

BPU Budget Subcommittee

Fiscal Year 2024/25 Preliminary Review

February 27, 2024

Nick Harvey
Acting Deputy Director Administration

Fund Overview

- Water
- Wastewater
- Regional
- Storm Water

Water Enterprise Funding

Water Enterprise Fiscal Year 2022-23

- Funded by
 - Rates – \$43.6m
 - Approximately 54,000 water accounts
 - Water usage and fixed rates
 - Varied tiers
 - Fees – \$5.2m
 - Demand fees
 - Miscellaneous fees

Wastewater Enterprise Funding

Wastewater Enterprise Fiscal Year 2022-23

- Funded by
 - Rates – \$70.2m
 - Approximately 50,000 sewer accounts
 - Sewer usage and fixed rates
 - Single tier rate – varies by strength of discharge
 - Fees – \$7.2m
 - Demand fees
 - South Park Sanitation maintenance
 - Miscellaneous fees

Regional Water Reuse Funding

Regional Enterprise

- Funded by five partner agencies
 - Operating costs distributed based on flow
 - Debt service payments are calculated based on when debt was incurred and type of project
 - Capital Improvement Program (CIP) costs distributed per the Partner Agreement
 - Santa Rosa's share is paid by the Wastewater Fund

Storm Water Funding

Storm Water Enterprise

- In 1996, City Council added Title 16 to the City Code creating a storm water enterprise
 - To comply with the MS4 National Pollutant Discharge Elimination System (NPDES) permit requirements
 - To reduce flooding, property damage, erosion, and storm water degradation in the City
- Annual parcel assessment for creek restoration, water quality improvement, and drainage improvements
- Supplemental funding provided by City's General Fund (increasingly limited)
- Capital Improvement Program (CIP) supplemental funding from Capital Facilities Fees, Gas Tax, and Grants

Storm Water Assessment

- Funding used for regulatory compliance
 - Funding is insufficient for infrastructure improvements
- Funding split is Storm Water 47%, Creeks 53%
- Annual escalator based on Consumer Price Index (CPI)
- FY 2023/24 - \$39.98 per equivalent residential unit billed with property taxes by Sonoma County Assessor

Regulatory Requirements

- Water and sewer rate payer funding governed by Proposition 218
 - May not intermingle funds
 - May not subsidize customers
 - Must charge for cost for services
 - Rates approved through public hearing process
- Regional funding
 - Santa Rosa pays from sewer rate payer funds
 - Governed by the Subregional Agreement
- Storm Water funding
 - Allowed for both Storm Water and Creeks
 - Vote required to increase other than approved CPI

Annual Budget - Water Enterprises

- 2023/24
- \$169 M
 - \$103M Operations & Maintenance (O&M)
 - \$38M Capital Improvement Projects (CIP)
 - \$28M Debt Service
 - Majority of debt service in the Regional Fund

■ Water (Distribution)

■ Wastewater (Collection)

■ Regional (Reuse)

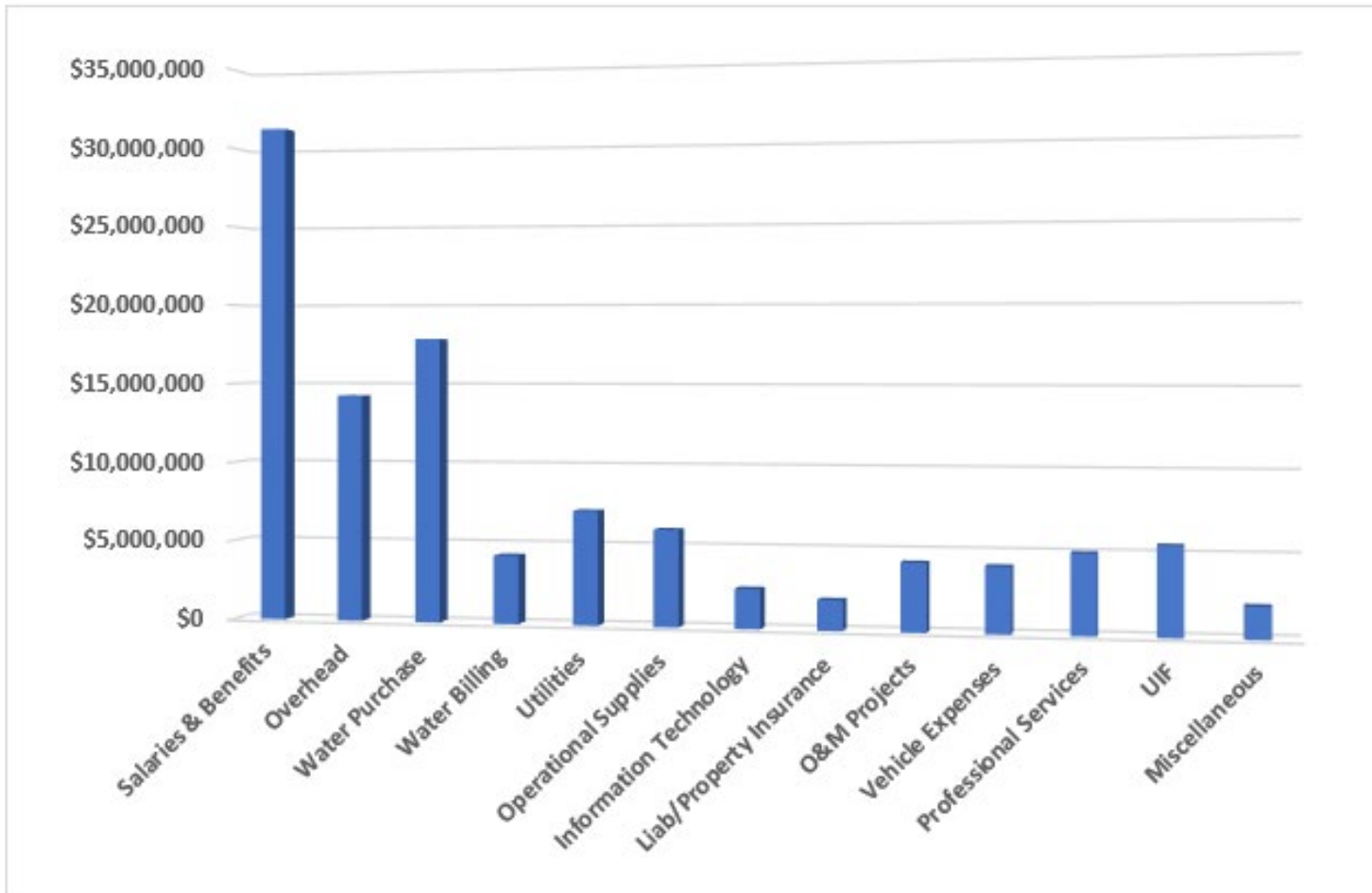


Annual Budget - Storm Water Enterprise

- 2023/24
- \$5.5M
 - \$3.3M Operations & Maintenance (O&M)
 - \$2.2M Capital Improvement Projects (CIP)
 - \$480K Storm Water funded
 - \$1.72M outside funding sources



Water 2023/24 O&M Budget Distribution by Expenses



Total O&M

Water, Wastewater,
Regional
\$102.7M

Storm Water \$3.3M

Budget Overview

Expected/Known Increases

Staff Assumptions

Purchase of Water

Projected Revenues

Reserves

Preliminary CIP Funding

Budget Schedule

Expenditure Increases

- Salary Increases
 - No COLAs per Finance
- Insurance
- Electricity
- Water Purchase
- Software as a Service (SaaS)
- Staffing Changes
 - New Waste Water Treatment Supervisor (Reclamation Supervisor) - Regional
 - New Trucked Waste Coordinator - Regional

Staff Assumptions

- Water and Wastewater use projected to increase 1%
 - 1% growth assumption, flat demand
- Development will stay stable
- Rates will increase per current schedule

	July 2021	July 2022	July 2023	July 2024
Water Usage	2%	3%	3%	4%
Water Fixed	2%	3%	3%	4%
Sewer Usage	2%	2%	2%	2%
Sewer Fixed	2%	2%	2%	2%

Purchase of Water

Volume of water increasing by 1%

- Growth only, no demand increase

Sonoma Water rate increase

- Tentatively 14.57%

Revenue

Water Revenue Increasing

- Increasing volume 1%
- Rate increase 4%

Sewer Revenue Increasing

- Rate increase 2%
- More stable than water due to sewer caps

Regional Revenues

- Trucked waste tipping revenues increasing
- Downward adjustments made to Interest and Miscellaneous Revenues

Reserves

as of June 30, 2023

Water

- **Operating**
 - \$5,223,341
- **Catastrophic**
 - \$5,750,000
- **Undesignated**
 - \$14,892,243
 - **(\$6.4 Million)**

Wastewater

- **Operating**
 - \$1,846,792
- **Catastrophic**
 - \$6,800,000
- **Undesignated**
 - \$13,684,695
 - **(\$3.4 Million)**
- **Rate Stabilization**
 - \$1,000,000

Regional

- **Operating**
 - \$6,053,551
- **Catastrophic**
 - \$1,700,000
- **Refund Reserve**
 - \$2,853,197
 - +\$240,612
- **Geysers**
 - \$1,250,000

CIP Funding

- Planned Funding
 - Water - \$15,068,705
 - Wastewater - \$13,910,415
 - Regional - \$11,000,000

Budget Schedule

- **BPU** – March 21st
 - Sonoma Water Rate Increase
- **City Council** – March 26th
 - Sonoma Water Rate Increase
- **Regional Partners** – February 9th, March 14th & 3rd meeting (TBD) if needed
- **BPU Budget Subcommittee** – March 19th
- **BPU** – March 21st
 - O&M, CIP and Regional Study Session
- **BPU** – April 4th
 - Budget Recommendation to City Council
- **City Council** – April 16th
 - Preliminary approval of Regional Budget
- **City Council** – May 7th & 8th
 - Budget Study Sessions
- **City Council** – June 18th
 - Budget Adoption Hearings

DISCUSSION / QUESTIONS?

CONNECT WITH US!

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