

Approval of the Preliminary Fiscal Year 2025/26 Regional Water Reuse System O&M and CIP Budgets

City Council

April 15, 2025

Nick Harvey
Deputy Director - Administration

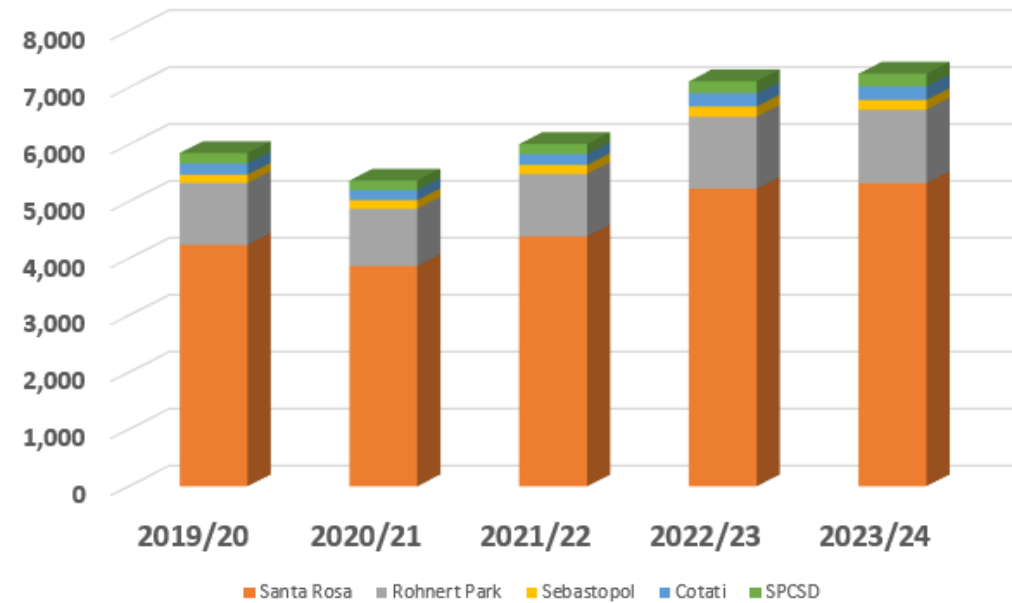
Regional Overview

- Proposed Budget
- User Agency Contribution Allocations
- CIP Review
- Remaining Budget Schedule



Annual Flow

(In Million Gallons)



Actual Annual Flows	2019/20	2020/21	2021/22	2022/23	2023/24	2023/24 Percentage
Santa Rosa	4,240.24	3,867.02	4,388.95	5,225.50	5,320.77	73.45%
Rohnert Park	1,083.91	1,006.29	1,095.25	1,263.07	1,293.34	17.85%
Sebastopol	147.05	151.42	158.75	180.68	170.24	2.35%
Cotati	196.87	177.04	190.73	233.60	235.60	3.25%
SPCSD	183.63	166.31	175.00	210.21	224.28	3.10%
	5,851.70	5,368.08	6,008.68	7,113.06	7,244.23	100.00%

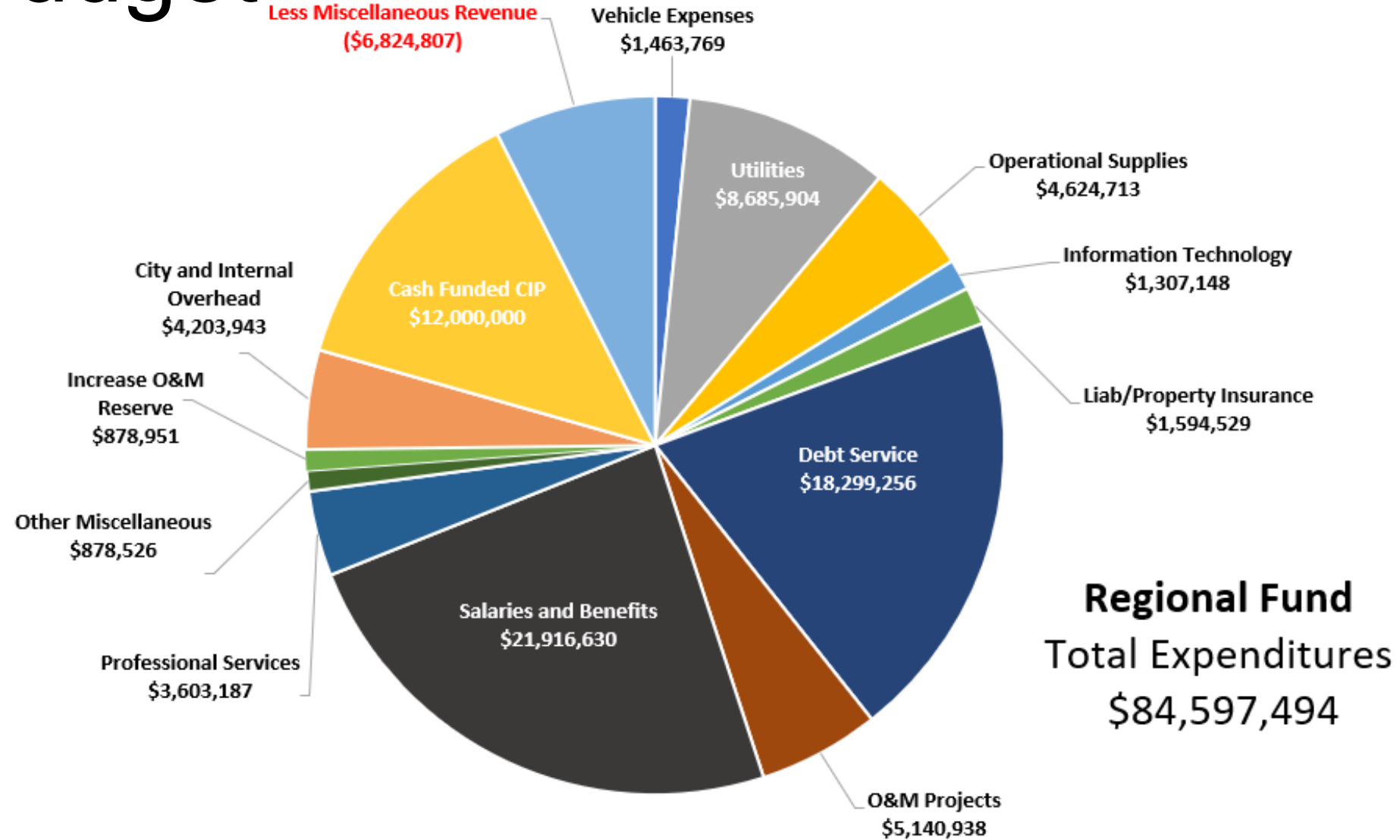
Regional Operations

Expenditure Object	2024-25 Total Request	2025-26 Total Request	Change	%
1631 - Regional Operations				
Operations and Maintenance Projects	\$2,680,739	\$5,140,938	\$2,460,199	91.8
Salaries	\$12,202,384	\$14,081,855	\$1,879,471	15.4
Benefits	\$7,746,473	\$7,834,775	\$88,302	1.1
Professional Services	\$4,595,634	\$3,603,187	(\$992,447)	-21.6
Misc - Training, Leases, Equip Rent, etc.	\$833,630	\$878,526	\$44,896	5.4
Vehicle Replacement and Maintenance	\$1,460,941	\$1,463,769	\$2,828	0.2
Utilities	\$6,822,229	\$8,685,904	\$1,863,675	27.3
Operational Supplies	\$4,624,335	\$4,624,713	\$378	0.0
Information Technology	\$1,204,863	\$1,307,148	\$102,285	8.5
Total Liab/Property Insurance	\$1,789,829	\$1,594,529	(\$195,300)	-10.9
Debt Service	\$271,583	\$0	(\$271,583)	-100.0
Internal & External Overhead	\$3,885,056	\$4,203,943	\$318,887	8.2
Capital Outlay	\$14,000	\$0	(\$14,000)	-100.0
Total 1631 - Regional Operations	\$48,131,696	\$53,419,287	\$5,287,591	11.0

Increases/Reductions

- Salaries & Benefits - \$1.9M
 - 4% COLA + 5% Equity related to class & comp study applied Citywide
 - Potential re-classifications and potential additional positions
- Professional Services – (\$992k)
 - Last year budgeted increased costs for Lystek due to uncertainty on biosolid land application
- Utilities - \$1.9M
 - Anticipating higher electricity consumption at higher rates
 - Should be mitigated to some extent once new UV system is operational
- Operating Debt Service – (\$240K)
 - Interfund loans for purchase of biosolid land application sites now paid off
- Operations & Maintenance Projects - \$2.5M
 - Relied on carryover budget last year.
 - Belt press rehab, consumables for UV disinfection, and lime for biosolid land application

Regional Budget



Regional Reserves

as of June 30, 2024

- **Operating**
 - \$6,677,997
- **Catastrophic**
 - \$1,700,000
- **Partner Agency Refund Reserve**
 - \$2,853,199

<i>Refund Reserve</i>	Santa Rosa	Rohnert Park	Cotati	Sebastopol	SPCSD	Total
2014-2015	\$0.00	\$727,418.87	\$11,015.71	\$78,611.94	\$132,955.24	\$950,001.76
2015-2016	\$2,516,050.87	\$401,559.29	\$63,410.62	\$193,872.73	\$162,171.68	\$3,337,065.19
2016-2017	\$791,021.99	\$785,048.90	\$148,989.30	\$82,461.70	\$118,057.73	\$1,925,579.62
2017-2018	\$4,209,021.16	\$199,493.31	\$99,461.11	\$90,918.22	\$105,412.63	\$4,704,306.43
2018-2019	\$1,681,886.86	(\$439,231.74)	(\$134,896.25)	\$67,040.31	(\$48,200.46)	\$1,126,598.72
2019-2020	\$4,229,712.03	\$1,121,685.20	(\$219,815.33)	\$231,470.53	\$213,981.67	\$5,577,034.10
2020-2021	(\$12,835,572.23)	\$22,620.47	(\$64,019.98)	(\$37,359.51)	\$67,320.27	(\$12,847,010.98)
2021-2022	(\$1,234,908.12)	(\$835,369.67)	(\$45,819.37)	(\$114,261.10)	\$69,371.15	(\$2,160,987.11)
2022-2023	\$2,867.35	\$174,870.18	\$38,872.21	(\$89,283.05)	\$113,285.00	\$240,611.69
2023-2024	\$4,103,746.91	\$1,426,169.19	\$140,076.56	\$160,481.60	\$133,155.99	\$5,963,630.25
Totals	\$3,463,826.82	\$3,584,264.00	\$37,274.58	\$663,953.37	\$1,067,510.90	\$8,816,829.67

Miscellaneous Revenues

Regional Miscellaneous Revenues			
		2024/25	2025/26
		Budgeted	Projected
4511	Property Rentals	\$120,000	\$128,117
4521	Interest on Pooled Investments	\$285,000	\$1,000,000
4635	Sale of Water (recycled) - Retail	\$350,000	\$550,000
4638	Laboratory Services	\$70,000	\$55,000
4639	Tipping Fees	\$3,600,000	\$3,800,000
4690	Miscellaneous Fees and Charges	\$30,000	\$80,000
4853	Miscellaneous	\$10,000	\$90,000
4434	SCWA - Acceptance of Recycled Water	\$1,000	\$1,000
4443	Town of Windsor - Geysers and Environmental Compliance	\$1,086,207	\$1,120,690
	Total	\$5,552,207	\$6,824,807

Fund Summary/Agency Contribution

Fund Summary 2025/26	
	2025/26 Budget
Operating Expenditure Request	\$53,419,287
Regional WW Capital (Cash funded CIP)	\$12,000,000
Additional Operating Reserve needed	\$878,951
Expenditures Change in Operating Reserve	\$66,298,238
Regional System Reserves for 2025/26	
	\$8,012,893
Geysers Reserves	\$1,250,000
Catastrophic Reserve	\$1,700,000
User Agency Reserve	\$5,000,000
	\$15,565,313
Agency Contribution Calculation:	
Expenditures Change in Operating Reserve	\$66,298,238
Less Revenue	(\$6,824,807)
Fund Balance Applied	\$0
Agency Contribution	\$59,473,431

Regional Partner Allocations FY 2025/26

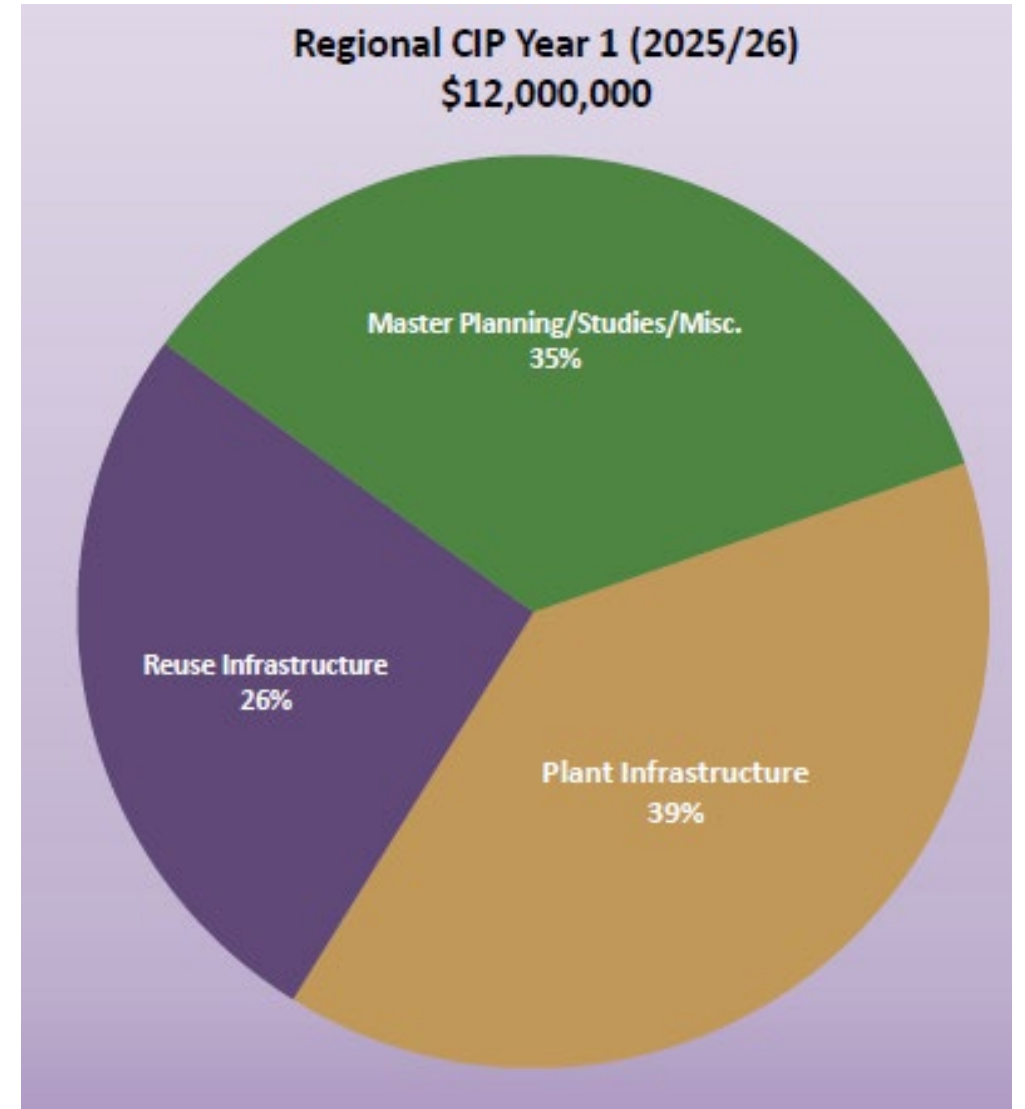
	Total 2024/25	2025/26 Budgeted O&M	2025/26 CIP Contribution	2025/26 Debt Service	Total 2025/26	Difference	%
Santa Rosa	\$55,843,336	\$34,868,469	\$8,491,200	\$13,953,227	\$57,312,896	\$1,469,560	2.63%
Rohnert Park	\$13,402,773	\$8,475,613	\$2,364,000	\$2,842,840	\$13,682,453	\$279,680	2.09%
Sebastopol	\$2,133,549	\$1,115,630	\$391,200	\$447,059	\$1,953,889	(\$179,660)	-8.42%
Cotati	\$2,526,356	\$1,543,952	\$354,000	\$661,325	\$2,559,277	\$32,921	1.30%
SPCSD	\$2,170,922	\$1,469,768	\$399,600	\$394,805	\$2,264,173	\$93,251	4.30%
	\$76,076,936	\$47,473,431	\$12,000,000	\$18,299,256	\$77,772,687	\$1,695,751	2.23%

Bond Issuance

- Planning a \$35 million bond issuance to fund the electrical infrastructure replacement at LTP
- Assumption has been built into Santa Rosa's rate modeling as follows:
 - 30-year amortization
 - 5.5% interest rate
 - Estimated debt service payments would be \$2.61 Million per year
 - Estimated annual partner allocations (Same % as CIP):
 - Santa Rosa - \$1.847M
 - Rohnert Park - \$514K
 - SPCSD - \$87K
 - Sebastopol - \$85K
 - Cotati - \$77K

Regional CIP 2025/26

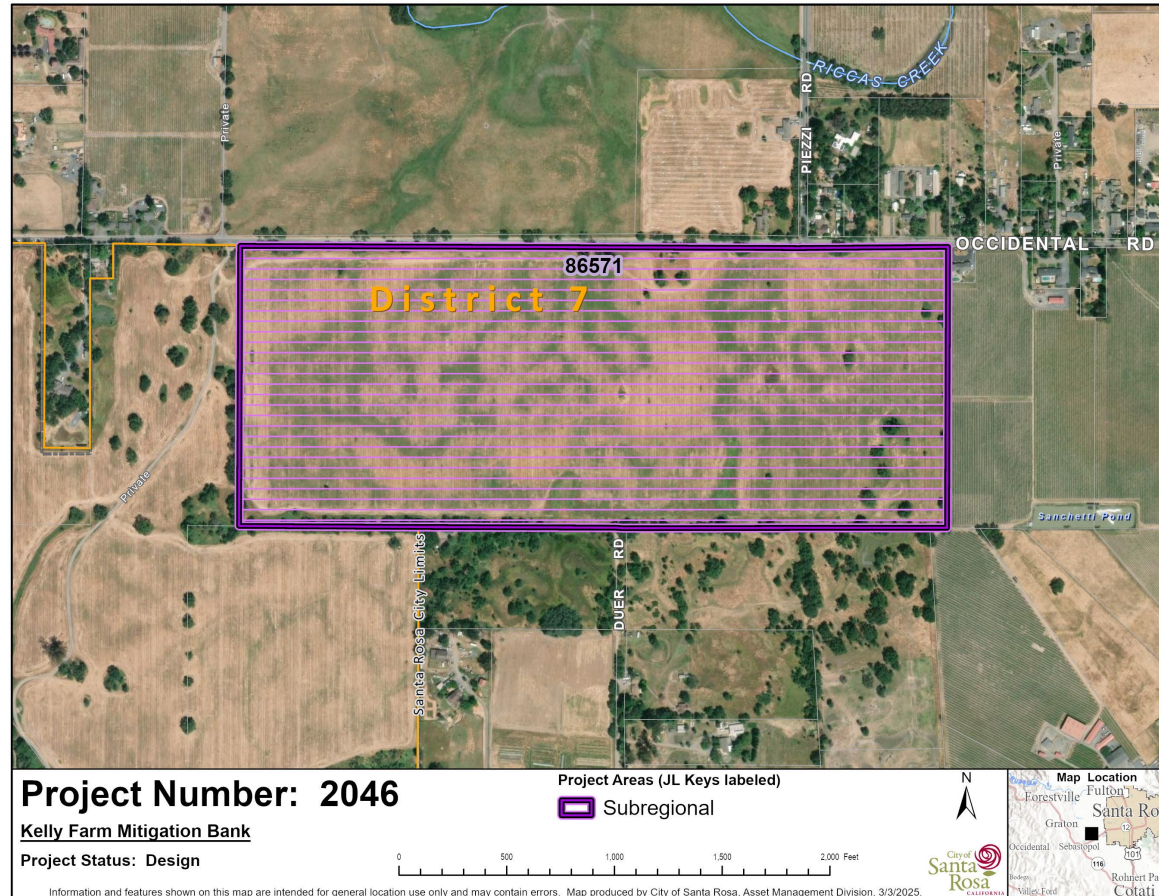
- Plant Infrastructure - \$4,695,000
- Reuse Infrastructure - \$3,139,000
- Master Planning/Studies/Misc - \$4,166,000



Regional CIP Projects

PID 2046 Subregional Mitigation Bank Development

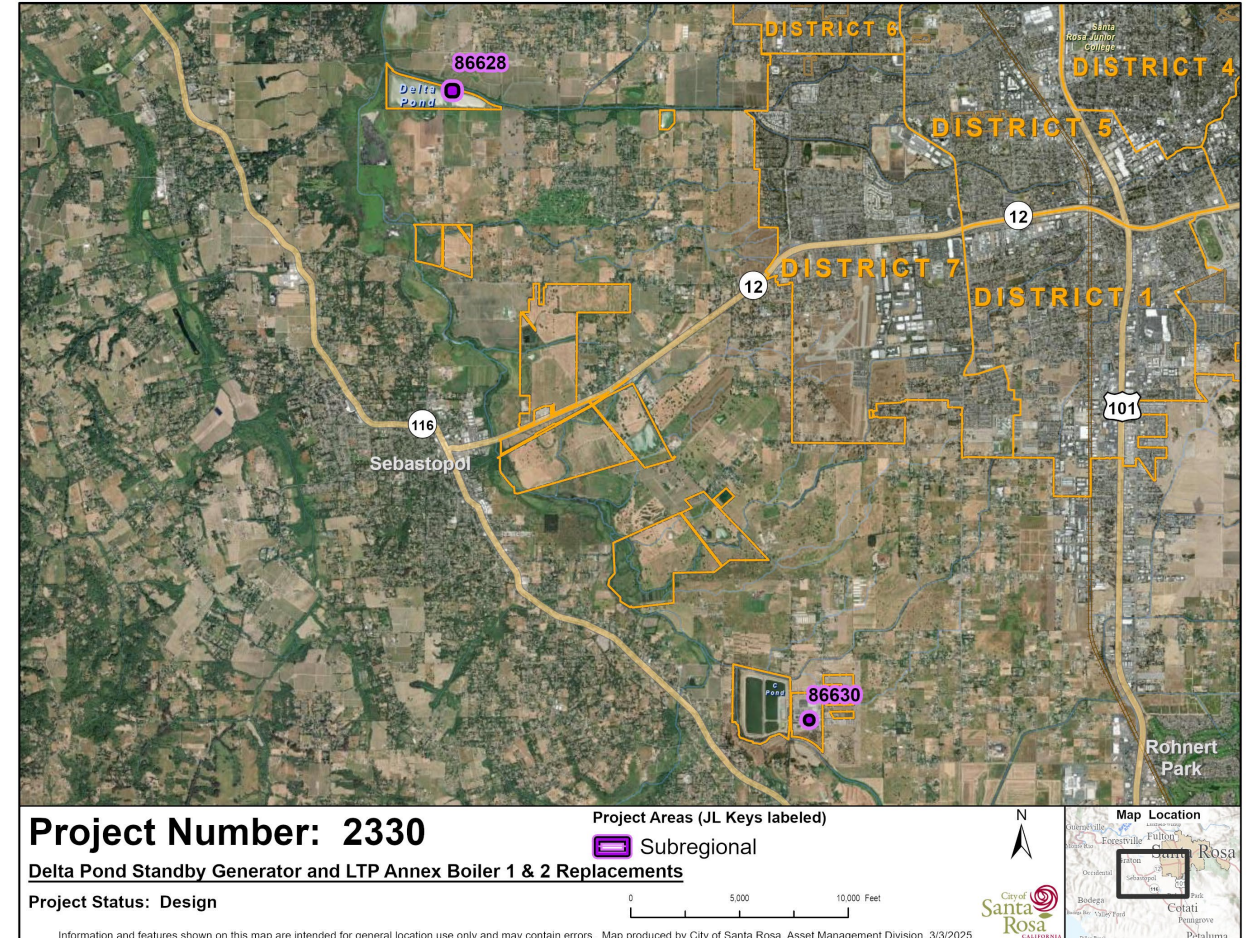
- Creation of ~100 acre California Tiger Salamander (CTS) and wetland mitigation bank
- Cost Estimate: \$7.1M
- Currently in Design
- Construction: Year 1



Regional CIP Projects

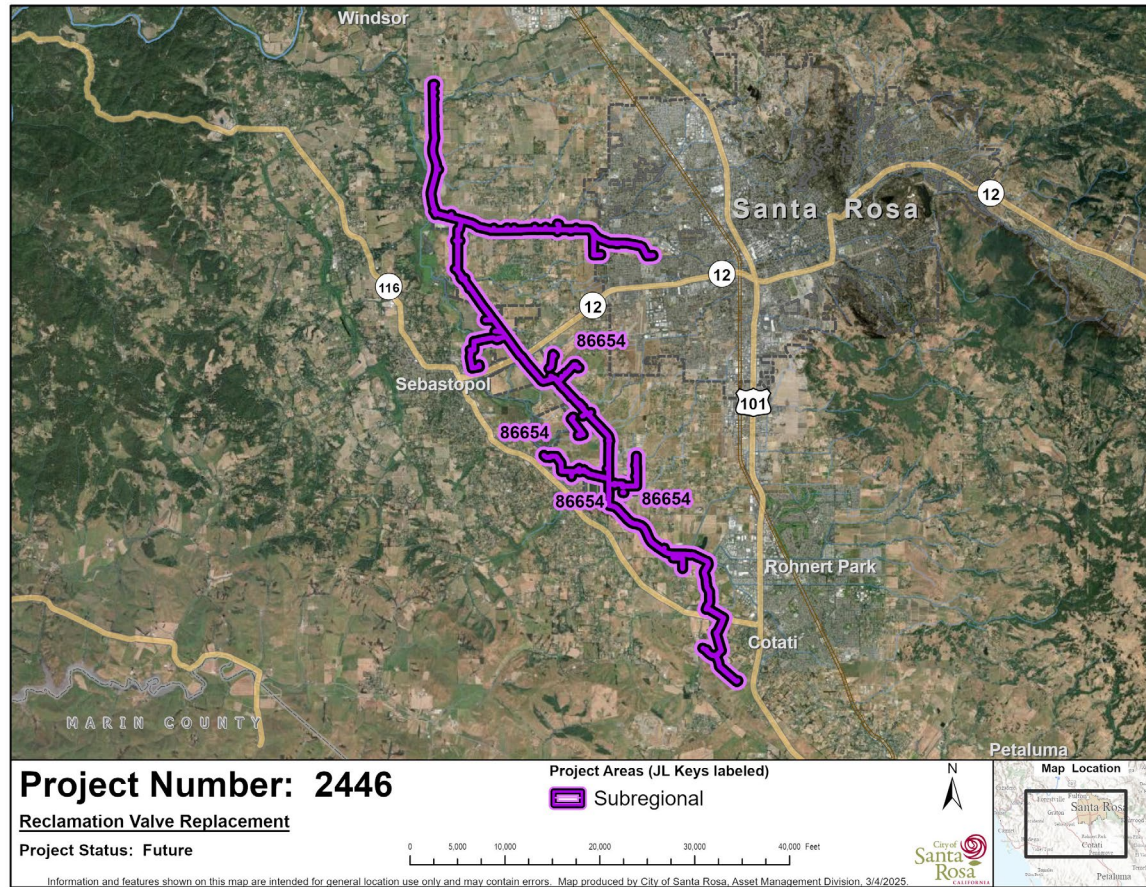
PID 2330 Delta Pond Standby Generator and Process Boiler Replacements

- Construct new emergency generator at Delta Pond
- Replace existing boiler #1 & 2 at the Laguna Treatment Plant
- Cost Estimate: \$4.5M
- Currently in Design
- Construction: Year 1



Regional CIP Projects

PID 2446 Reclamation Valve Replacement



- Replace valves in the Reuse system that have reached the end of their useful life
- Cost Estimate: \$2.3M
- Design: Year 1
- Construction: Year 2

Remaining Budget Schedule

- **City Council – May 6th & 7th**
 - Budget Study Sessions
- **City Council – June 17th**
 - Budget Adoption

Recommendation

It is recommended by the Board of Public Utilities, the Subregional Technical Advisory Committee, and Santa Rosa Water that the Council, by resolution, approve the Preliminary Fiscal Year 2025/26 Regional Water Reuse System Operating and Maintenance, Capital Improvement, and Debt Service Budget and Allocation of Costs for the purpose of notifying the Regional Water Reuse User Agencies of their allocation of such costs by May 1, 2025.

QUESTIONS?