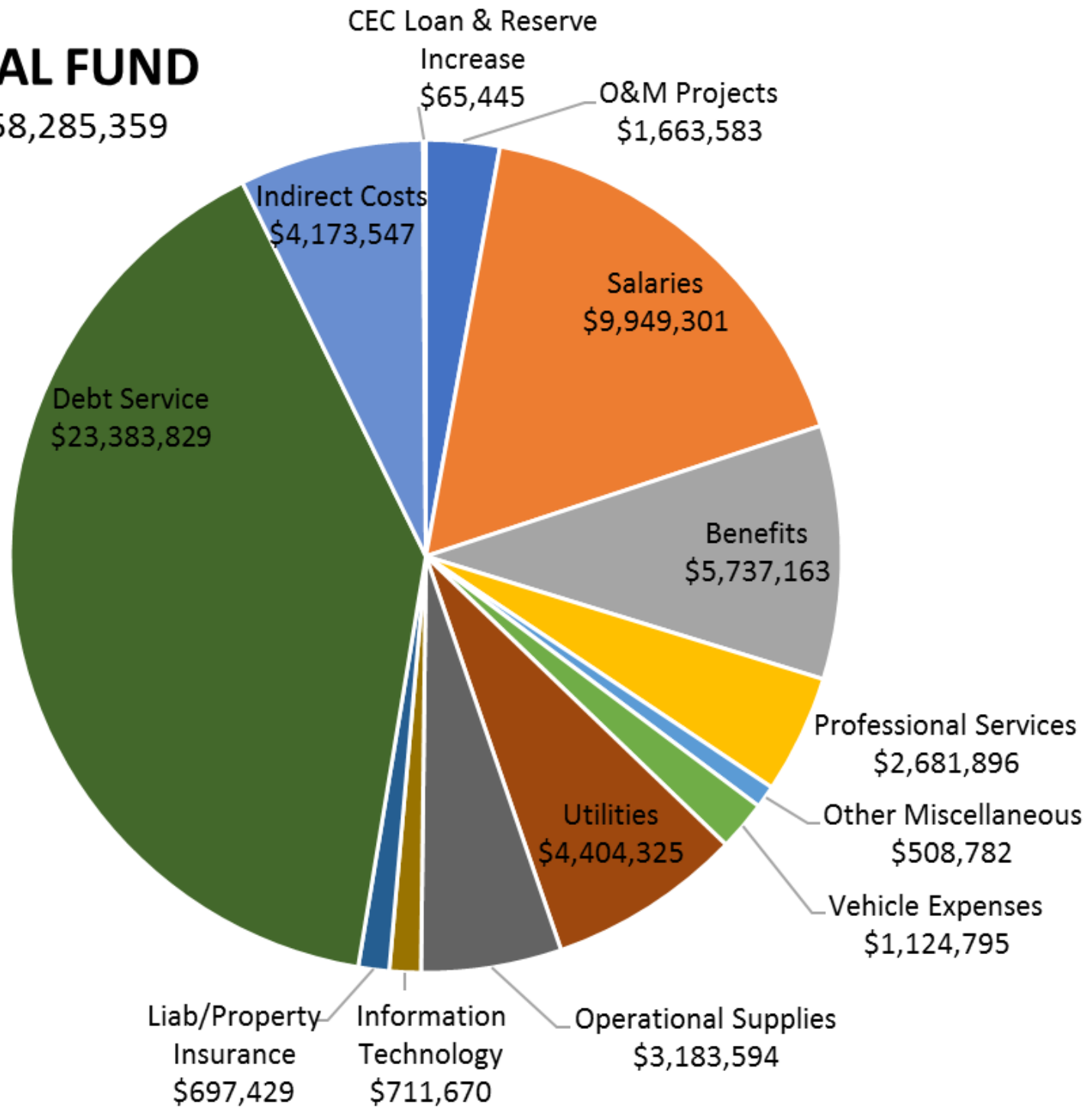
# WASTEWATER FUND

Total Funding \$12,230,954



# SUBREGIONAL FUND

Total Funding \$58,285,359



# 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



# Position Changes

- Reclassification
  - Currently Sustainability Technician
  - Proposed Sustainability Representative
- Deletions
  - Sustainability Technician
  - 2 – Utilities Systems Operators
  - Skilled Maintenance Worker
  - Environmental Compliance Inspector
- Moved administrative staff to Administrative Fund



# Operations and Maintenance Discussions / Questions?



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# FEMA Project Updates



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# FEMA Process

- Projects submitted
- FEMA develops estimate
  - City works to true up estimate
- Project is accepted by City
- Project is obligated
- Construction begins
- Reimbursements requested through construction
- Project completes and close out document sent to CalOES
- True up and final reimbursements
- Auditing by FEMA

# FEMA Projects Concerns

- Projects will likely be more than FEMA estimate
  - Opportunity at end of disaster to recoup
  - Very preliminary discrepancy in estimates
    - \$2.9m
- Documentation requirements
  - Recording and collating will take many hours
  - Must be retained for 3 years after disaster closes
- Transitioning work from EY to City staff
- Total possible Water Department Contribution
  - \$3.9m

# Water FEMA Projects

Project	Status	FEMA Approved Estimate	Total Possible Reimbursement & Insurance	Difference
Utilities-Potable Water Pumps & Reservoirs	Obligated	\$1,267,132	\$1,209,454	\$57,678
Utilities-Sewer Lift Stations	Obligated	\$483,815	\$482,257	\$1,558
Contaminated Water Supply System	Pending Review	\$5,565,354	\$5,217,519	\$347,835
Sewer Lift Station 1	Obligated	\$1,003,737	\$988,870	\$14,867
Water Department Metering-City Wide-Water meter replacement	Obligated	\$1,994,738	\$1,832,665	\$162,073
Sewer Lift Station 2	Pending Review	\$3,754,737	\$3,561,506	\$193,231
Sewer Lift Station 20	Pending Review	\$2,150,200	\$2,008,956	\$141,244

**Total Water Obligation \$918,486**

# Subregional Contribution Allocations 2019/20



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# Annual Flow into Plant

## In Million Gallons

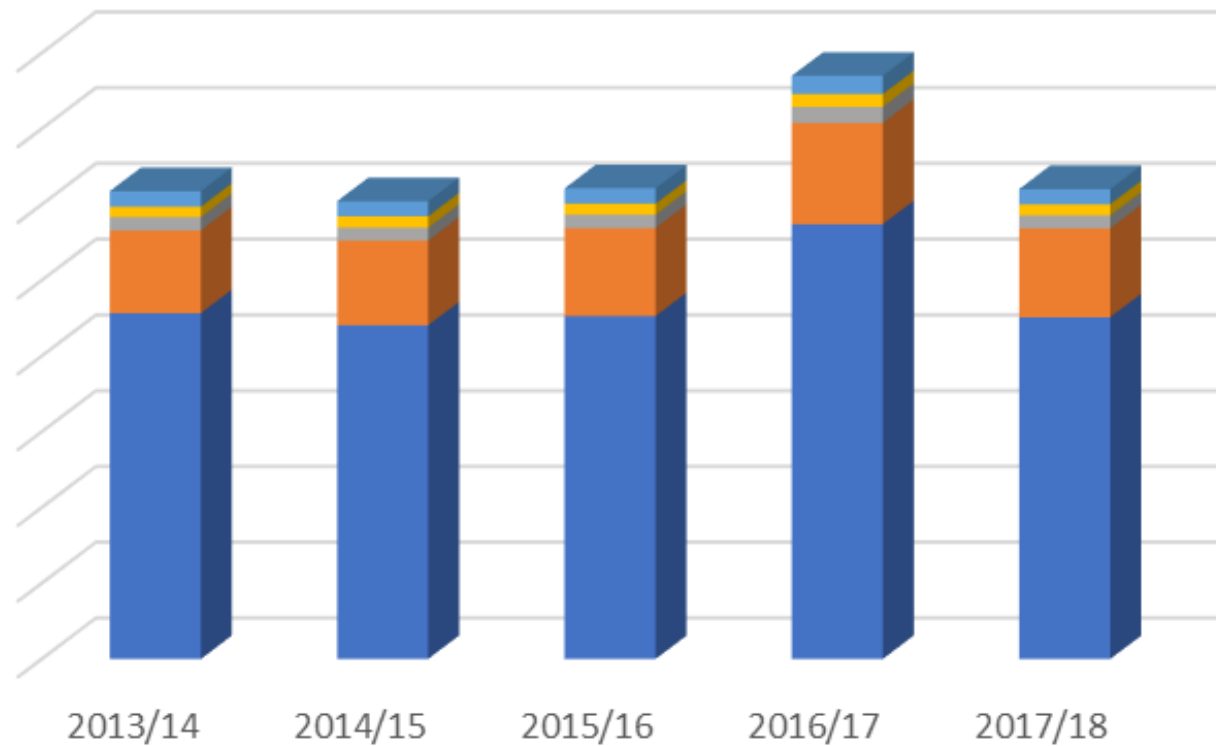
Actual Flows per Annual Memo	2013/14	2014/15	2015/16	2016/17	2017/18	2017/18 %
Santa Rosa	4,564.50	4,405.81	4,528.13	5,741.70	4,512.33	72.73%
Rohnert Park	1,093.78	1,119.63	1,161.02	1,337.22	1,173.63	18.92%
Sebastopol	176.46	169.65	175.73	211.09	169.85	2.74%
Cotati	136.26	150.46	146.30	168.51	147.77	2.38%
SPCSD	205.67	198.76	203.84	242.01	200.61	3.23%
	6,176.67	6,044.31	6,215.02	7,700.53	6204.19	



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# Plant Flows

## 2013/14 – 2017/18



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# Estimated Regional Miscellaneous Revenues

	2017/18 Actual	2018/19 Budgeted	2019/20 Projected
Property Rentals	\$114,141	\$90,000	\$90,000
Interest on Pooled Investments	\$490,282	\$100,000	\$100,000
Compost Sales	\$110,973	\$110,000	\$110,000
Sale of Water (recycled) - Retail	\$238,764	\$250,000	\$250,000
Sale of Water (recycled) - Wholesale	\$15,165	\$23,000	\$23,000
Laboratory Services	\$136,115	\$85,000	\$85,000
Dumping Charges at Plants including High Strength Tipping	\$1,640,911	\$900,000	\$1,800,000
Miscellaneous Fees and Charges	\$19,737	\$7,500	\$7,500
Miscellaneous	\$112,906	\$25,000	\$25,000
Calpine - per Agreement	\$300,336	\$300,000	\$300,000
SCWA - Acceptance of Recycled Water	\$1,000	\$0	\$0
Town of Windsor - per Geysers Agreement	\$569,153	\$879,310	\$913,793
Town of Windsor - Environmental Compliance Contract	\$20,000	\$20,000	\$20,000
Energy Rebates including PG&E SGIP Refund	\$210,000	\$0	Complete
Cost Reimbursement	\$6,421	\$7,500	\$7,500
Dairy Waste Loan Payments	\$105,093	\$118,474	\$118,000
	<b>\$4,090,997</b>	<b>\$2,915,784</b>	<b>\$3,849,793</b>



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Fund Summary 2019/20		
		2019/20 Budget
<b>Operating Expenditure Request</b>		\$35,212,096
<b>Transfers Out:</b>		
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		7,632
<b>Expenditures / Transfers Out / Change in Operating Reserve</b>		<b>\$41,271,291</b>
<b>Subregional System Reserves for 2019/20</b>		
<b>Operating Reserves (15% of projected expenditures)</b>		<b>\$5,281,814</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>\$13,231,814</b>
<b>Agency Contribution Calculation:</b>		
Expenditures / Transfers Out / Change in Operating Reserve		\$41,271,291
Less Revenue		(\$3,849,793)
<b>Agency Contribution</b>		<b>\$37,421,498</b>



# Total Allocation

	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	\$22,887,703	\$4,363,800	\$17,556,802	\$44,808,305	-\$2,425,144	-5.1%
Rohnert Park	\$10,092,077	\$5,954,013	\$1,135,200	\$3,483,401	\$10,572,614	\$480,537	4.8%
Sebastopol	\$1,674,414	\$862,262	\$164,400	\$594,470	\$1,621,132	-\$53,282	-3.2%
Cotati	\$1,765,731	\$748,972	\$142,800	\$857,099	\$1,748,871	-\$16,860	-1.0%
SPCSD	\$1,680,112	\$1,016,462	\$193,800	\$474,379	\$1,684,641	\$4,529	0.3%
	\$62,445,783	\$31,469,412	\$6,000,000	\$22,966,151	\$60,435,563	-\$2,010,220	-3.2%

*Miscellaneous Revenues removed from 2019/20 O&M*

# SUBREGIONAL DISCUSSION / QUESTIONS?



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# 2019-20 Capital Improvement Program Budget Review



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# CIP Funding

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



# Document Overview

PID	IFAS Key	Project Title	Funding Type	Carryover From 2015-16	2016-17 Budget Request	2016-17 Mid-Year Revisions	See Note [n]	YTD Expenditures	Current Encumbered	Total Available 2/28/2017	REQUEST YEAR 1 2017-18	YEAR 2 2018-19	- PROJECTED - YEAR 3 2019-20	YEAR 4 2020-21	YEAR 5 2021-22	5 YEAR TOTAL
<b>SUBREGIONAL OPERATIONS</b>																
<b>FUND 1639 - SUBREGIONAL WW CAPITAL FUND</b>																
2093	86579	Reclamation Pipe Replacement	NEW	\$0	\$0	\$0		\$0	\$0	\$0	\$0	\$100,000	\$0	\$0	\$0	\$100,000
2096	86580	Filter Valve Actuators - Phase 2	NEW	\$0	\$0	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$1,300,000	\$0	\$1,300,000
2098	86581	Seismic Eval and retrofit - LTP Maint Building	NEW	\$0	\$0	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$900,000	\$900,000
2100	86582	Filter Influent Pmp Strn Discharge Piping	NEW	\$0	\$0	\$0		\$0	\$0	\$0	\$0	\$50,000	\$0	\$0	\$350,000	\$400,000
2102	86583	Biosolid Agitator Pos Ctl Improvements	NEW	\$0	\$0	\$0		\$0	\$0	\$0	\$0	\$0	\$250,000	\$0	\$0	\$250,000
2103	86584	LTP Booster Strn 1 Replacement	NEW	\$0	\$0	\$0		\$0	\$0	\$0	\$0	\$200,000	\$0	\$0	\$0	\$200,000
2104	86585	LTP Fleet Gas Station	NEW	\$0	\$0	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$300,000	\$300,000
1885	86553	Subregional System Master Plan, Phase 2	NEW	\$0	\$0	\$0		\$0	\$0	\$0	\$50,000	\$300,000	\$300,000	\$0	\$0	\$650,000
2110	86577	Reclamation System Condition Assessment Analysis - Phase 1	NEW	\$0	\$0	\$0		\$0	\$0	\$0	\$50,000	\$0	\$0	\$0	\$0	\$50,000
2097	86587	Cmbnd Heat and Power Exhaust Mods	NEW	\$0	\$0	\$0		\$0	\$0	\$0	\$200,000	\$0	\$0	\$0	\$0	\$200,000
2049	86573	Superstructure Removal Phase 2	NEW	\$0	\$0	\$0		\$0	\$0	\$0	\$250,000	\$550,000	\$1,000,000	\$930,000	\$700,000	\$3,430,000
2111	86586	Upsize Geysers connection - Delta Pond	NEW	\$0	\$0	\$0		\$0	\$0	\$0	\$400,000	\$0	\$0	\$0	\$0	\$400,000
2101	86588	Digester Gas Cond Improvements	NEW	\$0	\$0	\$0		\$0	\$0	\$0	\$450,000	\$0	\$0	\$0	\$0	\$450,000
2105	86589	Replace Chillers and HVAC Admin Bldg	NEW	\$0	\$0	\$0		\$0	\$0	\$325,000	\$725,000	\$0	\$0	\$0	\$0	\$725,000
<b>Subtotal - Subregional WW Capital Fund</b>				<b>\$3,369,928</b>	<b>\$3,548,004</b>	<b>\$3,375,000</b>		<b>\$3,507,983</b>	<b>\$1,110,437</b>	<b>\$5,674,513</b>	<b>\$3,080,000</b>	<b>\$4,080,000</b>	<b>\$5,080,000</b>	<b>\$6,080,000</b>	<b>\$7,080,000</b>	<b>\$25,400,000</b>
<b>SUBREGIONAL RESERVES</b>																
523	86458	Subregional CIP Project Contingency	CONT	\$1,000,000	\$0	-\$25,000		\$0	\$0	\$975,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$5,000,000
<b>SUBTOTAL SUBREGIONAL OPERATIONS &amp; RESERVES</b>				<b>\$4,369,928</b>		<b>\$3,350,000</b>		<b>\$3,507,983</b>	<b>\$1,110,437</b>	<b>\$6,649,513</b>	<b>\$4,080,000</b>	<b>\$5,080,000</b>	<b>\$6,080,000</b>	<b>\$7,080,000</b>	<b>\$8,080,000</b>	<b>\$30,400,000</b>

## Funding Type:

CANC = Project is expected to be completed by end of current fiscal year

CONT = Continue project with additional funding

CO = Carryover project with no additional funding

NEW = New project with initial funding within five year plan

# Document Overview (cont.)

1.) Use search function  to find project detail sheet by **PID** within pdf file

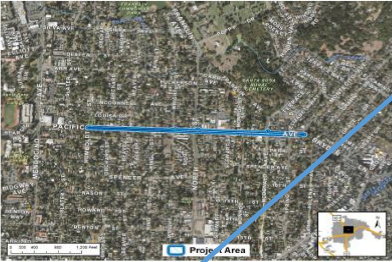
See				Funding Type	Pending Transfers	REQUEST - PROJECTED -					5 YEAR TOTAL
Line	Note	IFAS				YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	
No.	PID [n]	Key	Project Title			2018-19	2019-20	2020-21	2021-22	2022-23	
50	1903	55716	WM Replace: Streamside to Elaine	CONT	\$0.00	\$405,000	\$0	\$0	\$0	\$0	\$405,000
61	661	55713	Pacific Ave Water Service Replacements	CONT	\$0.00	\$1,700,000	\$0	\$0	\$0	\$0	\$1,700,000
52	2083	55742	EGW Speers Well	CONT	\$0.00	\$400,000	\$2,555,000	\$0	\$0	\$0	\$2,955,000

Investing in our Community

**Pacific Ave Reconstruction - Humboldt St to Montecito Ave** Project ID 661

Carryover

**Project Description:**  
Pacific Avenue will be reconstructed between Humboldt Street and Montecito Avenue. Curb ramp will be reconstructed at all intersections to meet current state and federal accessibility standards. The project will also include replacement of a short section of sewer main as well as water services.



Project Contact: Lisa Welsh  
Cumulative Prior Funding: \$2,103,089  
Total 5-Year Funding: \$4,743,925  
General Plan Goal/Policy: Please reference the City of Santa Rosa General Plan for a description of these policy codes: PSF-F-4: Wtr service infrastructure, PSF-G-2: Maintain wastewater svc, T-B: Safe/efficient circulation

Funding Source	Funding Request FY 18/19	Anticipated Request FY 19/20	Anticipated Request FY 20/21	Anticipated Request FY 21/22	Anticipated Request FY 22/23	Total 5-Year Funding	Future Funding
17341 Measure M - Allocation (effective 1/09)	500,000	0	0	0	0	500,000	0
Gas Tax Fund, SB1	2,428,917	0	0	0	0	2,428,925	0
Capital Facilities Fee Fund	15,000	0	0	0	0	15,000	0
55713 Water Utility Fund	1,700,000 ★	0	0	0	0	1,700,000	0
70752 Local Wastewater Utility Fund	100,000 ★	0	0	0	0	100,000	0
	\$4,743,917	\$0	\$0	\$0	\$0	\$4,743,925	\$0

For Council Approval    ★ BPU Recommended

2.) Funding information located in bottom half of project detail sheet

# 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

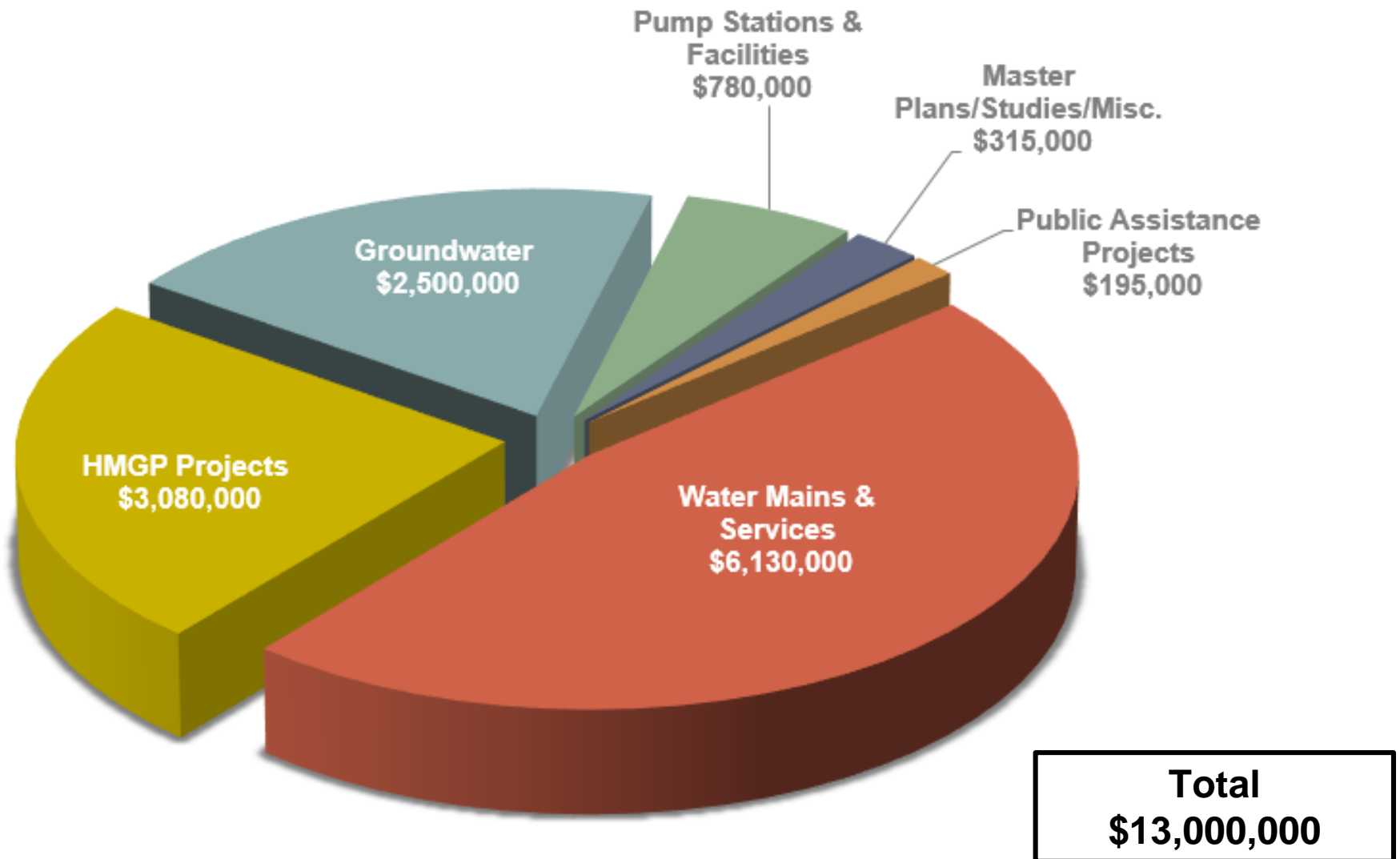


Geysers Operations



Laguna Treatment Plant

# Santa Rosa Water 2019-20 CIP Proposed Water



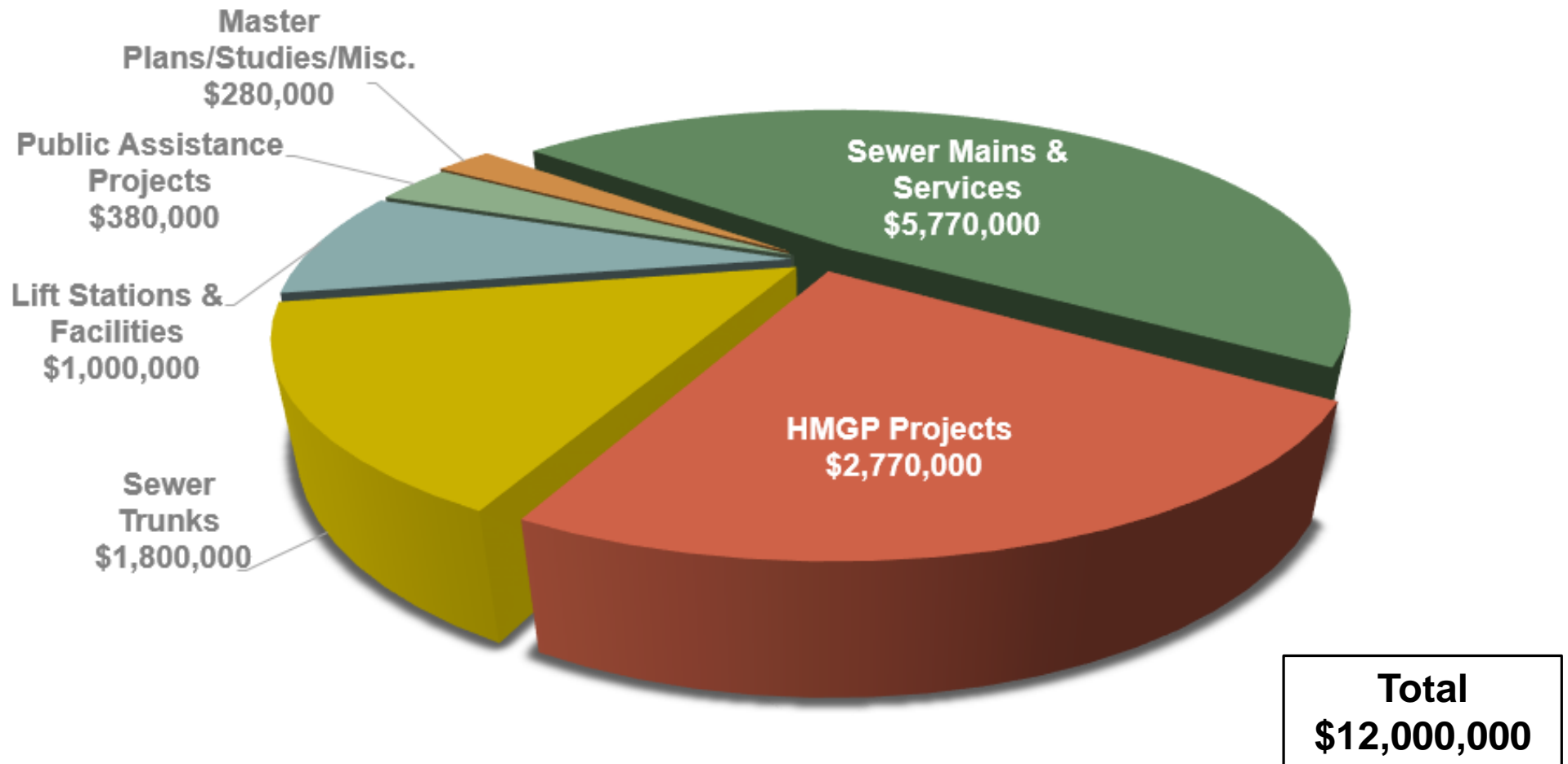


# 2019-20 Proposed CIP Water Project Highlights

- Water Facility Generator Replacements
  - PID 2256
- Seismic and Water Quality Upgrades
  - Reservoirs 9A, R16, R17
    - PID 2212
- WM Replace: Corby Ave – Barham to Baker Ph 3
  - PID 472



# Santa Rosa Water 2019-20 CIP Proposed Wastewater



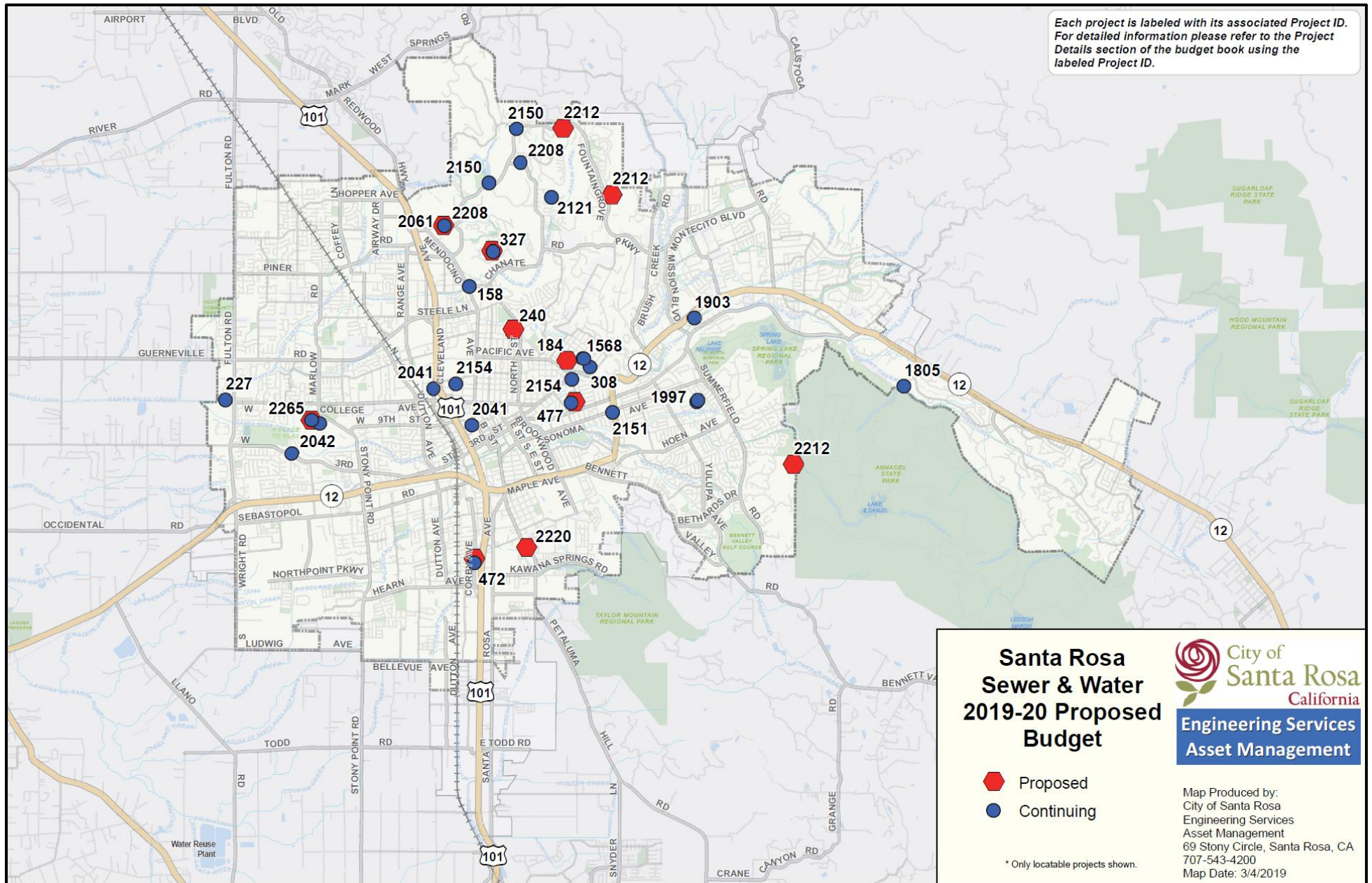
# 2019-20 Proposed CIP Wastewater Project Highlights

- Wastewater Facility Generator Replacements – HMGP
  - PID 2256
- SM Replace: SM Replace: Corby Ave - Barham to Baker Phase 3
  - PID 472
- SM Replace: Grace Neighborhood, Phase 4
  - PID 184

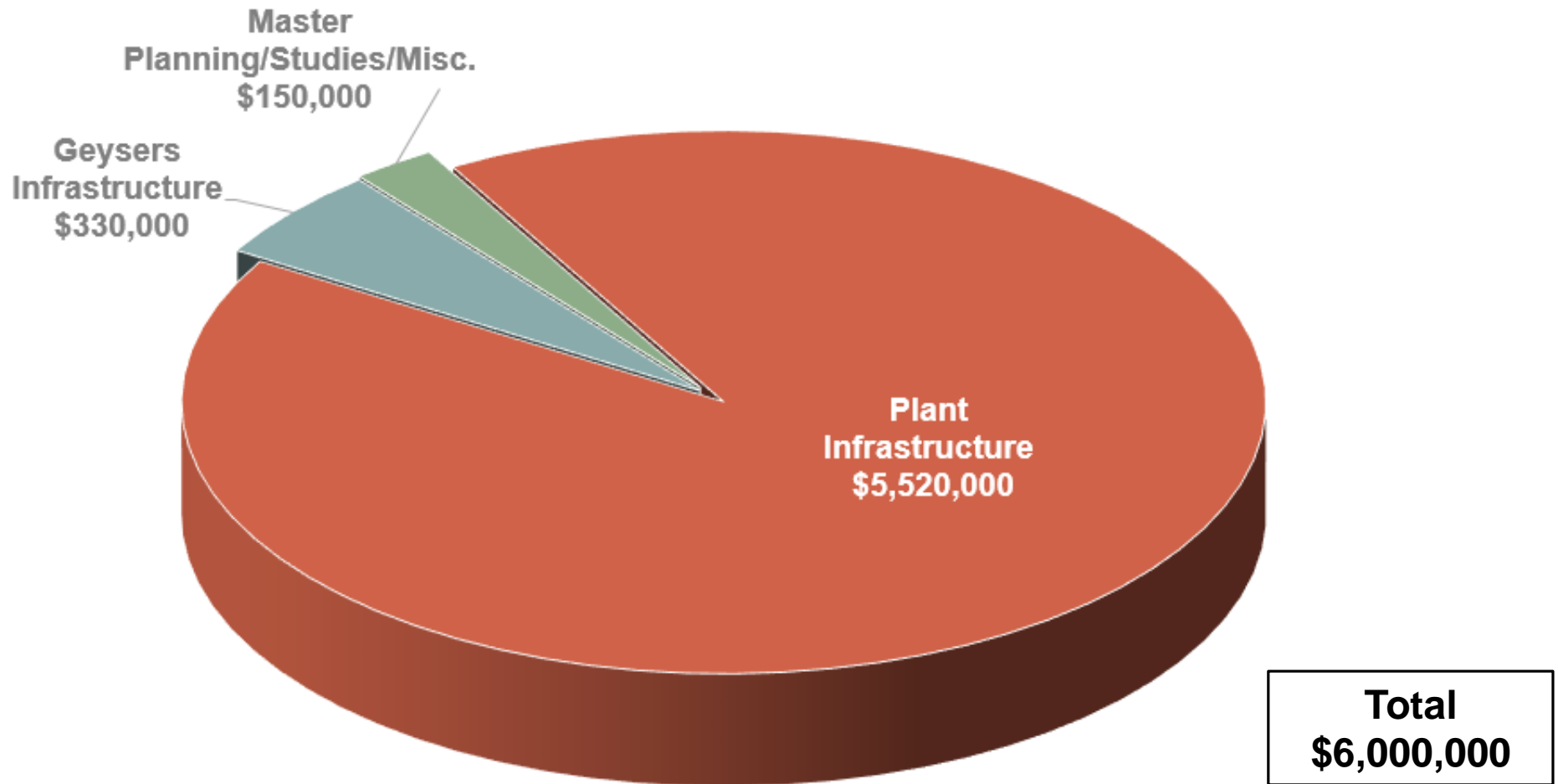




# CIP Project Locations



# Santa Rosa Water 2019-20 CIP Proposed Subregional



# 2019-20 Proposed CIP

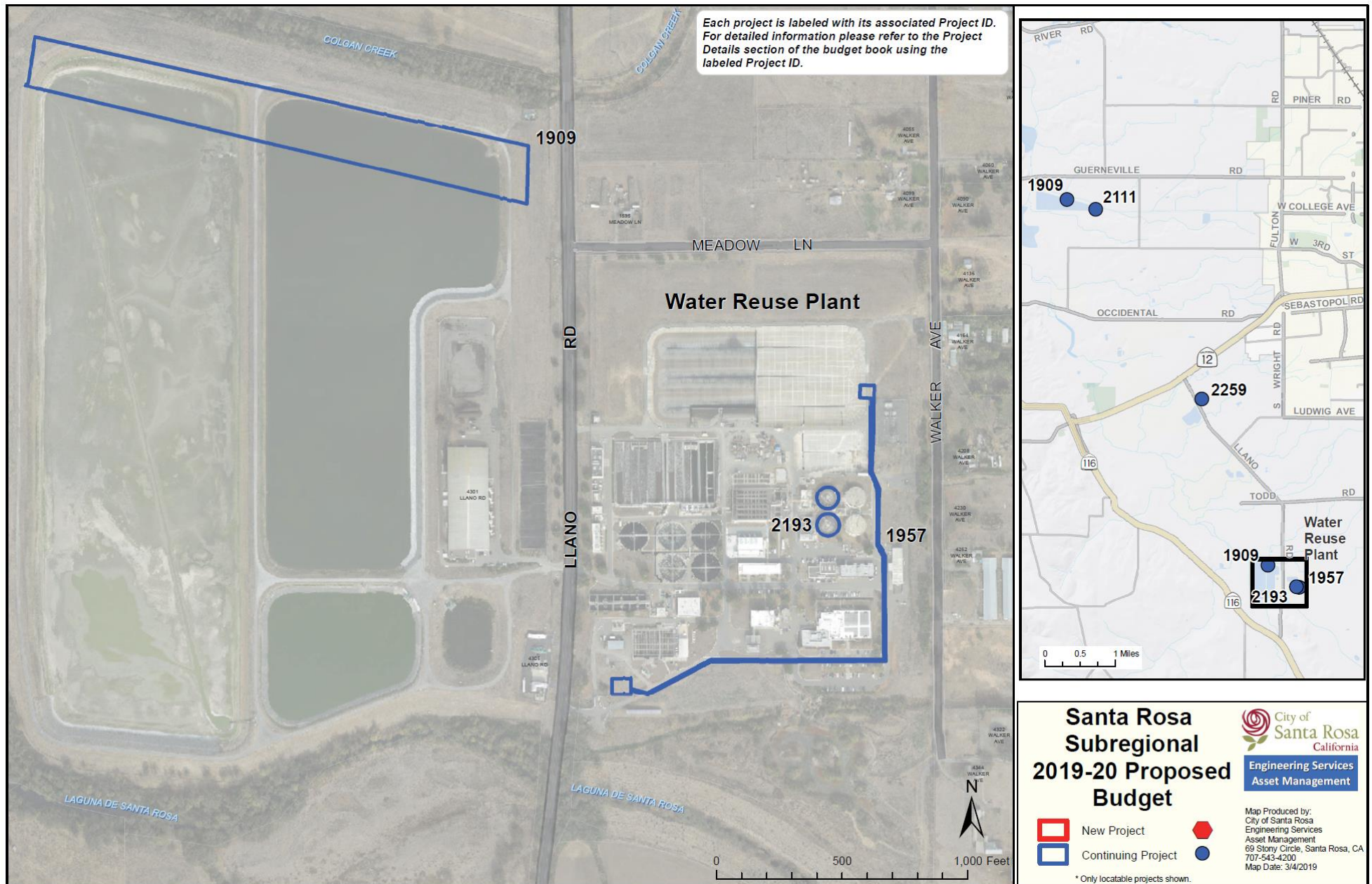
## Subregional Project Highlights

- Slope Protection-Ponds C&D, Delta
  - PID 1909
- LTP Onsite Diversion System
  - PID 1957
- Laguna Treatment Plant Primary Influent Pump Drive Replacement
  - PID 2051





# Subregional CIP Locations



# CIP DISCUSSION / QUESTIONS?



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# Budget Schedule

- **BPU – March 7<sup>th</sup>**
  - Sonoma Water Rate Increase
- **City Council – March 26<sup>th</sup>**
  - Sonoma Water Rate Increase
- **Subregional Partners – March 14<sup>th</sup> & April 4<sup>th</sup>**
  - Recommendation for approval to BPU
- **BPU – April 4<sup>th</sup>**
  - O&M, CIP and Subregional Study Session
- **BPU – April 18<sup>th</sup>**
  - Budget Recommendation to City Council
- **City Council – April 23<sup>rd</sup>**
  - Preliminary approval of Subregional Budget
- **City Council – May 14<sup>th</sup> & 15<sup>th</sup>**
  - Budget Study Sessions

# DISCUSSION / QUESTIONS?



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# CONNECT WITH US!

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