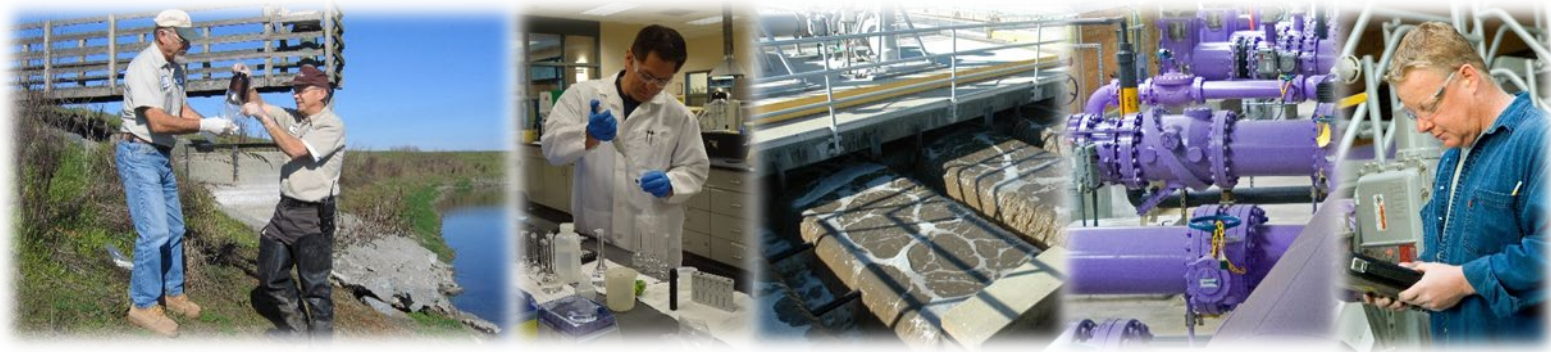


Regional Technical Advisory Committee Meeting February 11, 2021



Catastrophic Reserve and FY 2021/22 Budget Update



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Lori Urbanek, Deputy Director Engineering
Nick Harvey, Administrative Analyst

Overview

- Catastrophic Reserve Evaluation
- 2020A & 2020B Bond Series Update
- Preliminary 2021/22 CIP and Debt Service Allocations
- Budget Timeline



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Catastrophic Reserve Draft Report

- Background
- Planning scenarios
- Basic services defined
- Predicting failures

Background

- The City is in the process of reviewing and updating their financial reserves.
- Catastrophic reserve funds are included for the water distribution system, the wastewater collection system, the Regional Water Reuse System, and the LTP.
- Development of Catastrophic reserve funds – working to determine the amount

Planning Scenarios

- Flooding
- Wildfire
- Earthquake
- Acts of terrorism



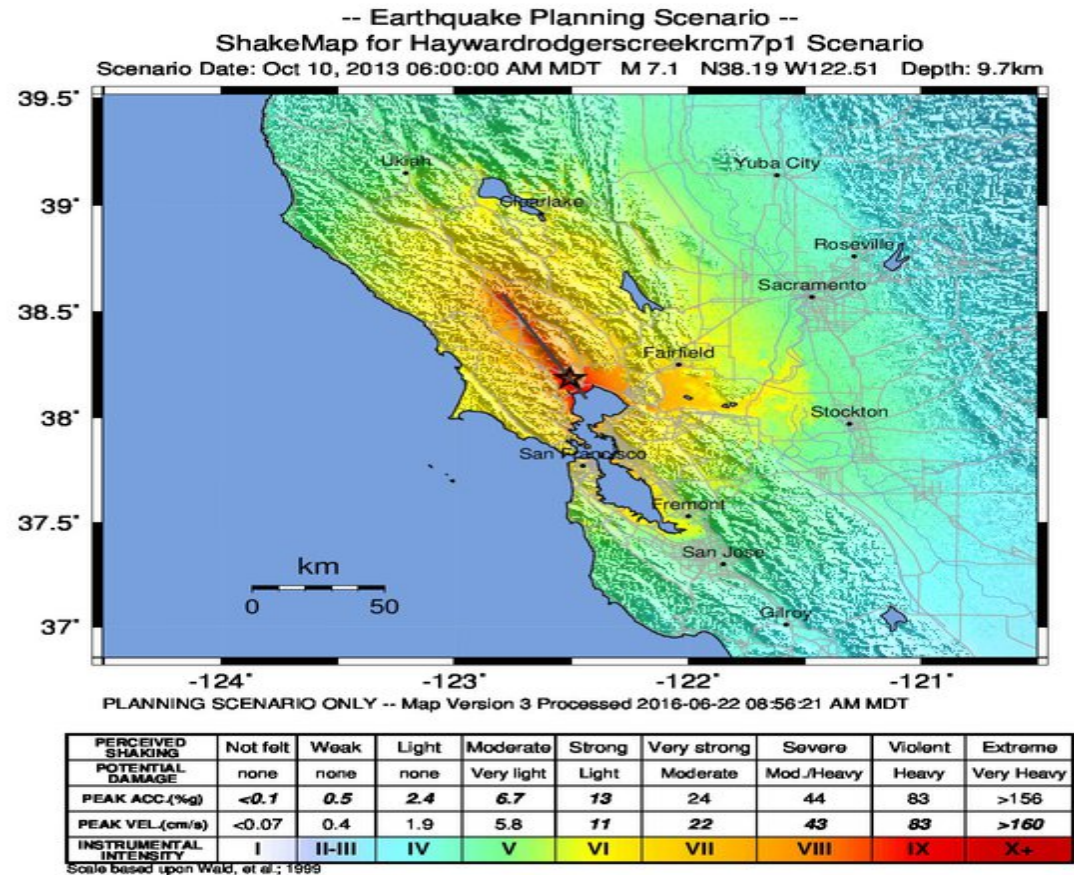
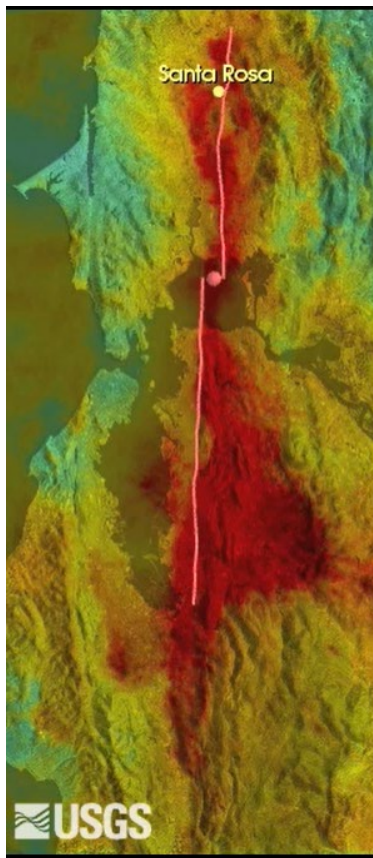
Planning - Rodgers Creek Fault

- Considers the damage caused by the maximum probable earthquake along the Rodgers Creek Fault, which is a magnitude 7.1
- U.S. Geological Survey (USGS) special study
- 33% probability of causing an earthquake with a magnitude greater than 6.7 on the Richter scale within the next 30 years
- 72% probability of at least one magnitude 6.7 or greater earthquake striking the San Francisco Bay region before 2043 (USGS, 2016). Although the San Andreas Fault is very active in the North Bay Area, it is approximately 15 to 20 miles to the west of Santa Rosa.

Earthquake Shaking Severity

Rodgers Creek Fault, Magnitude 7.1

(USGS, 2016)



- https://escweb.wr.usgs.gov/content/learn/topics/shakingsimulations/hayward/HaywardM72_SanPabloBayEp_SantaRosa.mp4

Planning - Basic Services

- Emergency repairs to provide basic service
- Service is generally available for residences and businesses within the City's existing service areas
- Reduction in overall system reliability is anticipated after emergency repairs are made

Planning Methodology

- Cost of making emergency repairs
 - Estimate the type and number of repairs needed
- Two types of failures were considered: pipeline failures and facility failures.
- Pipelines damaged by seismic wave propagation and permanent ground deformation

Risk - Laguna Treatment Plant

- Based on the construction of the facility, equipment or structure
- LTP is built over an alluvial plain, sitting above several hundred feet of layers of sand, silt, and clay
- Plant is not likely to see lateral ground movement, however, several minutes of ground shaking are likely to be experienced
- In ground reinforced concrete process tanks - considered lower risk
- Multi-story structures, slab-based, platforms and equipment that extend 15 feet or more above the ground higher risks of damage

Emergency Repair Priority Classification

- Priority 1 – Function and structure are critical to plant operation and permit compliance
- Priority 2 – Function and structure are critical to plant operation but are lower priority due to available other options being available

Laguna Treatment Plant Priority 1 Repairs

- Primary Electrical Service East
- Anaerobic Digesters
- Ferric Chloride Chemical Area
- Influent Diversion Box
- Headworks – Screens, Grit Removal, Inf PS
- Primary Clarifiers
- Aeration Basins
- Blower Building & Process Air Pipe
- Treatment Plant Load Centers (4)
- Standby Power Generators and Batteries
- Secondary Clarifiers
- 24-in RAS Pipeline
- Filter Feed Pumps
- Tertiary Filters
- UV Disinfection & Enclosure

Laguna Treatment Plant Priority 2 Repairs

- Plant Component
- Primary Effluent Flow EQ Pipe/PS
- Sludge Thickening
- Digester Gas Conditioning
- High-Strength Waste Facility
- Co-generation Plant
- Backwash Waste Water Pipeline
- Annex
- Biosolids Dewatering Building
- Compost Facility

FY 2021/22 Budget Update

2020 Bond Highlights

- Series 2020A –
 - UV Disinfection Replacement Project
 - \$18m premium
 - \$70m bond proceeds /\$52m debt principal
- Series 2020B –
 - Refunding of 2012A Revenue Bonds
 - \$9.7m Net Present Savings



2019/20 Debt Service Projections

Project Cost:	\$60,000,000	Par Amount of Bond:	\$60,000,000
Subregional Funding	\$0	Interest Rate:	3.00%
Total Potential Debt:	\$60,000,000	Term (years):	30 Years
		Cost of Issuance:	\$ 600,000 1.0%
		Reserve Requirement:	\$ 3,065,000 Max. Pmt.
		Net Proceeds:	\$ 56,335,000

	Estimated Debt Service Increase	Actual Debt Service Increase
SPCSD	\$122,477	\$78,723
Rohnert Park	\$724,566	\$447,232
Sebastapol	\$119,903	\$75,152
Cotati	\$108,501	\$58,826
Santa Rosa	\$1,989,553	\$1,473,698
Total:	\$3,065,000	\$2,133,631



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FY 2021/22

CIP and Debt Service Contribution

	2020/21 CIP Contribution	2021/22 CIP Contribution	\$ Difference CIP
Santa Rosa	\$4,953,200	\$5,660,800	\$707,600
Rohnert Park	\$1,379,000	\$1,576,000	\$197,000
Sebastopol	\$228,200	\$260,800	\$32,600
Cotati	\$206,500	\$236,000	\$29,500
SPCSD	\$233,100	\$266,400	\$33,300
	\$7,000,000	\$8,000,000	\$1,000,000

	2020/21 Debt Service	2021/22 Debt Service	\$ Difference Debt Service
Santa Rosa	\$17,145,137	\$18,618,835	\$1,473,698
Rohnert Park	\$3,441,259	\$3,888,491	\$447,232
Sebastopol	\$614,239	\$689,391	\$75,152
Cotati	\$836,111	\$894,937	\$58,826
SPCSD	\$477,600	\$556,323	\$78,723
	\$22,514,346	\$24,647,977	\$2,133,631

2021/22 O&M Allocations TBD

FY 2021/22

Budget Progress

- CIP and debt service allocations established
- New CFO – Jan Mazyck
- Financial screens not opened for FY2021/22 yet
- Preliminary budget guidance to department managers

Catastrophic Reserves

- Catastrophic Reserve
 - Current Balance \$1.7 million
 - Target Balance \$10 million
 - Place holder for SRW rate setting
- Geysers Reserve
 - Current Balance \$1.25 million
 - Target Balance \$3.3 million



FY 2021/22

Regional Budget Timeline

- Late February - Budget Input
- March 11, 2020 - Regional O&M and CIP Review
 - Additional meeting if needed
- April 1, 2021 - SubTAC Recommendation
- April 15, 2021 - BPU Recommendation
- April 27, 2021 – City Council consideration of the Preliminary Regional Budget
- May 1, 2021 - Partner Notification
- City Council Budget Hearings – June 22nd

REGIONAL DISCUSSION / QUESTIONS?