

Sonoma County Water Agency Proposed Fiscal Year 2025/26 Water Transmission Budget and Rate Increase

Board of Public Utilities Meeting
March 6, 2025

Nick Harvey, Deputy Director Administration



OUR FUTURE IN EVERY DRÖP



Sonoma Water

Clean. Reliable. Essential. Every day.

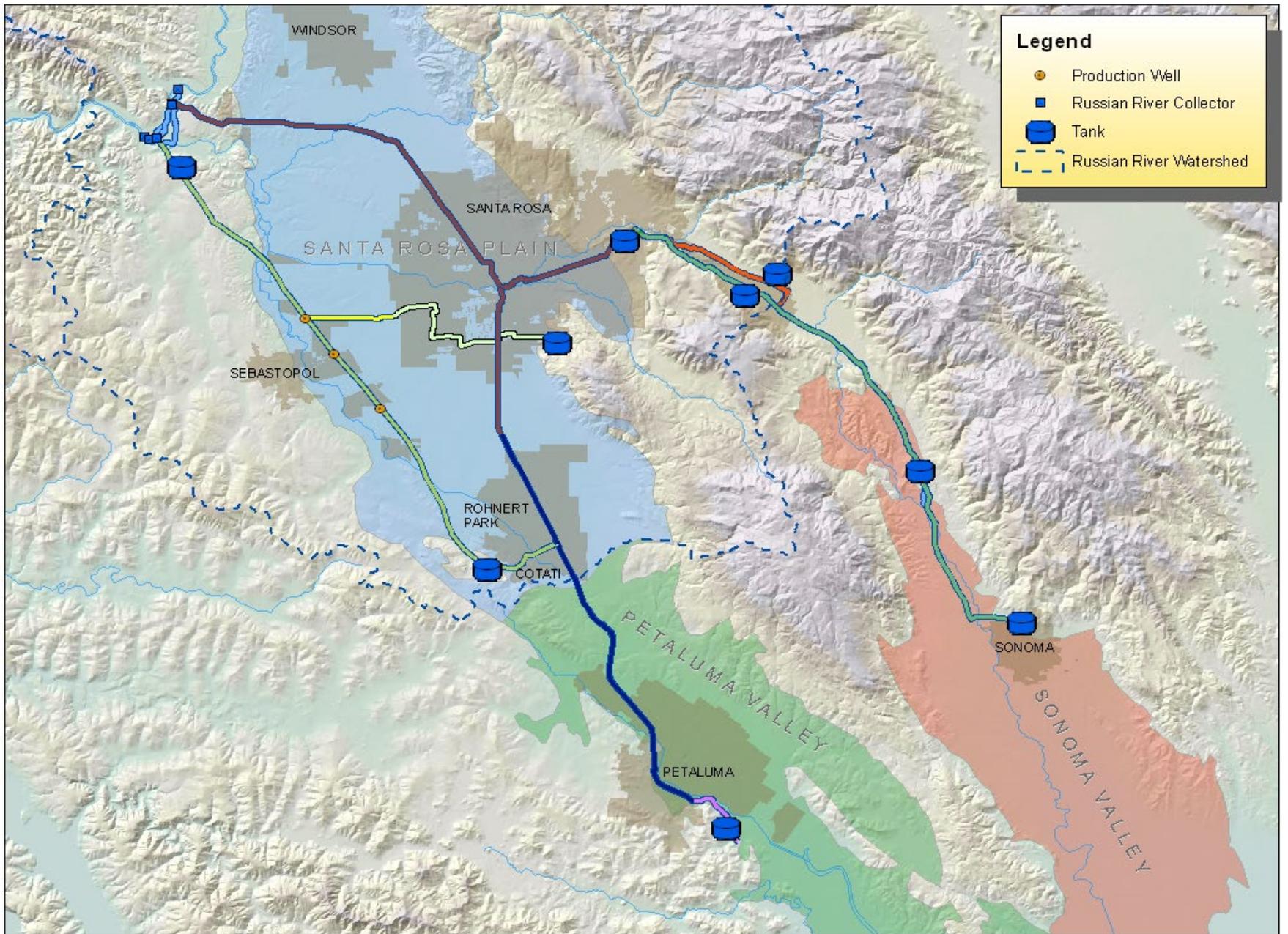
FY 2025-2026 Proposed Budget and Rates Water Transmission System

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Transparent and collaborative process to bring rates to Board of Directors by end of April

Technical
Advisory
Committee
(Jan-March)

Water
Contractor
Boards &
Councils
(March)

Water
Advisory
Committee
(April)

Sonoma
Water Board
of Directors
(April)



Sonoma
Water



NORTH MARIN
WATER DISTRICT



Budget includes multiple water transmission system activities and funds

- Operations and Maintenance
- Four Subfunds
- Five Capital Funds
- Debt Service Funds



Asset Condition Assessment

- majority of facilities are now 45-65 years old
- 40% of our infrastructure assets currently have only 10 – 20% of their useful life remaining
- Consequence of failure is high



Highlights of Sonoma Water and Water Contractor Achievements and Collaborations

- Santa Rosa Plain Wells
- Regional Water Supply Resiliency
- Hazard Mitigation Projects
- Sonoma-Marín Saving Water Partnership – Drought Resiliency
- Water Education Program
- Dry Creek Habitat Enhancement



Highlights of Programs Funded from Other Sources

- Forecast Informed Reservoir Operations
- Advanced Quantitative Precipitation Information Systems
- Quagga and Zebra Mussels



\$8.31 million budgeted for hazard mitigation projects to reduce risks

Ely BPS Flood Control & Electrical Upgrade

River Diversion Structure (RDS) Upgrade Project

Santa Rosa Creek Crossing

Seismic Retrofit of Storage Tanks

Wilfred Booster Station

\$9.97 million budgeted for other capital projects to increase resiliency

Kawana-Ralphine SBS Pipeline

Mirabel Collector Wells Pump Hoist Upgrades

Mirabel/Wohler Storage Building

Occidental Road and Sebastopol Road Wells

Ralphine Tanks Flow Thru Conversion

Todd Rd Well Discharge Connection

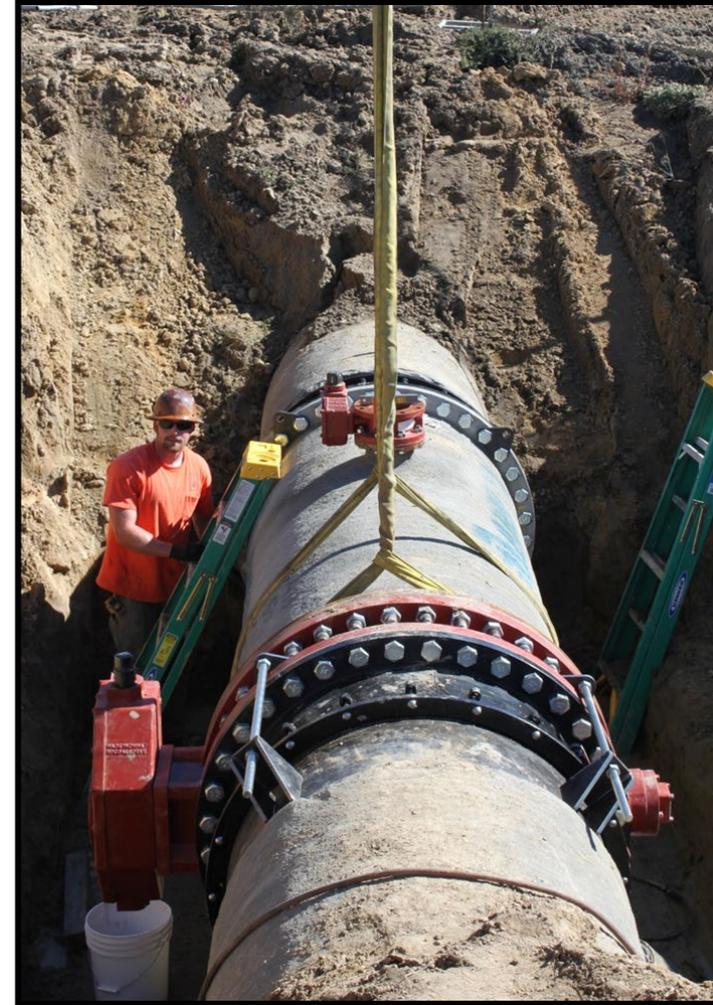
Warm Springs Dam Hydropower Retrofit

Water Treatment System Modernization Phase 1

Water Treatment System Modernization Phase 3

Total FY25-26 Capital Budget
including Hazard Mitigation Projects:

\$18.28M



\$45.87 million budgeted for operations and maintenance to protect, improve and maintain system reliability

Projects

Aqueduct Cathodic Protection

Pump 9 Replacement

Emergency Inventory Procurement

SCADA Improvements

Tank Recoats & Tank Maintenance Programs

Studies

Arc Flash Studies

Asset Management Plan

Cathodic Protection Assessment

Regional Water Supply Resiliency Implementation

Transmission System Master Plan, Modeling & Condition Assessments

Programs



\$8.80 million for Biological Opinion, Water Supply Planning and Water Conservation



**IS YOUR TOILET RUNNING?
BETTER CATCH IT!**

A leaky toilet is no joke and could cost you a lot of \$\$\$

TAKE THE DYE TAB CHALLENGE

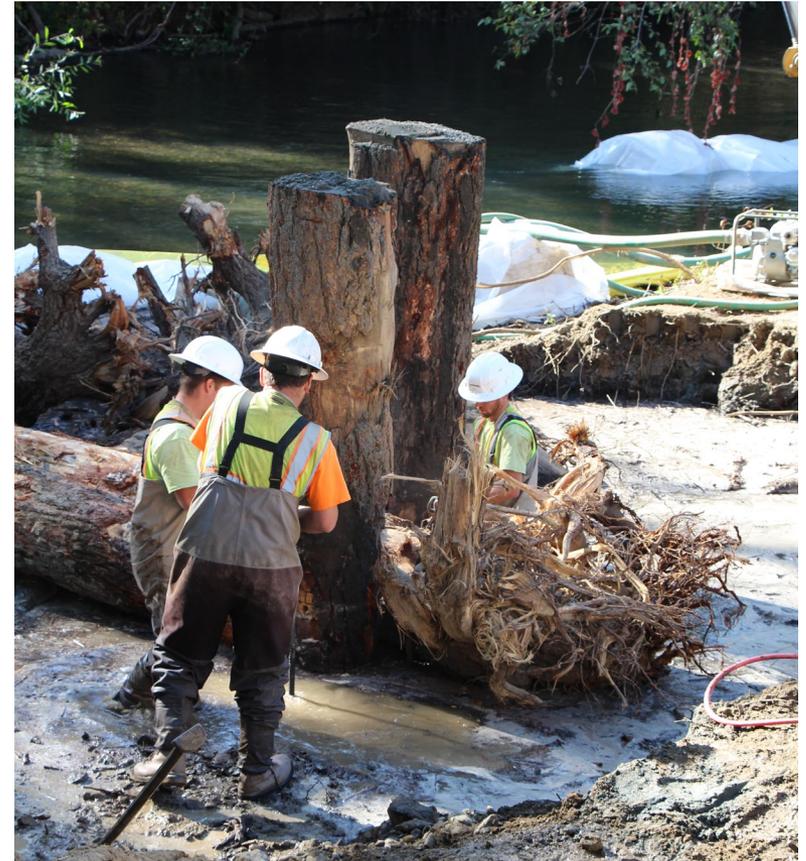
Test your toilet(s) to see if you have a sneaky leak.

SHARE YOUR RESULTS

Visit us online to enter your toilet test results and be entered to win a \$25 gift card.



SavingWaterPartnership.org/challenge



Expenditures compared to FY 24-25

	FY24-25	FY25-26	
	Budget (in Millions)	Budget (in Millions)	Change (in Millions)
Operations and Maintenance	\$45.41	\$45.87	\$.46
Capital Projects	\$15.66	\$18.28	\$2.62
BO Compliance, Water Supply Planning, Water Conservation	\$7.53	\$8.80	\$1.27
Debt Service	\$5.83	\$9.07	\$3.25
Totals	\$74.43	\$82.02	\$7.60

Grants, Use of Fund Balance,
and Bond Proceeds

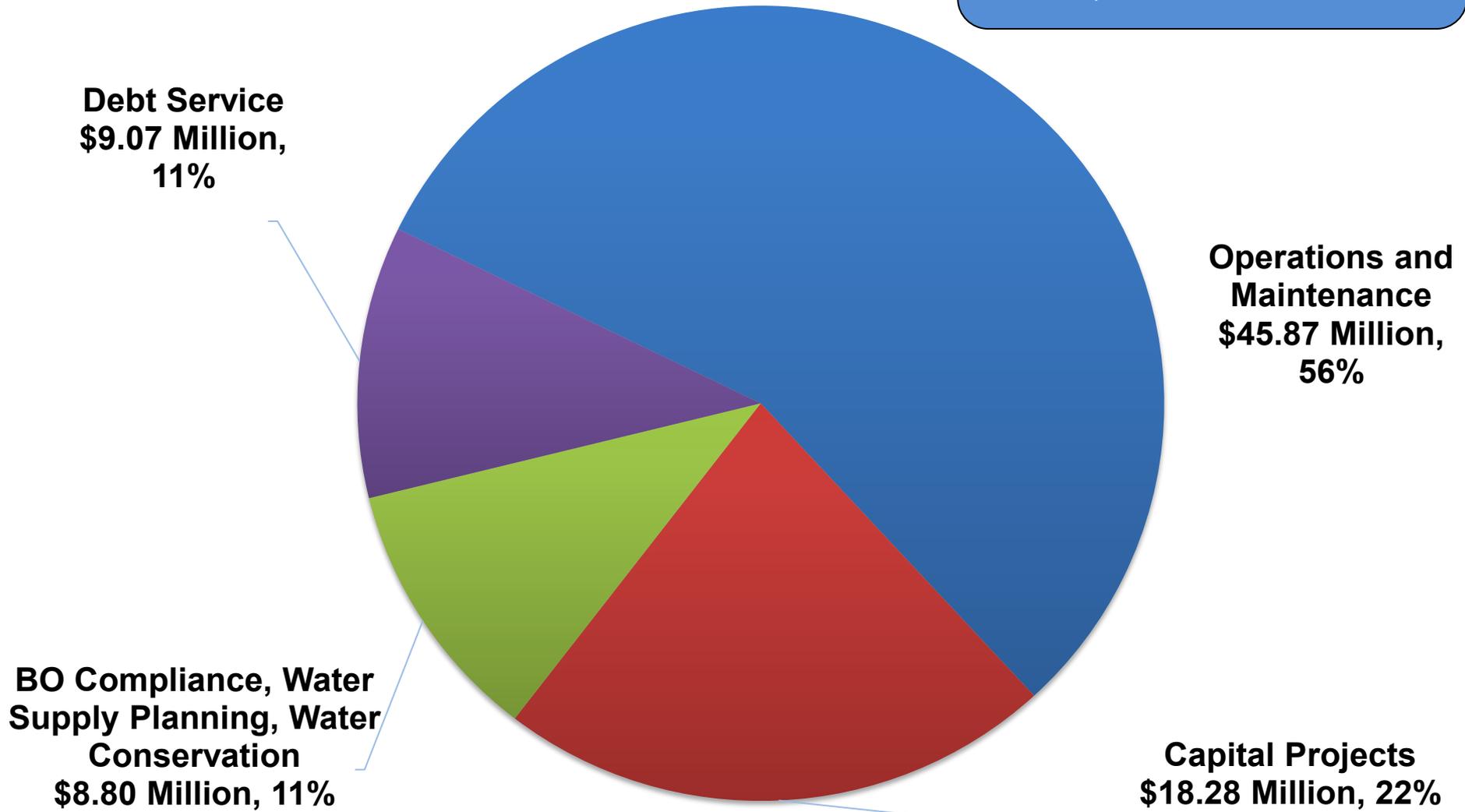
\$18.13

\$21.34

\$3.21

FY 25-26 Budgeted Expenditures

Grants, Bond Proceeds,
and Use of Fund Balance
\$21.34 Million



Example of how rates are calculated

$$\frac{\$59,370,000}{42,407 \text{ AF}} = \$1,400/\text{Acre Foot}$$

↑ Water Sold: Restructured Agreement requires use of the Lesser of:

42,407 AF

or

44,530 AF

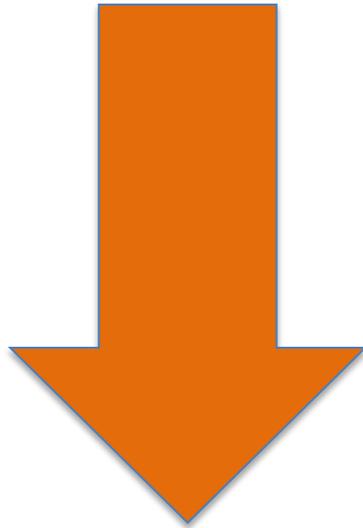
Deliveries and Rates

Due to the prescribed fully volumetric rate, budgeted deliveries have a significant impact on rate increases.

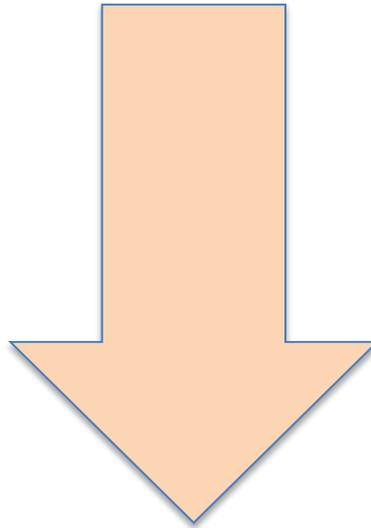
Scenario	Deliveries	Rate Increase (SR AQ)	Rate Increase (PET AQ)	Rate Increase (SON AQ)
3-Year Annual Ave (FY25/26 Budget)	42,407	8.68%	10.76%	7.60%

500 AF of deliveries = ~ 1.3% change to rate increase

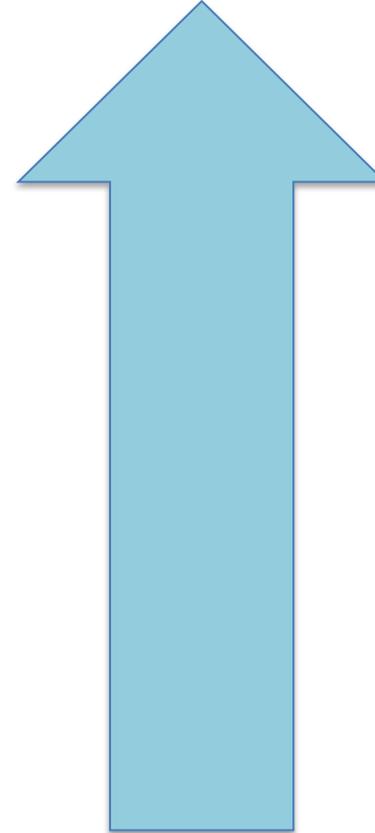
Steps taken to reduce budget and rate



Deferred or reduced budget year non-routine maintenance projects by \$11.31 million



Deferred budget year capital projects by \$5.37 million and \$87.93 million in capital costs originally scheduled for FY26/27 and FY27/28.



Use of grants, bond proceeds, and fund balance = \$21.34 million

Result:

Rate increase dropped from over 40% to:

SR AQ - 8.68%

Pet AQ – 10.76%

Son AQ - 7.60%

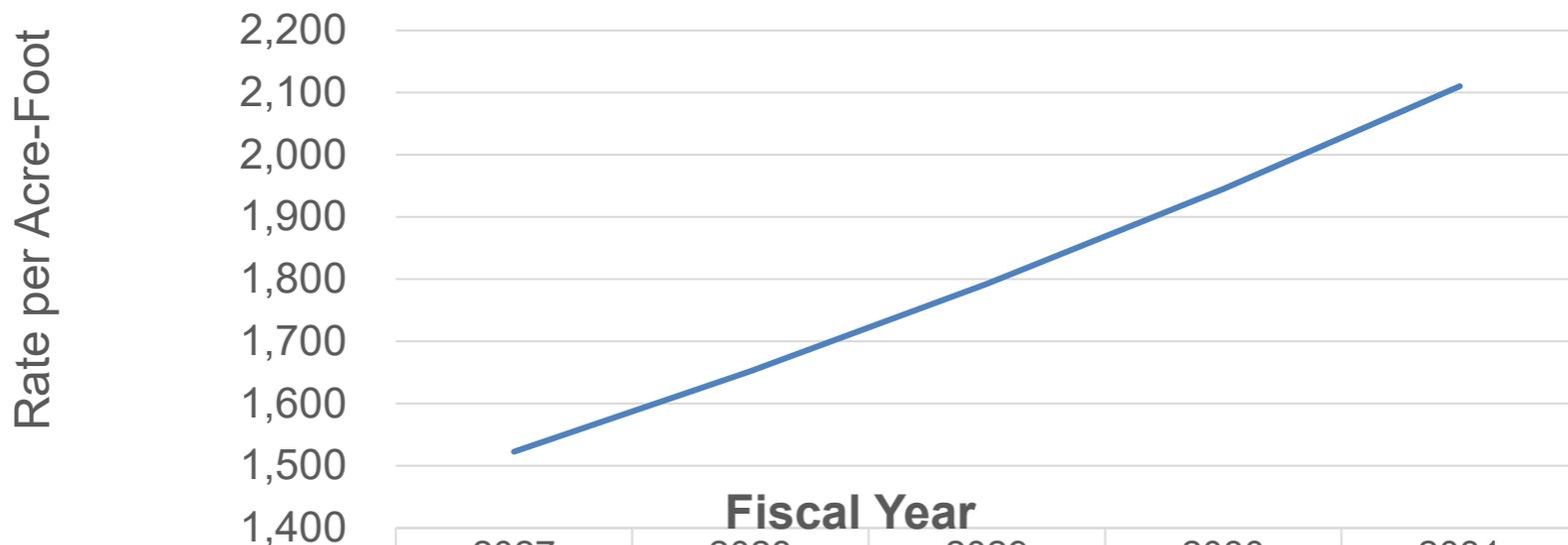
Total cost per gallon is \$0.004

Proposed Rates for FY 25-26

Charge / Aqueduct	Santa Rosa	Petaluma	Sonoma
Deliveries (Acre-Feet)	42,407		
O&M	\$1,029.16	\$1,029.16	\$1,029.16
Water Management Planning	\$4.57	\$4.57	\$4.57
Watershed Planning & Restoration	\$45.71	\$45.71	\$45.71
Recycled Water and Local Supply	\$0.14	\$0.14	\$0.14
Water Conservation	\$63.83	\$63.83	\$63.83
Total O&M	\$1,143.41	\$1,143.41	\$1,143.41
Storage & Common Bond/Loan Charges	\$246.45	\$246.45	\$246.45
Petaluma Aqueduct Bond/Loan Charge		\$15.66	
Sonoma Aqueduct Bond/Loan Charge			\$144.56
<i>Prime Contractors</i>	\$1,389.86	\$1,405.52	\$1,534.42
<u>Discretionary Charges</u>			
Capital Charges - to build fund balance for future projects	\$11.00	\$10.00	\$34.90
<i>Prime Contractors</i>	\$11.00	\$10.00	\$34.90
<i>Total Prime Contractors</i>	\$1,400.86	\$1,415.52	\$1,569.32
Total Overall Increase:	8.68%	10.76%	7.60%

Long Range Financial Plan

Example Santa Rosa Aqueduct Rate Scenario

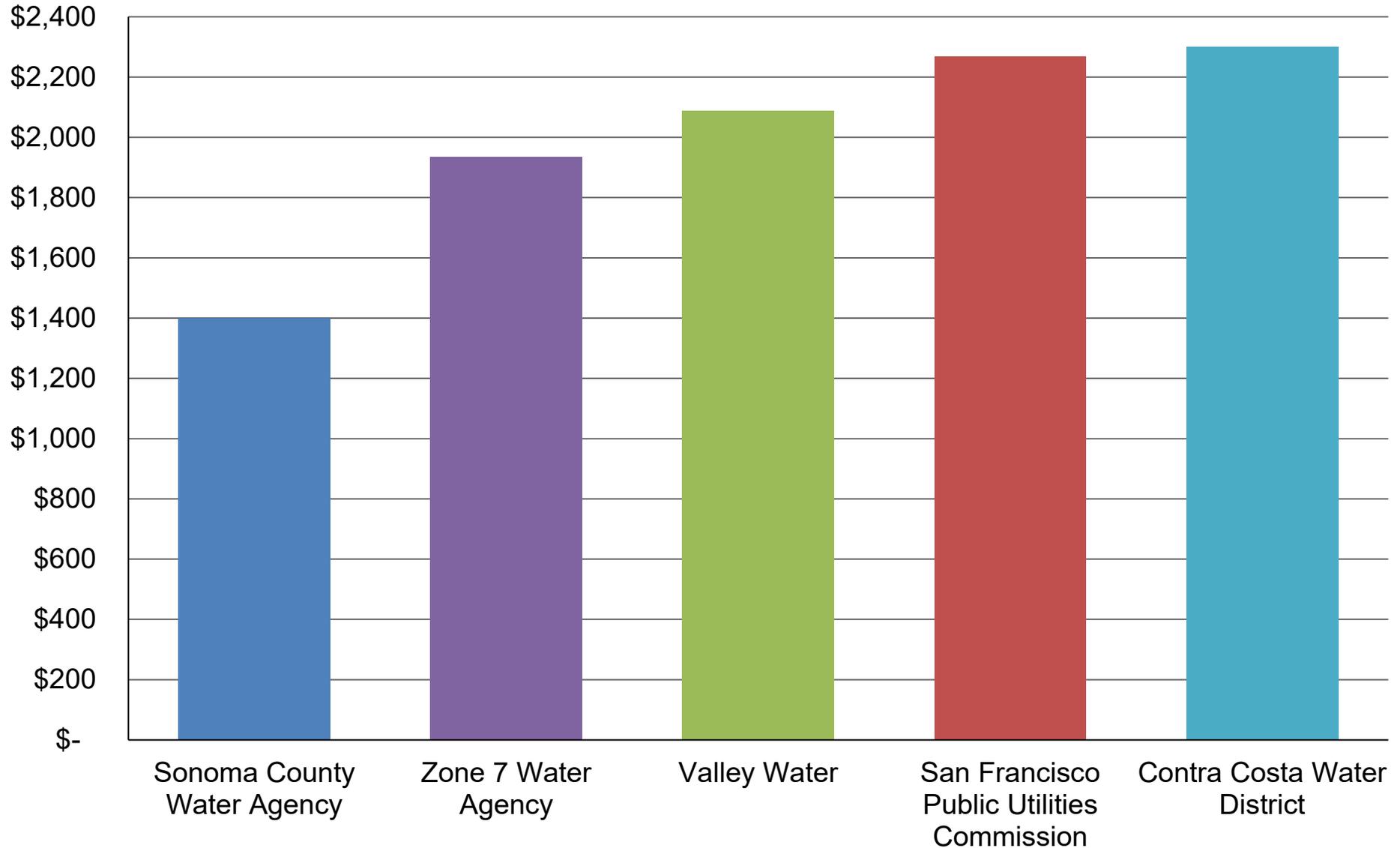


	Fiscal Year				
	2027	2028	2029	2030	2031
Estimated Rate per Acre-Foot	1,523	1,652	1,793	1,945	2,110
Estimated Rate Increase	8.7%	8.7%	8.7%	8.7%	8.7%

- Assumes Water Demand Growth of 1% based on FY 2025 Budgeted Deliveries of 41,847 AF. Santa Rosa AQ Deliveries: 16,500 AF to 17,120 AF. Higher Deliveries would reduce rates.
- Estimated 5% growth in O&M Expenses and 4% growth in capital project costs.
- Estimated FY 2028-2029 Financing: \$114.5 Million.



2025 wholesale water rates per Acre-Foot



Budget and Rate Adoption Schedule

- Technical Advisory Committee Vote – March 3
- Water Advisory Committee Vote – April 7
- Adoption by Sonoma Water's Board – April 22

Sonoma Water Videos

Investing in our infrastructure

Available in English and Spanish at
www.youtube.com/@sonomawater/videos

[Value of water: A brief video on the value of our water supply](#)

[We are Sonoma Water: Where your water comes from](#)

[Water storage tank maintenance: A brief video on how we are working to keep our water storage facilities upgraded, reliable for today and future generations](#)

[Maintaining the Sonoma booster station: Keeping the drinking water flowing to Sonoma, Valley of the Moon Water District one booster station at a time!](#)

[Aqueduct corrosion protection program: A brief video on work to combat corrosion in our aqueduct](#)

[Russian River Aqueduct Crossing: Ensuring safe delivery of drinking water](#)



Sonoma
Water

[Dry Creek habitat restoration: Protecting our natural pipeline, habitat](#)



**Sonoma
Water**

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Santa Rosa Water Budget Impacts

- 8.68% Increase = \$1.94m increase
 - Projected 1.1% growth consistent with long range financial plan
- Current long range financial plan incorporates up to 11% increase to wholesale water rates for FY 2025/26
- No additional fund balance needed to absorb rate increase
 - Recommended wholesale water rate pass-through, if adopted, would begin for fiscal year 2026/27



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Santa Rosa Water Customer Impacts

- No additional impacts for FY 2025/26
 - Public hearing for next rate cycle on April 1
 - If adopted would set rates for FY 2025/26 – FY 2029/30 and include wholesale rate pass through
 - Sonoma Water FY2025/26 increase absorbed by assumptions in long range financial plan (up to 11%)
 - Proposed FY2025/26 Water fund budget is returning to planned CIP investment of \$15.5m



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Recommendation

It is recommended by Santa Rosa Water that the Board of Public Utilities consider Sonoma Water's proposed Fiscal Year 2025/26 Water Transmission System budget and rate increase and, by motion, make a recommendation to the City Council regarding the Council's direction to its Water Advisory Committee (WAC) representative for the April 7, 2025 WAC vote on Sonoma Water's proposed 2025/26 Water Transmission System Budget and rate increase.



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Questions?



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