

CITY OF SANTA ROSA
BOARD OF PUBLIC UTILITIES

TO: BOARD OF PUBLIC UTILITIES
FROM: KIMBERLY ZUNINO, DEPUTY DIRECTOR – ADMINISTRATION
SANTA ROSA WATER
SUBJECT: FY 2021/22 WATER AND LOCAL WASTEWATER OPERATION
AND MAINTENANCE AND CAPITAL IMPROVEMENT BUDGETS
– RECOMMENDATION TO CITY COUNCIL

AGENDA ACTION: RESOLUTION

RECOMMENDATION

It is recommended by Santa Rosa Water staff and the Board of Public Utilities Budget Subcommittee that the Board of Public Utilities, by resolution, recommend that the City Council approve the Fiscal Year 2021/22 Water Fund and Local Wastewater Fund operation, maintenance and capital expenditure appropriation requests.

EXECUTIVE SUMMARY

Santa Rosa Water manages the City of Santa Rosa's water and wastewater enterprise funds under the general policy authority and direction of the Board of Public Utilities (BPU) per the City Charter. The BPU annually recommends a proposed fiscal year water and wastewater budget to the City Council to be included in the annual City budget adoption.

The water and wastewater funds are primarily financed by Santa Rosa ratepayer user fees and charges. Proposed water rates for FY 2021/22 include a usage and fixed charge increase of 2% and is considered sufficient to fund the prudent operation of the water system in FY 2021/22. The proposed 2% wastewater usage and fixed charge increases for FY 2021/22 is considered sufficient to fund the prudent operation of the wastewater system and Santa Rosa's share of the Regional system and maintain appropriate debt service ratios through FY 2021/22.

BACKGROUND

The Operations and Maintenance (O&M) budget and the Capital Improvement Program (CIP) were reviewed by the BPU Budget Subcommittee in March 2021 and by the full BPU in Study Session on April 1, 2021. If the Board recommends these budget requests to the City Council, Council will review the expenditure request in Study

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Sessions on May 11th and 12th, 2021 and would approve the final budget after a public hearing in June.

PRIOR BOARD OF PUBLIC UTILITIES REVIEW

Each year the Board of Public Utilities reviews the Water and Wastewater Operations and Maintenance, and Capital Improvement Program, proposed revenue and expenditures prior to making a recommendation to the City Council.

ANALYSIS

The water and wastewater funds support City-wide shared costs, Santa Rosa Water's allocation of the City's Information Technology Internal Service Fund, and Departmental shared costs.

SANTA ROSA WATER – ADMINISTRATION FUND

Santa Rosa Water (SRW) internal overhead is accounted for in the 'Administration' fund (Administration, Water Use Efficiency, Asset Management, Support Services, Engineering and Safety and Training) and then the budget is distributed to the Water, Wastewater, Regional Water Reuse, and Storm Water Funds based on various factors.

Overall, the Utilities Administration Fund is down -2.8% for the FY 2021/22 budget request.

There are no major changes to this fund.

SANTA ROSA WATER – WATER FUND

The Water O&M Fund is down -0.6% including the purchase of wholesale water. This budget includes Water's share of Utility Billing, Internal Administration and City Overhead.

There are no major changes to this fund for this coming fiscal year. The decrease in this fund is attributed to the anticipated reduction in purchase of water due to the anticipated reduction in use in response to dry year conditions.

The Water CIP budget baseline funding of \$13.8 million will be appropriated to various water projects.

SANTA ROSA WATER – WASTEWATER FUND

The Wastewater O&M Fund budget is increasing 2.8%.

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There are no major changes to this fund for this coming fiscal year. The increase in this fund is due to a redistribution of overhead between all three Santa Rosa Water funds, vehicle and insurance increases.

The Wastewater CIP budget baseline funding of \$12.7 million will be appropriated to various wastewater projects.

ASSUMPTIONS

Staff assumes water use will decrease by 10% from average water use in FY 2019/20. Actual water use in FY 2020/21 was elevated due to warm and dry conditions so the projected decrease for FY 2021/22 is based on the prior year. Staff assumes wastewater billings will decrease slightly compared to FY 2020/21 since sewer use is more stable than water use due to the residential sewer caps. Staff assumes demand fees will increase.

The BPU and City Council have reviewed and directed staff to move forward with the public process for the proposed four-year rate increases and schedule. The proposed increases for both water and wastewater usage and fixed charges is 2% for each for FY 2021/22. The proposed rate schedule is being incorporated into the budgeted revenues for this year.

FISCAL IMPACT

These revenues and expenditures are built into Santa Rosa Water's current long-term Financial Plans. There is no immediate rate implication from the Fiscal Year 2021/22 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 Guidelines Section 15378.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

On March 22, 2021 the Board of Public Utilities Budget Subcommittee reviewed and recommended the Water and Local Wastewater Budgets for approval.

ATTACHMENTS

- Resolution

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CONTACT

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