

# 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
  - 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)

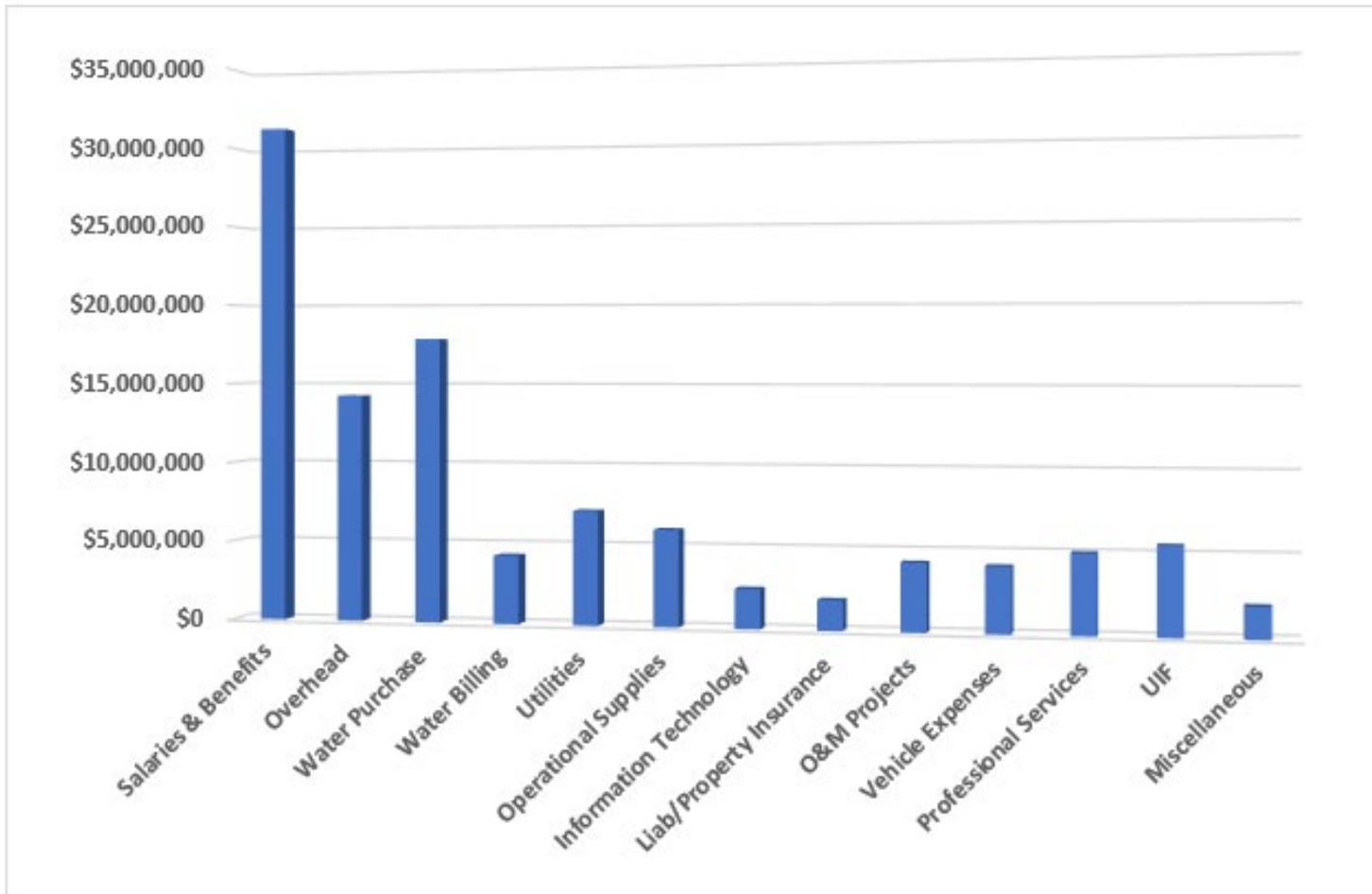


# Annual Budget - Storm Water Enterprise

- 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

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Expected/Known Increases

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Staff Assumptions

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Purchase of Water

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Projected Revenues

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Reserves

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Preliminary CIP Funding

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Budget Schedule

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# Expenditure Increases

- Salary Increases
  - No COLAs per Finance
- Insurance
- Electricity
- Water Purchase
- Software as a Service (SaaS)
- Staffing Changes
  - New Utility Systems 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
<b>Water Usage</b>	2%	3%	3%	4%
<b>Water Fixed</b>	2%	3%	3%	4%
<b>Sewer Usage</b>	2%	2%	2%	2%
<b>Sewer Fixed</b>	2%	2%	2%	2%

# Purchase of Water

Volume of water increasing by 1%

- Growth only, no demand increase

Sonoma Water rate increase

- Tentatively 9.88%

# 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 - TBD
  - Wastewater - TBD
  - Regional - TBD

# Budget Schedule

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

# DISCUSSION / QUESTIONS?

# CONNECT WITH US!

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