

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: KIMBERLY ZUNINO, DEPUTY DIRECTOR - ADMINISTRATION
WATER DEPARTMENT

SUBJECT: SONOMA COUNTY WATER AGENCY (SCWA) 2019/20 WATER
TRANSMISSION BUDGET AND RATE INCREASE

AGENDA ACTION: MOTION

RECOMMENDATION

It is recommended by the Board of Public Utilities and the Water Department that the Council, by motion, consider the Sonoma County Water Agency (SCWA) 2019/20 Water Transmission Budget and proposed rate increase and provide direction to its Water Advisory Committee (WAC) representative for the WAC vote on April 8, 2019.

EXECUTIVE SUMMARY

The City of Santa Rosa purchases approximately 90% of the water supplied to our customers from the SCWA. The SCWA is proposing to raise the wholesale rate of water by 4.6% from \$877.89 to \$918.30 per acre foot for FY19/20. This increase is 'passed through' to Santa Rosa customers and would result in an average increase to the water usage charge of 1.9%. The pass through for an average family of four will equate to \$0.87 on their monthly billing.

The Board of Public Utilities reviewed the SCWA proposed budget and rate increase on March 7, 2019 and made a recommendation to City Council. The City Council may advise its representative to the Water Advisory Committee (WAC) prior to a WAC vote. The WAC is an advisory board to the SCWA. Ultimately, the SCWA Board of Directors will have final authority to approve the proposed budget and rate increase.

BACKGROUND

There is a Water Advisory Committee (WAC) made up of elected officials of each of the prime contractors to the SCWA's wholesale water. The WAC is an advisory committee to the SCWA Board of Directors. The City's WAC Representative is Council Member Victoria Fleming. On April 8, 2019, the WAC is scheduled to vote on whether or not to

SONOMA COUNTY WATER AGENCY (SCWA) 2019/20 WATER TRANSMISSION
BUDGET AND RATE INCREASE
PAGE 2 OF 4

recommend the SCWA budget and proposed rate increase for approval of the SCWA Board of Directors.

There is also a Technical Advisory Committee (TAC) to the WAC made of technical staff of each of the prime contractors to the SCWA's wholesale water. The TAC provides technical analysis and recommendations to the WAC.

PRIOR CITY COUNCIL REVIEW

Each year the City Council reviews the SCWA budget and proposed rate increase and provides direction to the WAC representative.

ANALYSIS

SCWA staff presented the proposed 2019/20 Water Transmission System budget to the TAC budget subcommittee over a series of meetings in January and February. Working with the TAC budget subcommittee, SCWA staff made adjustments to the budget resulting in the proposed rate increase. The TAC reviewed the proposed budget and rate increase on March 4, 2019 and voted to support the request. The SCWA proposes to increase rates for wholesale water on the Santa Rosa Aqueduct by 4.6% from \$877.89 per acre foot to \$918.30 per acre foot. Significant factors driving the 2019/20 SCWA budget are as follows:

1. Per the Restructured Agreement, estimated water deliveries for 2019/20 are 43,870 acre feet – the lower of the previous 12 months or the average of the past three years.
2. The overall Operations and Maintenance charge is up 6.3% which includes increased expenditures on large, non-routine maintenance projects.
3. The Common Bond & Loan charge is up 12.4%.
4. The Santa Rosa Aqueduct Capital Charge, which is classified as a discretionary charge is increasing to \$27.00 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.

The 4.6% wholesale rate increase will pass through to Water customers at an increase of 1.9%. The pass through for an average family of four will equate to \$0.87 on their monthly billing as detailed in the table below.

SONOMA COUNTY WATER AGENCY (SCWA) 2019/20 WATER TRANSMISSION
BUDGET AND RATE INCREASE
PAGE 3 OF 4

Sonoma Water increase of 4.6% equates to a pass-through to Santa Rosa customers of **1.9%** on the water usage charge

| | Thousand Gallons | Current Charge | July Increase | New Amount | |
|----------------------------|---------------------|-------------------|------------------|----------------|-------------|
| Water Usage Tier 1 | 4.6 | \$25.76 | \$0.51 | \$26.27 | |
| Water Usage Tier 2 | 3 | \$19.56 | \$0.36 | \$19.92 | |
| Total Usage Charges | | \$45.32 | \$0.87 | \$46.19 | 1.9% |

FISCAL IMPACT

No fiscal impact. The proposed wholesale water rate increase is \$40.42 per acre foot or 4.6%, at the SCWA estimated delivery of 43,870 acre feet. Santa Rosa's estimated water use for next year of 16,900 acre feet would result in an estimated increase of \$600,000 with a coinciding revenue increase equivalent to the estimated rate increase. 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 1.9% or about \$0.87 for a typical single-family residential customer. The water usage charge is only one component of the average 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 SCWA's Water Advisory Committee voted to support this request at their meeting on March 4, 2019.

The Board of Public Utilities reviewed the SCWA proposed budget and rate increase on March 7, 2019 and made a recommendation to City Council.

NOTIFICATION

Not Applicable.

ATTACHMENTS

- Attachment 1 – Sonoma County Water Agency Water Transmission FY 2019/20 Draft Budget and Rates

SONOMA COUNTY WATER AGENCY (SCWA) 2019/20 WATER TRANSMISSION
BUDGET AND RATE INCREASE
PAGE 4 OF 4

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