

BPU Budget Subcommittee

O&M, CIP and Regional
Budget Review
March 10, 2020



Santa Rosa Water | Our Future in Every Drop



Our mission:

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



Overview

- Local Water & Wastewater Operations Budgets
- Revenue vs. Expenditures
- Regional Operations Budget and Partner Contributions
- Reserves
- CIP Review – All Funds
- Possible Recommendation
- Budget Schedule



Local Water and Wastewater Operations & Maintenance 2020/21



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Fund Changes

- Departmentwide Budget - Flat
- Administrative Fund up – 1.3%
- Water Fund down – 0.9%
- Wastewater Fund up – 0.1%
- Subregional Fund up – 0.7%

Budget Changes

- Salaries down – \$381,594 or -1.8%
- Benefits up – \$216,769 or 1.7%
- Water Billing down – \$295,481 or – 5.8%
 - Decrease in staffing
- Electricity up – estimated 20-25%
 - Moving to Evergreen – (expenditures not budget)
- Vehicle Expenses – flat
- IT allocation up – 5%



Water Operations

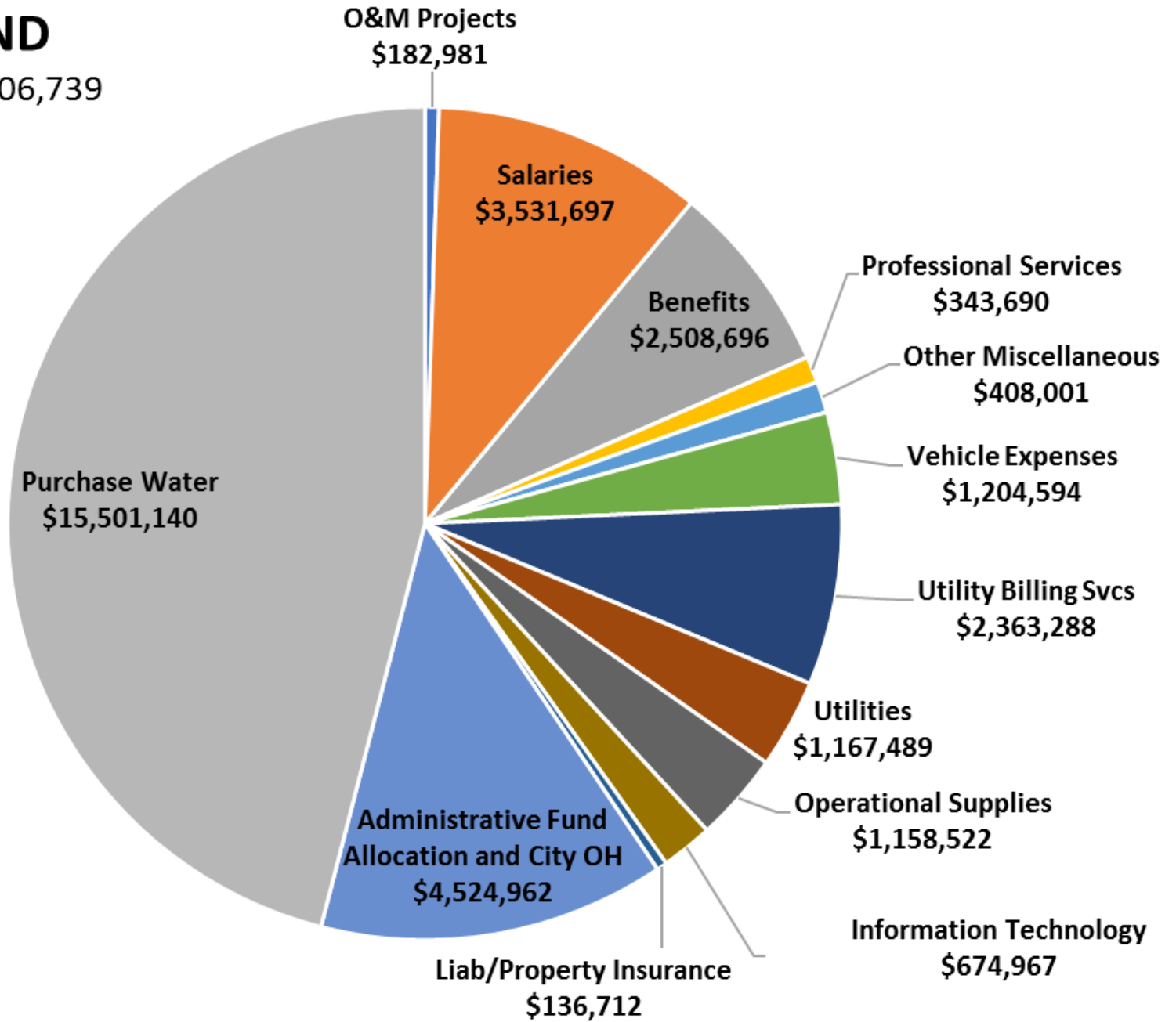
Expenditure Object	2019-20 Total Request	2020-21 Total Request	Change	%
1611 - Water Utility Operations				
0000 Total Uncategorized	\$654,381	\$182,981	(\$471,400)	-72.0
5100 Total Salaries	\$3,851,857	\$3,531,697	(\$320,160)	-8.3
5200 Total Benefits	\$2,548,383	\$2,508,696	(\$39,687)	-1.6
5320 Total Professional Services	\$359,362	\$343,690	(\$15,672)	-4.4
5360 Total Other Miscellaneous	\$421,501	\$408,001	(\$13,500)	-3.2
5330 Total Vehicle Expenses	\$1,244,093	\$1,204,594	(\$39,499)	-3.2
5325 Total Utility Billing Svcs	\$2,424,296	\$2,363,288	(\$61,008)	-2.5
5331 Total Utilities	\$1,064,375	\$1,167,489	\$103,114	9.7
5332 Total Purchase Water	\$14,728,616	\$15,501,140	\$772,524	5.2
5340 Total Operational Supplies	\$1,167,546	\$1,158,522	(\$9,024)	-0.8
5349 Total Information Technology	\$648,575	\$674,967	\$26,392	4.1
5351 Total Liab/Property Insurance	\$107,339	\$136,712	\$29,373	27.4
5400 Total Indirect Costs	\$4,636,815	\$4,524,962	(\$111,853)	-2.4
5500 Total Capital Outlay	\$147,000		(\$147,000)	100.0
Total Water Utility Operations	\$34,004,139	\$33,706,739	(\$297,400)	-0.9



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WATER FUND

Total Funding \$33,706,739



Wastewater Operations

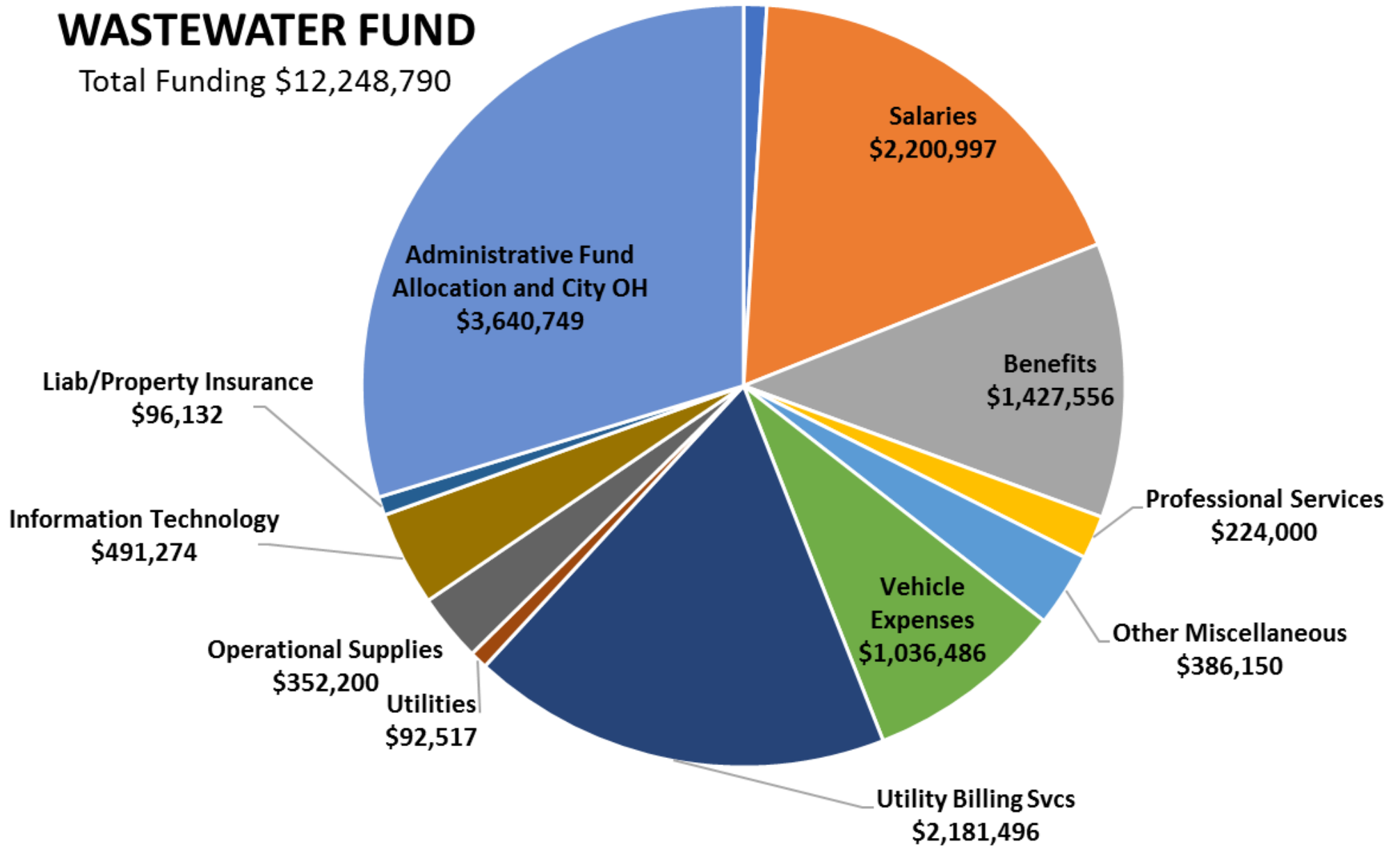
Expenditure Object	2019-20 Total Request	2020-21 Total Request	Change	%
1621 - Local Wastewater Utility				
0000 Total Uncategorized	\$107,833	\$119,233		0.0
5100 Total Salaries	\$2,038,650	\$2,200,997	\$162,347	8.0
5200 Total Benefits	\$1,333,464	\$1,427,556	\$94,092	7.1
5320 Total Professional Services	\$234,173	\$224,000	(\$10,173)	-4.3
5360 Total Other Miscellaneous	\$499,900	\$386,150	(\$113,750)	-22.8
5330 Total Vehicle Expenses	\$1,050,224	\$1,036,486	(\$13,738)	-1.3
5325 Total Utility Billing Svcs	\$2,237,811	\$2,181,496	(\$56,315)	-2.5
5331 Total Utilities	\$85,650	\$92,517	\$6,867	8.0
5340 Total Operational Supplies	\$336,600	\$352,200	\$15,600	4.6
5349 Total Information Technology	\$474,081	\$491,274	\$17,193	3.6
5351 Total Liab/Property Insurance	\$58,024	\$96,132	\$38,108	65.7
5400 Total Indirect Costs	\$3,765,749	\$3,640,749	(\$125,000)	-3.3
5500 Total Capital Outlay	\$0	\$0	\$0	0.0
Total- Local Wastewater Utility	\$12,222,159	\$12,248,790	15,231	0.1



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WASTEWATER FUND

Total Funding \$12,248,790



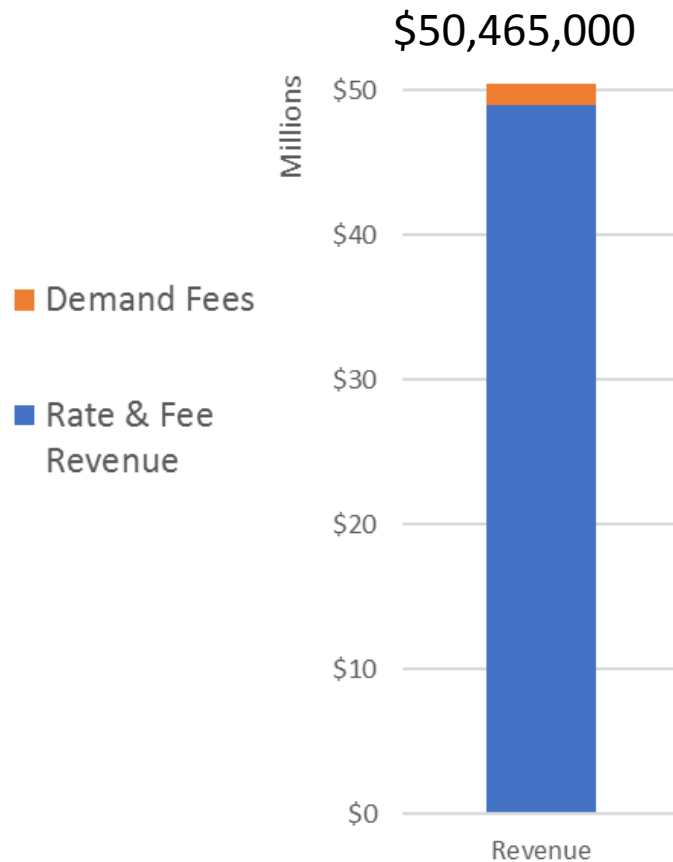
Purchase of Water

- Volume of water budgeting flat
- Sonoma Water – Pass through rate increase
 - Wholesale Rate
 - Increasing 5.3%
 - \$918.30 to \$966.95 per acre foot
 - Pass through
 - Increasing usage charge 2.3%
 - \$0.96 increase to average residential bill

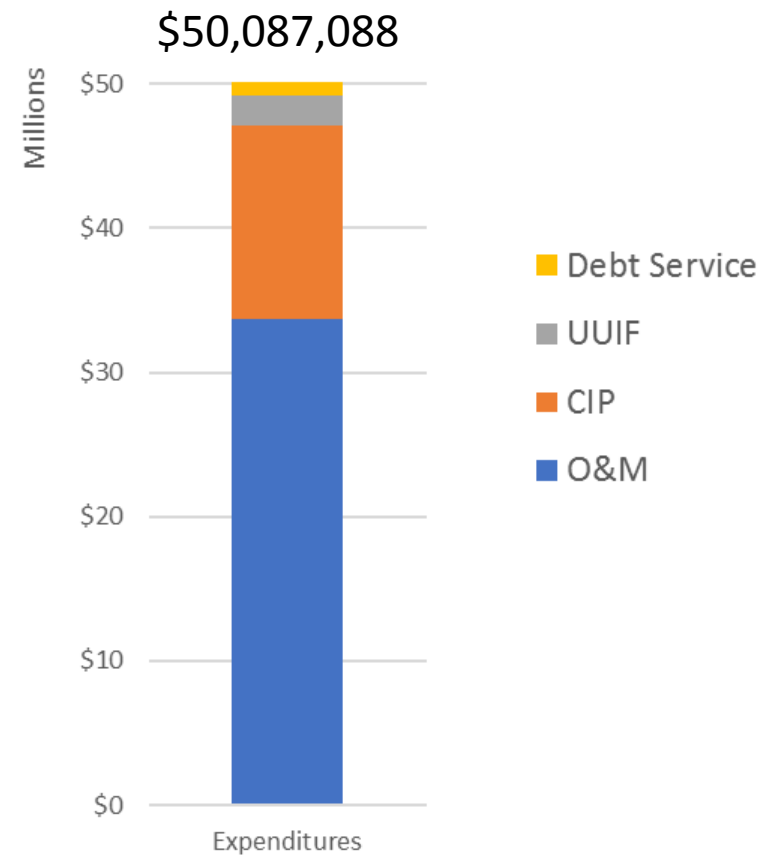


Water Fund

Revenues



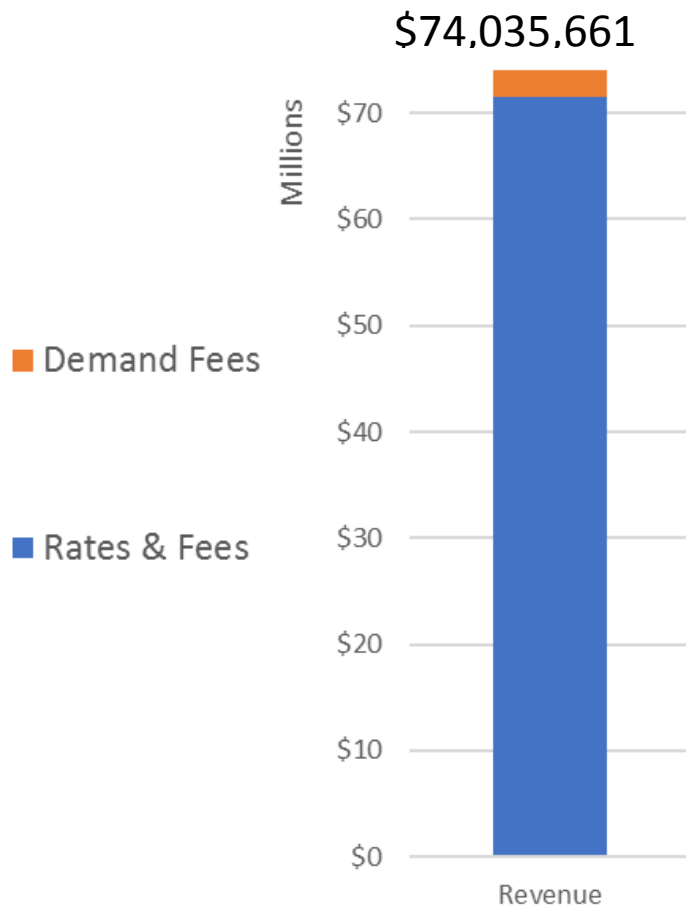
Expenditures



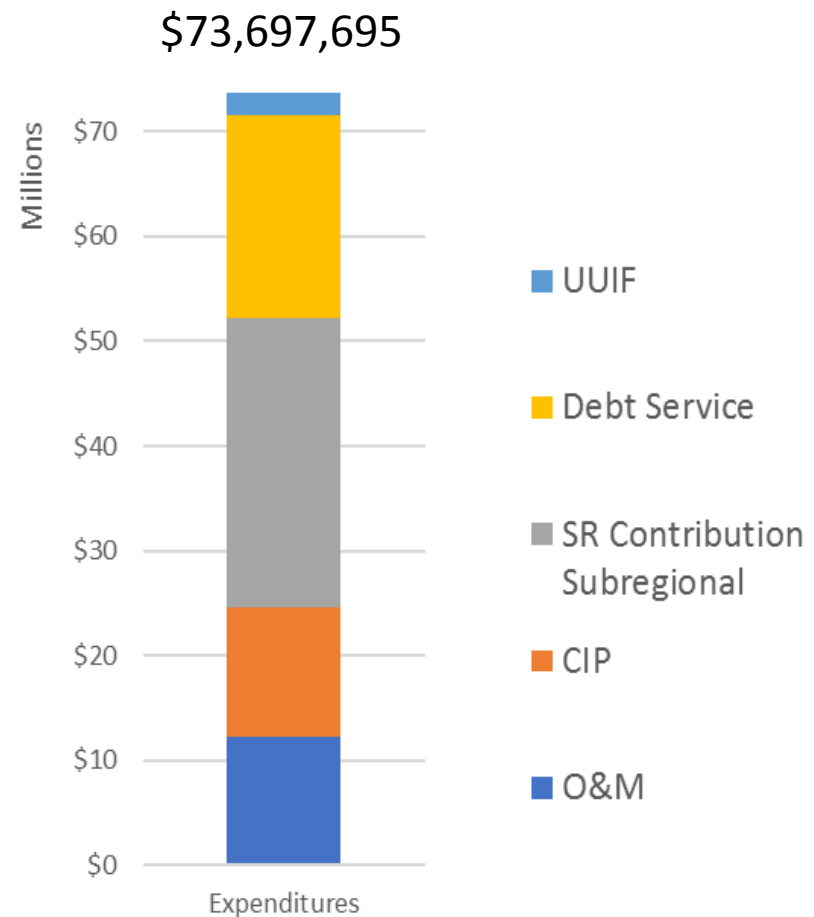
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Wastewater Fund

Revenues



Expenditures



Operations and Maintenance Discussions / Questions?



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Regional Contribution Allocations 2020/21



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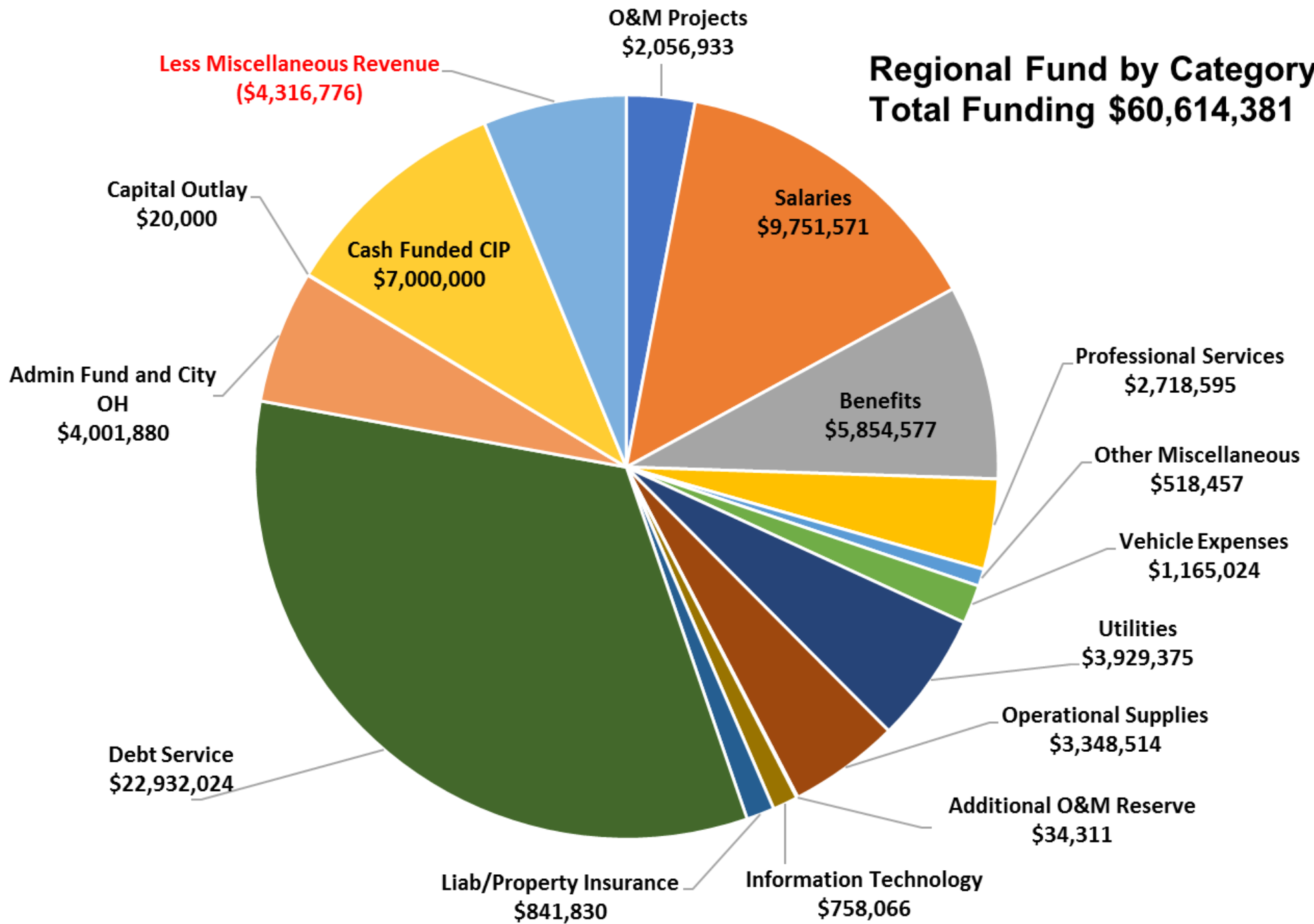
Regional Operations

Expenditure Object	2019-20 Total Request	2020-21 Total Request	Change	%
1631 - Regional Operations				
0000 Total Uncategorized	\$1,663,583	\$2,056,933	\$393,350	23.6
5100 Total Salaries	\$9,949,301	\$9,751,571	(\$197,730)	-2.0
5200 Total Benefits	\$5,737,163	\$5,854,577	\$117,414	2.0
5320 Total Professional Services	\$2,681,896	\$2,718,595	\$36,699	1.4
5360 Total Other Miscellaneous	\$508,782	\$518,457	\$9,675	1.9
5330 Total Vehicle Expenses	\$1,124,792	\$1,165,024	\$40,232	3.6
5331 Total Utilities	\$4,404,325	\$3,929,375	(\$474,950)	-10.8
5340 Total Operational Supplies	\$3,183,594	\$3,348,514	\$164,920	5.2
5349 Total Information Technology	\$711,670	\$758,066	\$46,396	6.5
5351 Total Liab/Property Insurance	\$697,429	\$841,830	\$144,401	20.7
5350 Total Debt Service	\$417,678	\$417,678	\$0	0.0
5400 Total Indirect Costs	\$4,073,546	\$4,001,880	(\$71,666)	-1.8
5500 Total Capital Outlay	\$0	\$20,000	\$20,000	0.0
Total 1631 - Regional Operations	\$35,153,759	\$35,382,500	\$228,741	0.7

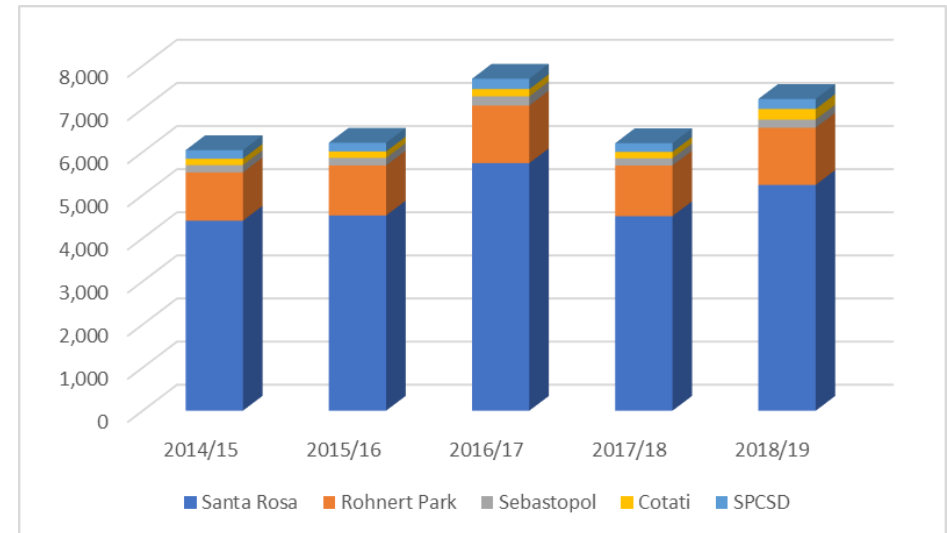


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Regional Fund by Category Total Funding \$60,614,381



Annual Flow In Million Gallons



Flows	2014/15	2015/16	2016/17	2017/18	2018/19	2018/19 %
Santa Rosa	4,405.81	4,528.13	5,741.70	4,512.33	5,259.45	72.8%
Rohnert Park	1,119.63	1,161.02	1,337.22	1,173.63	1,327.10	18.3%
Sebastopol	169.65	175.73	211.09	169.85	187.91	2.6%
Cotati	150.46	146.30	168.51	147.77	225.04	3.1%
SPCSD	198.76	203.84	242.01	200.61	230.58	3.2%
	6,044.31	6,215.02	7,700.53	6,204.19	7,230.08	100.00%



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Estimated Regional Miscellaneous Revenues

	2018/19	2019/20	2020/21
	Actual	Budgeted	Projected
Property Rentals	\$102,478	\$90,000	\$90,000
Interest on Pooled Investments	\$884,711	\$100,000	\$500,000
Compost Sales	\$18,350	\$110,000	\$0
Sale of Water (recycled) - Retail	\$271,645	\$250,000	\$220,000
Sale of Water (recycled) - Wholesale	\$15,466	\$23,000	\$20,000
Laboratory Services	\$1,450	\$85,000	\$85,000
Dumping Charges at Plants including High Strength Tipping	\$2,152,548	\$1,800,000	\$2,000,000
Miscellaneous Fees and Charges	\$12,883	\$7,500	\$7,500
Miscellaneous	\$42,205	\$25,000	\$25,000
Calpine - per Agreement	\$300,000	\$300,000	\$300,000
SCWA - Acceptance of Recycled Water	\$1,000	\$0	\$1,000
Town of Windsor - Geysers and Environmental Compliance	\$904,626	\$913,793	\$968,276
Dairy Waste Loan Payments	\$106,278	\$118,000	\$100,000
Total	\$4,813,640	\$3,822,293	\$4,316,776



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Fund Summary 2020/21		
		2020/21 Budget
Operating Expenditure Request		\$35,382,500
Transfers Out:		
City Accounting Software - Fund 0316		
Water Capital Fund (software projects)		
CEC Loan Debt Service Fund		0
Regional WW Capital (Cash funded CIP)		7,000,000
Additional Operating Reserve needed		34,311
Expenditures / Transfers Out / Change in Operating Reserve		\$42,416,811
Regional System Reserves for 2020/21		
Operating Reserves (15% of projected expenditures)		\$5,307,375
Geysers Reserves		\$1,250,000
Catastrophic Reserve		\$1,700,000
User Agency Reserve		\$5,000,000
		\$13,257,375
Agency Contribution Calculation:		
Expenditures / Transfers Out / Change in Operating Reserve		\$42,416,811
Less Revenue		(\$4,316,776)
Agency Contribution		\$38,100,035

Total Allocation

	Total 2019/20	2020/21 Budgeted O&M	2020/21 CIP Contribution	2020/21 Debt Service	Total 2020/21	Difference
Santa Rosa	\$44,767,265	\$22,640,825	\$4,953,200	\$17,145,137	\$44,739,162	-\$28,103
Rohnert Park	\$10,507,656	\$5,691,306	\$1,379,000	\$3,441,259	\$10,511,565	\$3,909
Sebastopol	\$1,620,981	\$808,601	\$228,200	\$614,239	\$1,651,040	\$30,059
Cotati	\$1,742,534	\$964,101	\$206,500	\$836,111	\$2,006,712	\$264,178
SPCSD	\$1,682,126	\$995,201	\$233,100	\$477,600	\$1,705,901	\$23,775
	\$60,320,562	\$31,100,035	\$7,000,000	\$22,514,346	\$60,614,381	\$293,819

Miscellaneous Revenues removed from 2020/21 O&M

Bond Funding Scenario

Project Cost:	\$70,000,000	Interest Rate:	3.00%
Subregional Funding	\$6,000,000	Term (years):	30
Total Potential Debt:	\$64,000,000	Cost of Issuance:	\$ 495,000

Partner	Project Responsibility		Debt Responsibility
SPSD	3.33%	\$2,131,200	\$2,131,200
Rohnert Park	19.70%	\$12,608,000	\$12,608,000
Sebastapol	3.26%	\$2,086,400	\$2,086,400
Cotati	2.95%	\$1,888,000	\$1,888,000
Santa Rosa	70.76%	\$45,286,400	\$45,286,400

Estimated Annual Debt Service	Year 1 (6 months)	Year 2	Year 3	Year 4	Year 5
SPCSD	\$57,731	\$115,531	\$115,389	\$115,375	\$115,481
Rohnert Park	\$341,529	\$683,472	\$682,635	\$682,546	\$683,176
Sebastapol	\$56,517	\$113,102	\$112,964	\$112,949	\$113,054
Cotati	\$51,143	\$102,347	\$102,222	\$102,209	\$102,303
Santa Rosa	\$1,226,731	\$2,454,947	\$2,451,940	\$2,451,622	\$2,453,886
Total	\$1,733,650	\$3,469,400	\$3,465,150	\$3,464,700	\$3,467,900

Estimated Annual Debt Service

Refund Reserve Totals

Subregional O&M Refund	Totals
SPCSD	\$518,597
Rohnert Park	\$2,113,520
Sebastopol	\$445,865
Cotati	\$322,877
Santa Rosa	\$7,516,094

Estimated Annual Debt Service – Various % Applications

Estimated Annual Debt Service	90% Refund Applied	50% Refund Applied	No Cash Applied
SPCSD	\$90,233	\$101,464	\$115,401
Rohnert Park	\$580,376	\$626,121	\$682,700
Sebastopol	\$91,353	\$101,007	\$112,975
Cotati	\$86,598	\$93,586	\$102,232
**Santa Rosa	\$1,912,918	\$1,912,658	\$1,910,693

*** All Scenarios = Santa Rosa Cash Contribution of \$10m*

SUBREGIONAL DISCUSSION / QUESTIONS?



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Reserves

June 30, 2019

Water

- **Operating**
 - \$4,469,075
- **Catastrophic**
 - \$5,750,000
- **Undesignated**
 - \$9,024,633

Wastewater

- **Operating**
 - \$1,482,624
- **Rate Stabilization**
 - \$1,000,000
- **Catastrophic**
 - \$6,800,000
- **Undesignated**
 - \$10,486,157

Regional

- **Operating**
 - \$5,274,182
- **Catastrophic**
 - \$1,700,000
- **Geysers**
 - \$1,250,000
- **Undesignated**
 - \$1,126,598

2020-21 Capital Improvement Program Budget Review



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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



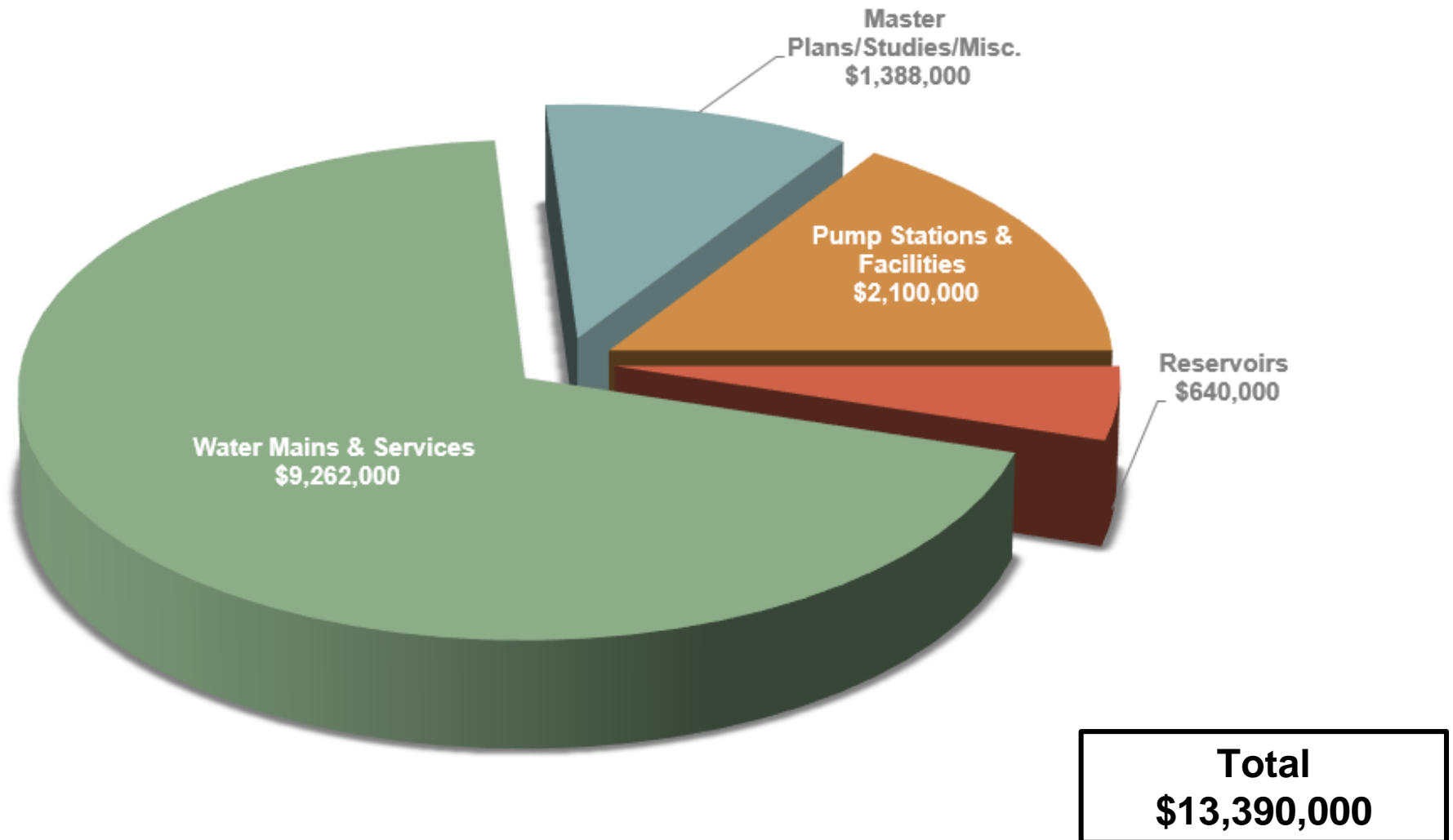
Laguna Treatment Plant

CIP Funding

- Prioritizing projects
- Planned Funding
 - Water - \$13,390,000
 - Wastewater - \$12,360,000
 - Regional - \$7,000,000



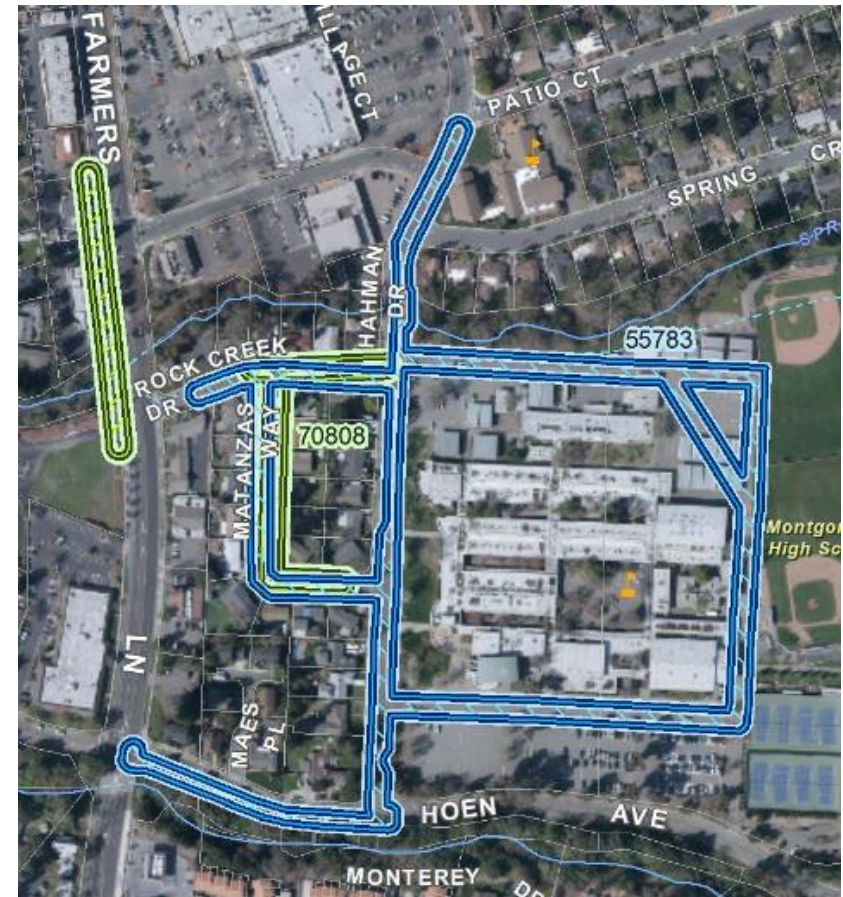
Santa Rosa Water 2020-21 CIP Proposed Water



2020-21 Proposed CIP

Water Project Highlights

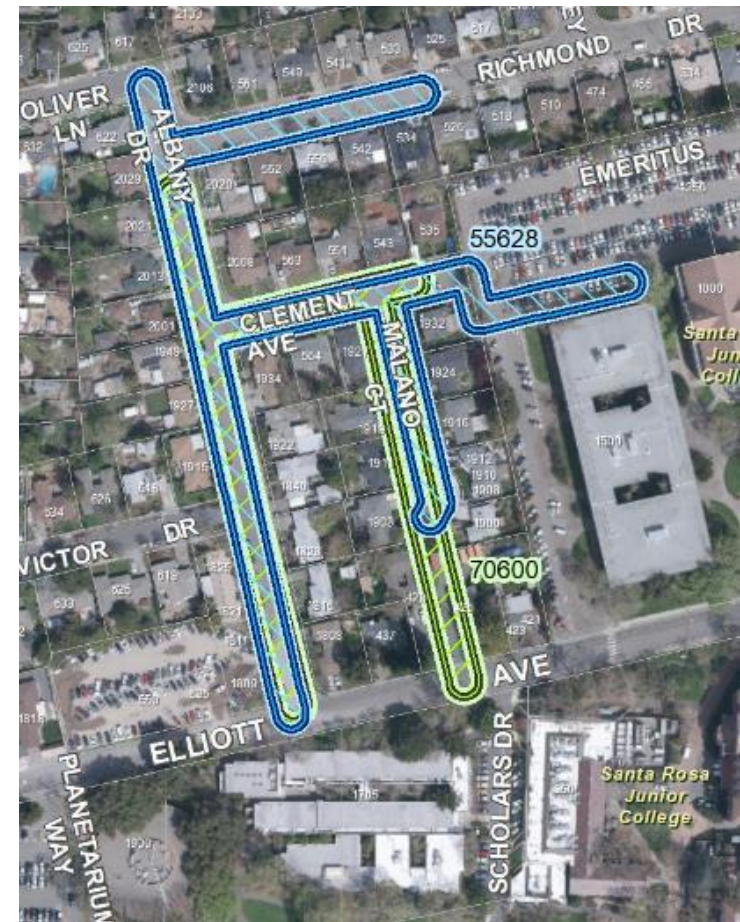
- Water Main Replacement – Rock Creek, Matanzas, Hahman, and Montgomery High School
 - PID 2290
 - Area identified by leak data
 - Fracta identified risk for leaks
 - Summer construction
 - Includes sewer main replacement
 - Sewer main sag in Farmers Ln.



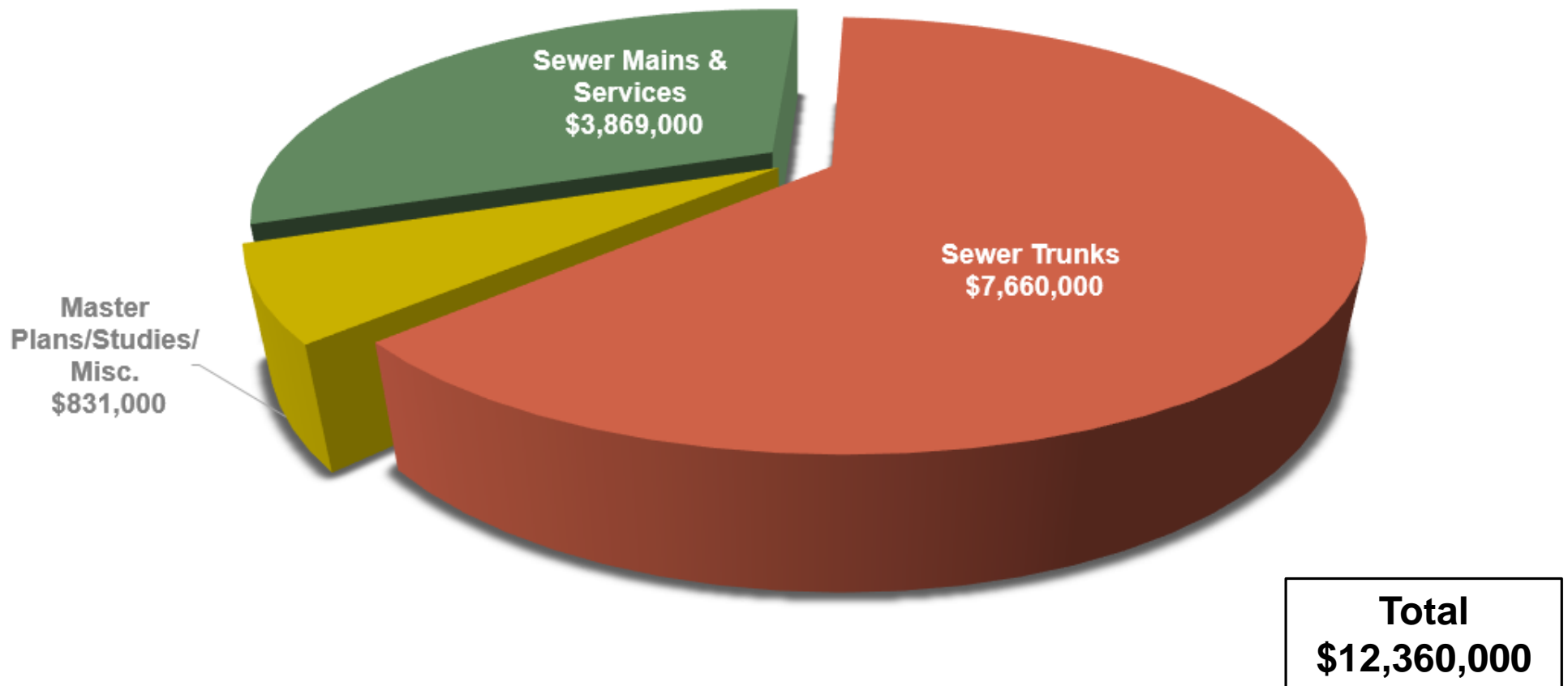
2020-21 Proposed CIP

Water Project Highlights

- Water Main Replacement – Albany Dr, Malano Ct, and Clement Avenue
 - PID 203
 - Fire Flow deficient area (some 4-inch and 6-inch mains)
 - Fracta identified risk for leaks
 - Includes sewer main replacement



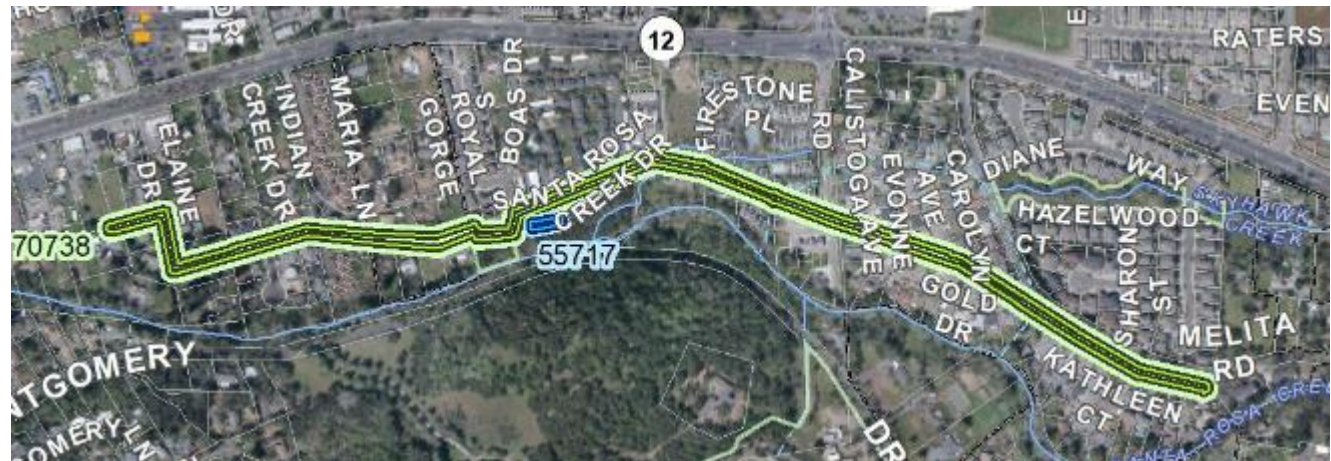
Santa Rosa Water 2020-21 CIP Proposed Wastewater



2020-21 Proposed CIP

Wastewater Project Highlights

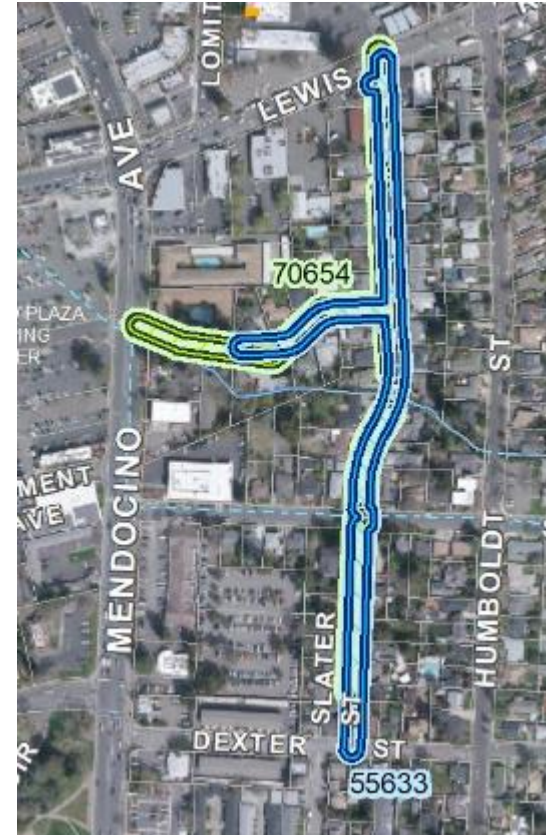
- Los Alamos Trunk Replacement Elaine Drive to Melita Road
 - PID 1904
 - Second phase of Los Alamos Trunk Replacement
 - Alignment study was created for entire trunk (Streamside Drive to Oakmont)
 - Phase 1, Streamside Dr. to Elaine Dr. construction 2021



2020-21 Proposed CIP

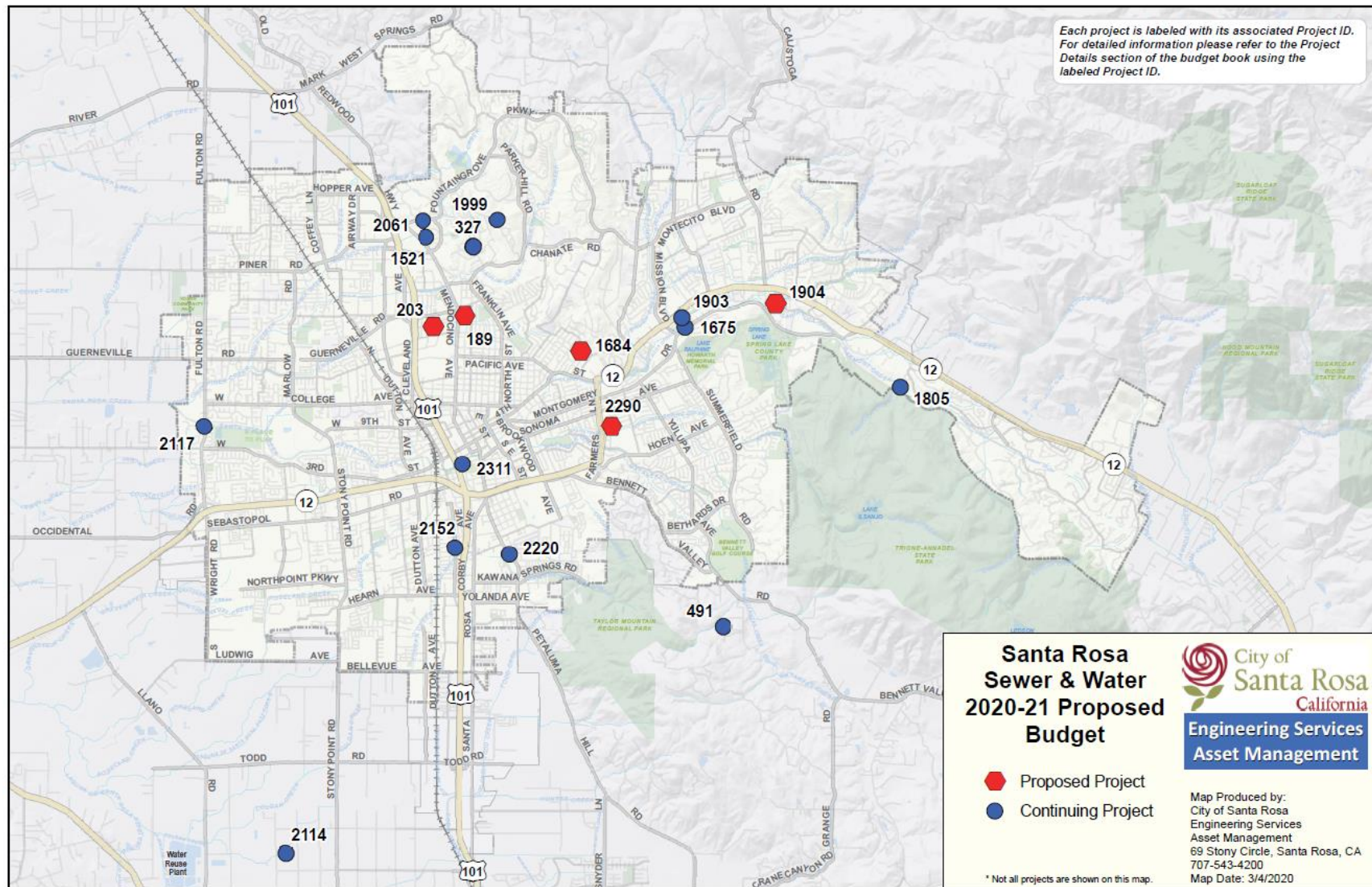
Wastewater Project Highlights

- Sewer Main Replacement – Slater St. from Dexter St. to Lewis Rd., and Lewrosa Way
 - PID 70654
 - Junior College Neighborhood
 - Replaces 1947 VCP sewer main with Grade 5 Defects
 - Includes Water Main Replacement

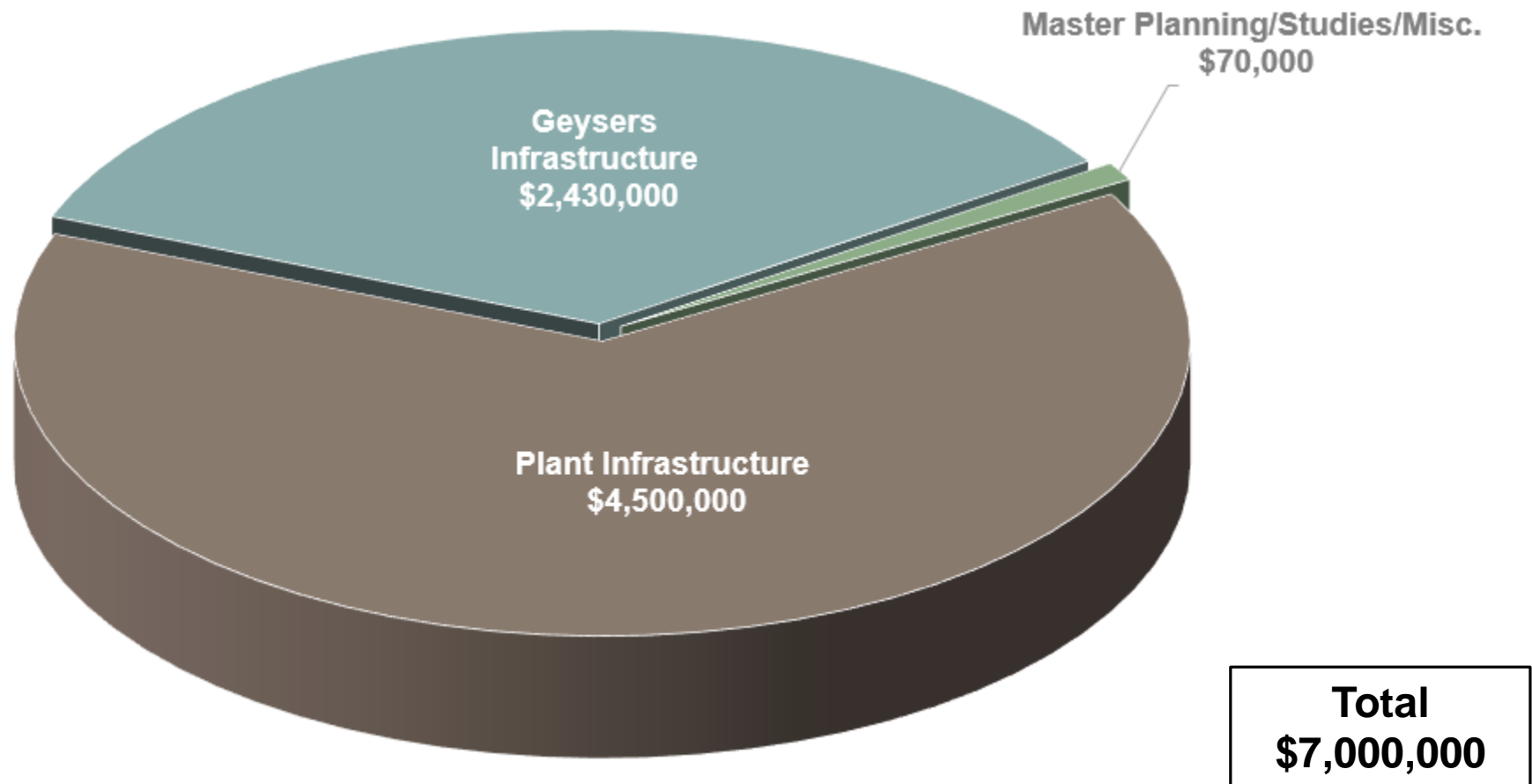


CIP Project Locations

Water and Wastewater



Santa Rosa Water 2020-21 CIP Proposed Subregional



2020-21 Proposed CIP

Subregional Project Highlights

- Northerly Slope Protection Delta Pond, PID 2271
 - Project Background
 - Construction Constrains
 - 1-Mile Levee
 - July 1 - October 15 Construction Window
 - Project Schedule and Cost
 - March 2020 - Advertisement
 - July 1, 2020 - Start Construction
 - 2021-2022 - Construction Completion
 - \$3.9 M Cost Estimate



2020-21 Proposed CIP

Subregional Project Highlights

- Geysers Pipeline Expansion Joints Replacement, PID 2243
 - Project Overview and History
 - 5 Expansion Joints
 - 3 Leaking Joints
 - Emergency Temporary Repair
 - Project Challenges
 - 14 Weeks Lead Time
 - 30 Days Scheduled Maintenance Shut Down
 - Delivery Approach
 - Sole Source Justification
 - Joint Pre-Purchasing
 - Expedited Const. Schedule
 - \$1.7M Cost Estimate



2020-21 Proposed CIP

Subregional Project Highlights

- Laguna Treatment Plant Reroof 2, PID 2320
 - Project Overview and History
 - 2 Digesters with Floating Roof
 - Roofing Material at the End of Useful Life
 - PID 2193 Digester 1 Roofing Material Replacement, 2019
 - Project Schedule and Cost
 - April-July Digester Offline
 - August-September Digester Cleaning
 - October – Digester Reroof
 - \$300K Construction Cost



Regional CIP Project Locations



CIP DISCUSSION / QUESTIONS?



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Budget Schedule

- **BPU** – March 19th
 - Sonoma Water Rate Increase
- **City Council** – March 31st
 - Sonoma Water Rate Increase
- **Regional Partners** – March 12th & April 2nd
- **BPU Budget Subcommittee** – March 10th & 23rd (if needed)
- **BPU** – April 2nd
 - O&M, CIP and Regional Study Session
- **BPU** – April 16th
 - Budget Recommendation to City Council
- **City Council** – April 28th
 - Preliminary approval of Regional Budget
- **City Council** – May 5th & 6th
 - Budget Study Sessions
- **City Council** – June 23rd
 - Budget Adoption

DISCUSSION / QUESTIONS?



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CONNECT WITH US!

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VISIT: SRCITY.ORG/WATER



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