

CITY OF SANTA ROSA  
BOARD OF PUBLIC UTILITIES

TO: BOARD OF PUBLIC UTILITIES  
FROM: KIMBERLY ZUNINO, DEPUTY DIRECTOR – ADMINISTRATION  
SANTA ROSA WATER  
SUBJECT: PRELIMINARY FY 2020/21 REGIONAL SYSTEM OPERATING  
AND MAINTENANCE, CAPITAL IMPROVEMENT PROGRAM,  
AND DEBT SERVICE BUDGET, AND ALLOCATION OF COSTS

AGENDA ACTION: DIRECTION TO STAFF

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RECOMMENDATION

Recommendation will be brought to the Board of Public Utilities April 16, 2020.

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EXECUTIVE SUMMARY

The Regional Water Reuse System, managed by the City of Santa Rosa per Agreement, is a state-of-the-art wastewater treatment facility serving five member agencies (Santa Rosa, Rohnert Park, Sebastopol, Cotati, and the Sonoma County South Park Sanitation District, each hereinafter referred to as “User Agency” or collectively as “User Agencies”). The Agreement requires that the City annually prepare a Preliminary Budget and Allocation of Costs for the Regional Water Reuse System and notify the User Agencies of these costs by May of each year. The Agreement further requires that the proposed budget and allocation of costs be reviewed by the Regional Technical Advisory Committee (TAC), the Board of Public Utilities (BPU) and the Council of the City of Santa Rosa prior to noticing the User Agencies of operating and debt service costs due.

The Regional Operations and Maintenance (O&M) Fund budget request is \$31,075,462, the Regional cash-funded Capital Improvement Program (CIP) is \$7,000,000 and the Regional debt service due is \$22,514,346.

The City Council will be asked to consider the preliminary budget on April 28, 2020 for the purpose of notifying the User Agencies by May 1<sup>st</sup> and will review the proposed budget with the city-wide budget study session, currently scheduled to occur on May 5 and 6, 2020.

## BACKGROUND

Each year, the Treatment Plant recycles billions of gallons of treated wastewater from homes, businesses and industries located within the Santa Rosa Regional System, which serves the cities of Santa Rosa, Rohnert Park, Sebastopol, Cotati and the Sonoma County South Park Sanitation District.

Operating costs are allocated to the User Agencies based on annual flow into the plant. The cash funding for CIP, per the Agreement, distributes the allocation based on defined capacities for each User Agency. Debt service costs are allocated according to the time the debt was issued and per the repayment schedule.

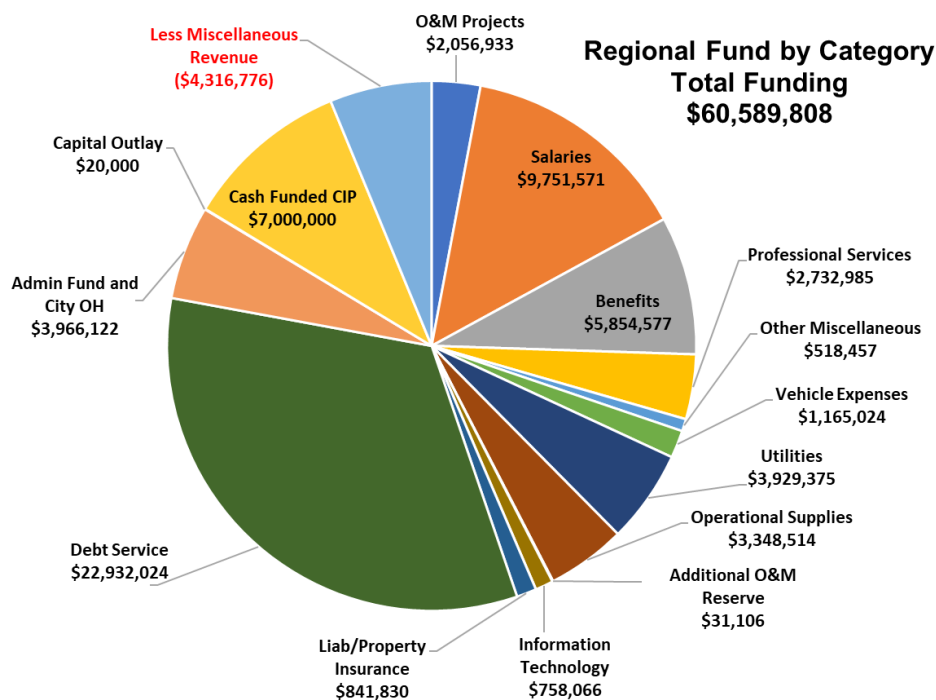
## PRIOR CITY COUNCIL REVIEW

Each year the City Council reviews the Preliminary Regional Operations and Maintenance, Capital Improvement Program, and Debt Service proposed budgets and allocation of costs prior to notifying the User Agencies of the allocations.

Additionally, each year the City Council reviews the Regional Operations and Maintenance, Capital Improvement Program, and Debt Service proposed budgets as part of the City-wide budget process in May and June.

## ANALYSIS

The Preliminary Regional Water Reuse Operations and Maintenance (O&M) Fund budget request is \$31,075,462, the cash-funded Capital Improvement Program (CIP) is \$7,000,000 and the debt service due is \$22,514,346. The budget breakdown is as below:



In general, the major cost drivers include:

- Cash funded CIP \$7,000,000
- Salaries and Benefits
- Debt Service
- O&M budget up 0.6%

Expenditures are offset by earned revenues of \$4,316,776 for various services and agreements that are directly applied to the fund. Projected revenues are up from 2019/20. The remainder of the required revenue is billed to the User Agencies.

Operating costs are allocated based on metered prior flow into the plant, so the actual impact to each User Agency can vary slightly year to year as flows fluctuate. The total due from each User Agency for operations is based on 2018/19 flows:

<b>Flows</b>	<b>2018/19 Million GI</b>	<b>2018/19 Percentage</b>
Santa Rosa	5,259.45	72.8%
Rohnert Park	1,327.10	18.3%
Sebastopol	187.91	2.6%
Cotati	225.04	3.1%
SPCSD	230.58	3.2%
	7,230.08	100.00%

Cash funded CIP costs are allocated based on each User Agency's capacity as defined in the Agreement:

<b>Capacity</b>	<b>CIP 2020/21</b>
Santa Rosa	70.76%
Rohnert Park	19.70%
Sebastopol	3.26%
Cotati	2.95%
SPCSD	3.33%

Debt service is owed by the Regional Water Reuse system for a variety of bonds and state loans that have financed facility and process improvements over the years. Debt service payments are allocated to each User Agency based on the time the debt was issued and the corresponding debt repayment schedule.

This year projected allocations are as follows:

	<b>Total 2019/20</b>	<b>2020/21 Budgeted O&amp;M</b>	<b>2020/21 CIP Contribution</b>	<b>2020/21 Debt Service</b>	<b>Total 2020/21</b>	<b>Difference</b>
Santa Rosa	\$44,767,265	\$22,622,936	\$4,953,200	\$17,145,137	\$44,721,273	-\$45,992
Rohnert Park	\$10,507,656	\$5,686,810	\$1,379,000	\$3,441,259	\$10,507,069	-\$587
Sebastopol	\$1,620,981	\$807,962	\$228,200	\$614,239	\$1,650,401	\$29,420
Cotati	\$1,742,534	\$963,339	\$206,500	\$836,111	\$2,005,950	\$263,416
SPCSD	\$1,682,126	\$994,415	\$233,100	\$477,600	\$1,705,115	\$22,989
	\$60,320,562	\$31,075,462	\$7,000,000	\$22,514,346	\$60,589,808	\$269,246

### FISCAL IMPACT

Santa Rosa's share of Regional Water Reuse allocated costs are built into the Wastewater Financial Plan. There is no immediate rate implication to the authorized rate plan from the Fiscal Year 2020/21 proposed budget.

### 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 Budget Subcommittee of the Board of Public Utilities reviewed and recommended approval of the proposed Regional budget at a meeting on March 10, 2020.

The proposed Regional budget recommendation was reviewed and recommended for approval by the Regional TAC at a meeting on March 12, 2020.

### ATTACHMENTS

None.

### CONTACT

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