



Sonoma Water

Clean. Reliable. Essential. Every day.

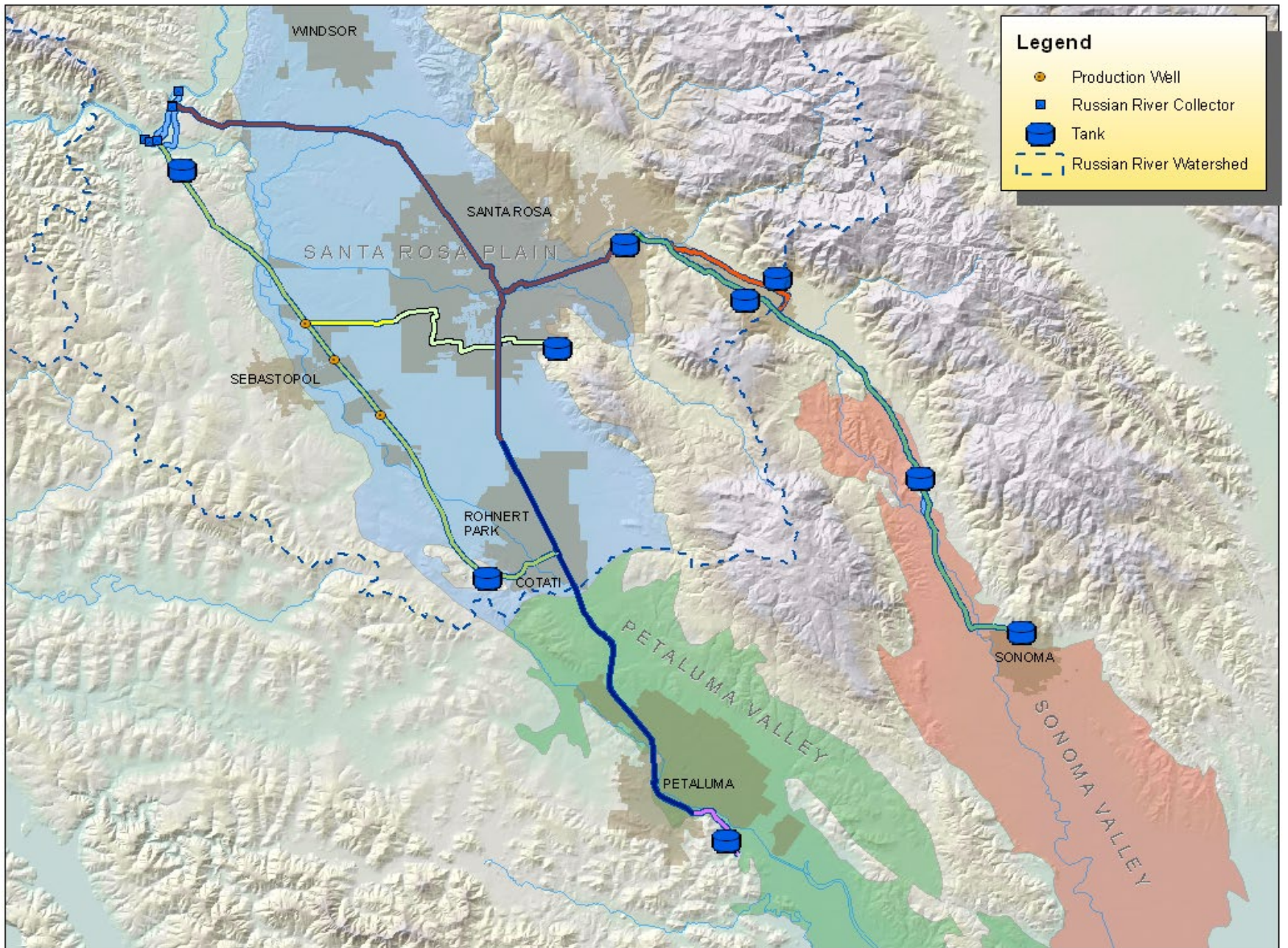
FY 2024-2025 Proposed Budget and Rates Water Transmission System

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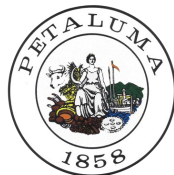
Transparent and collaborative process to bring rates to Board of Directors by end of April

Technical
Advisory
Committee
(Jan-March)

Water
Contractor
Boards &
Councils
(March)

Water
Advisory
Committee
(April)

Sonoma
Water Board
of Directors
(April)



Budget includes multiple water transmission system activities and funds

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



Challenges

- Fully Volumetric Rate
- Low Water Deliveries
- Aging Infrastructure
- Maintenance Needs
- Increased Repairs
- Natural Hazard Vulnerabilities



\$8.46 million budgeted for hazard mitigation projects to reduce risks

Bennett Valley Fault Crossing

Ely Booster Pump Station Flood Mitigation

Collector 3 and 5 Liquefaction Mitigation

RDS Pump and Motor Control Center Replacement

Seismic Retrofit of Storage Tanks

Wilfred Booster Station

\$7.20 million budgeted for other capital projects to increase resiliency

Kawana-Ralphine SBS Pipeline

Mirabel/Wohler Storage Building

Mirabel Fiber Resiliency

Occidental Road and Sebastopol Road Wells

Ralphine Tanks Flow Thru Conversion

Warm Springs Dam Hydroturbine Retrofit

Water System Treatment Upgrades

Wohler Bridge Fiber Optic Cable



Total FY24-25 Capital Budget
including Hazard Mitigation Projects:

\$15.66M



\$45.41 million budgeted for operations and maintenance to protect, improve and maintain system reliability

Projects

Aqueduct Cathodic Protection

Collector Well, Vault, Pump, Pipeline, Valve Rehabilitations/Replacements

Emergency Inventory Procurement

SCADA Improvements

Tank Recoats & Tank Maintenance Program

Studies

Arc Flash Studies

DeMuth Property Hydrogeologic Investigation

Groundwater Banking Feasibility Study

Regional Water Supply Resiliency Study

Transmission System Master Plan, Modeling & Condition Assessments

Programs

\$7.53 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 23-24

	FY23-24	FY24-25	
	Budget (in Millions)	Budget (in Millions)	Change (in Millions)
Operations and Maintenance	\$40.41	\$45.41	\$5.00
Capital Projects	\$12.28	\$15.66	\$3.39
BO Compliance, Water Supply Planning, Water Conservation	\$9.78	\$7.53	(\$2.25)
Debt Service	\$5.83	\$5.83	\$0.00
Totals	\$68.30	\$74.43	\$6.14

Grants, Use of Fund Balance,
and Bond Proceeds

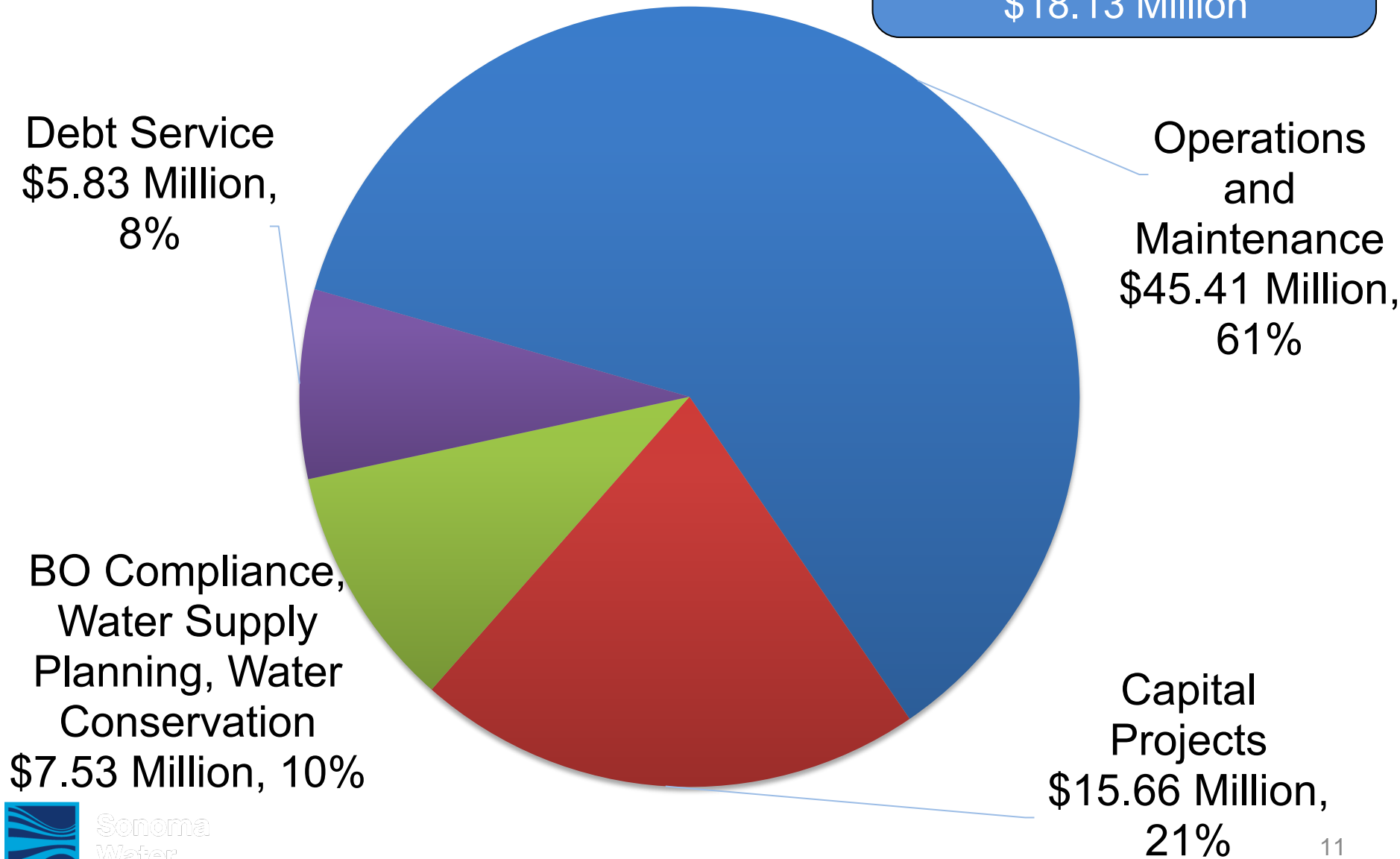
\$18.15

\$18.13

(\$0.02)

FY 24-25 Budgeted Expenditures

Grants, Bond Proceeds,
and Use of Fund Balance
\$18.13 Million



Example of how rates are calculated

$$\frac{\$55,204,000}{42,826 \text{ AF}} = \$1,289/\text{Acre Foot}$$

↑ Water Sold: Restructured Agreement requires use of the Lesser amount. Due to the drought, Sonoma Water recommended and WAC approved using 3-year annual average for FY24/25.

42,826 AF

or

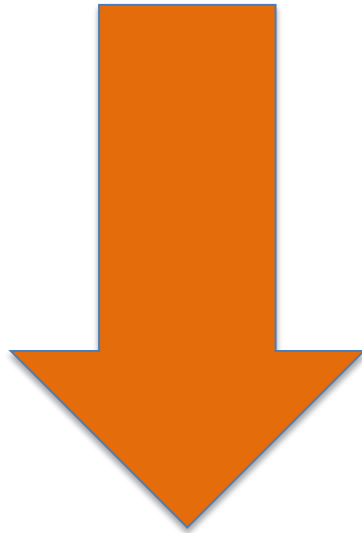
40,844 AF

Deliveries and Rates

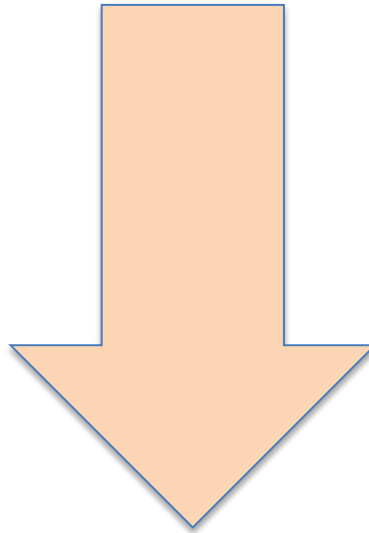
Due to the prescribed fully volumetric rate, budgeted deliveries have a significant impact on rate increases.

Scenario	Deliveries	AF Difference	Rate Increase (SR AQ)
12-Month Actuals	40,844	-1,982	14.58%
3-Year Annual Ave (FY24/25 Budget)	42,826	0	9.88%
44,500 AF	44,500	1,674	5.92%

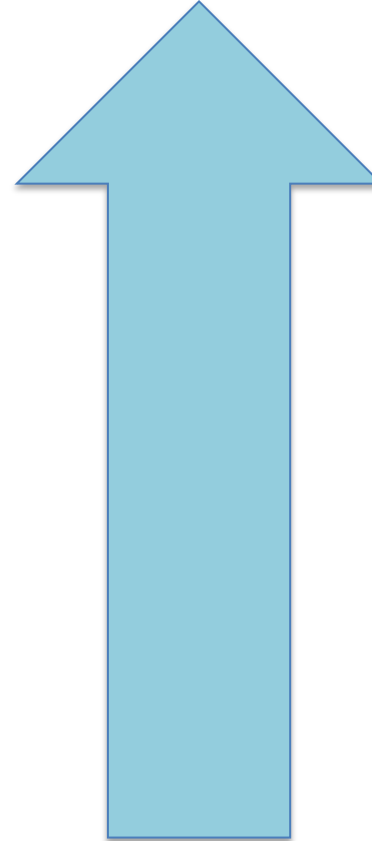
Steps taken to reduce budget and rate



Deferred non-routine maintenance projects = \$8.9 million



Budgeted off the 3-year annual average rather than the 12-month actuals



Use of grants, bond proceeds, and fund balance = \$18.13 million

Result:

Rate increase dropped from over 14.57% to 9.88%

Total cost per gallon is \$0.004

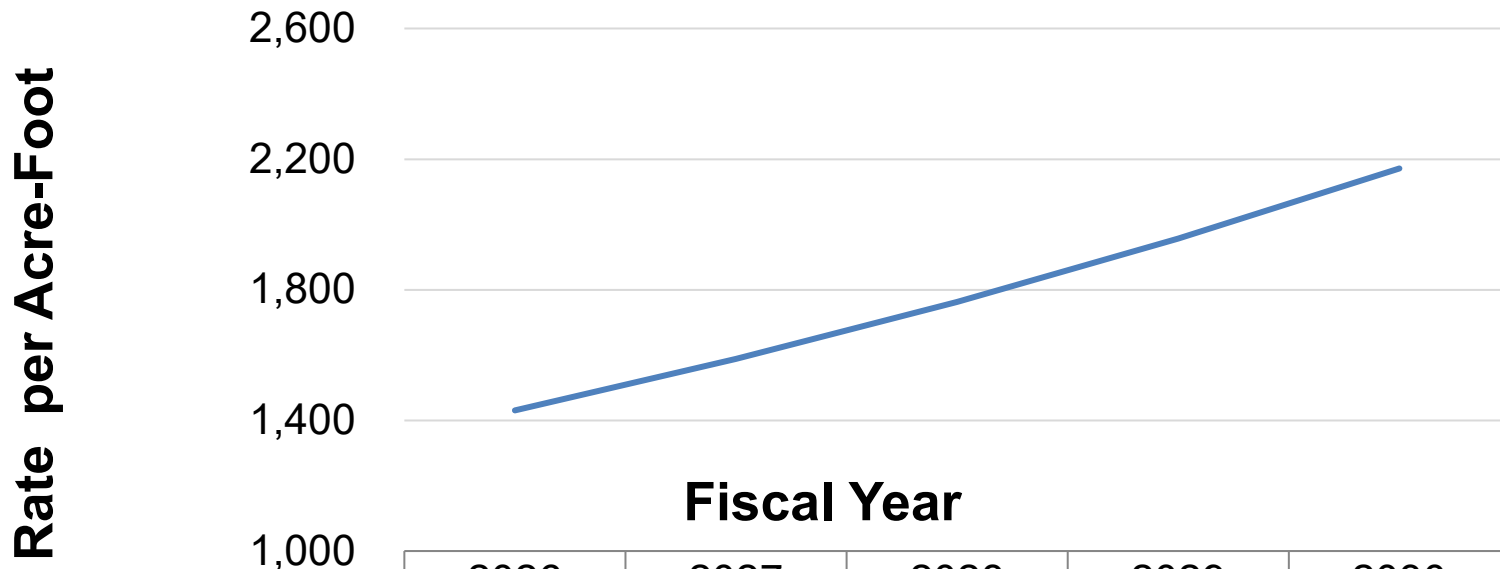


Proposed Rates for FY 24-25

Charge / Aqueduct	Santa Rosa	Petaluma	Sonoma
Deliveries (Acre-Feet)	42,826		
O&M	\$1,015.39	\$1,015.39	\$1,015.39
Water Management Planning	\$0.35	\$0.35	\$0.35
Watershed Planning & Restoration	\$40.04	\$40.04	\$40.04
Recycled Water and Local Supply	\$0.00	\$0.00	\$0.00
Water Conservation	\$59.55	\$59.55	\$59.55
Total O&M	\$1,115.33	\$1,115.33	\$1,115.33
Storage & Common Bond/Loan Charges	\$162.69	\$162.69	\$162.69
Sonoma Aqueduct Bond/Loan Charge			\$145.49
<i>Prime Contractors</i>	\$1,278.02	\$1,278.02	\$1,423,51
<u>Discretionary Charges</u>			
Capital Charges - to build fund balance for future projects	\$11.00	\$0.00	\$34.90
<i>Prime Contractors</i>	\$11.00	\$0.00	\$34.90
<i>Total Prime Contractors</i>	\$1,289.02	\$1,278.02	\$1,458.41
Total Overall Increase:	9.88%	9.98%	8.14%

Long Range Financial Plan

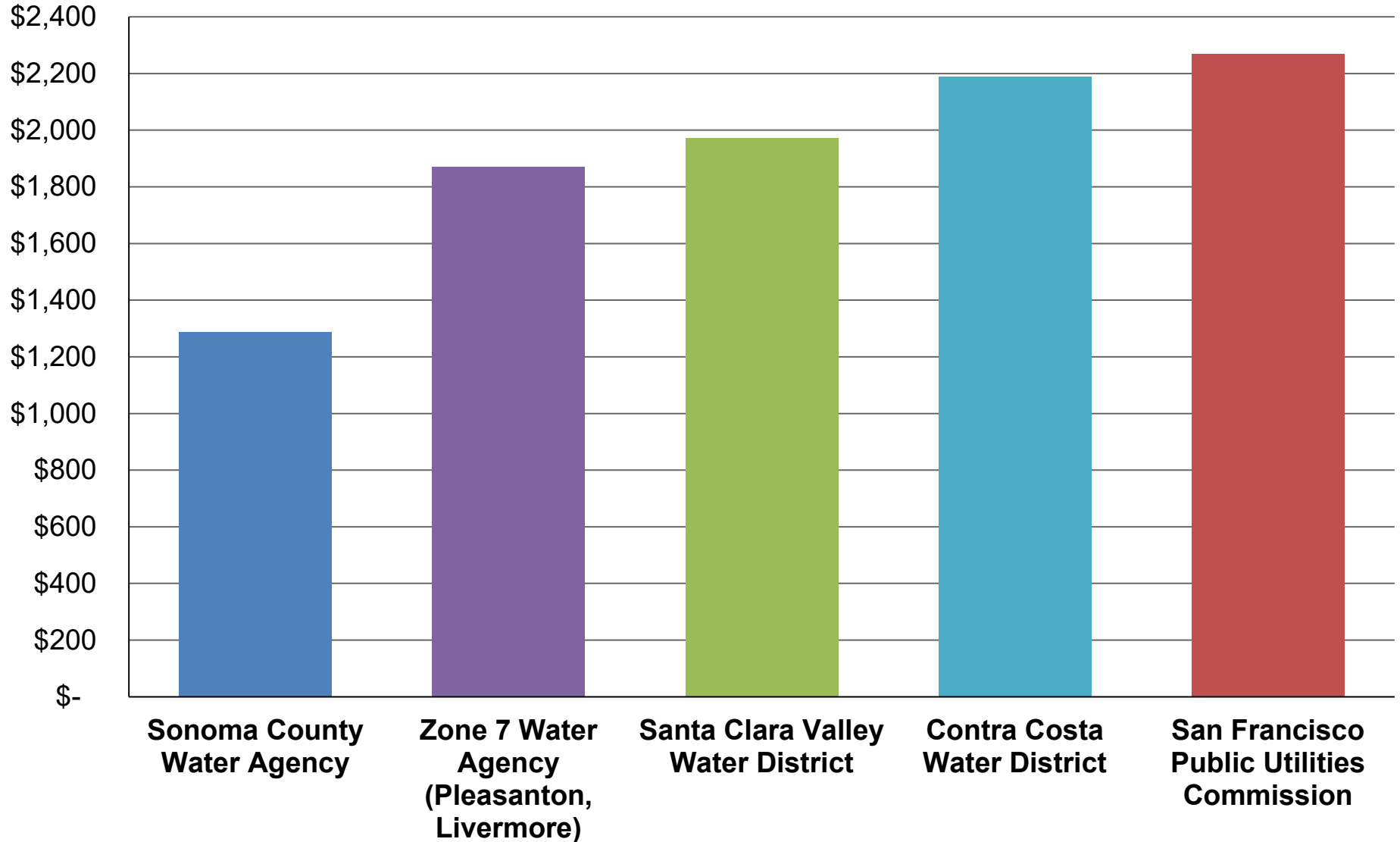
Example Santa Rosa Aqueduct Rate Scenario



- Assumes Water Demand Growth of 2% based on FY 2024 Budgeted Deliveries of 41,847 AF. Santa Rosa AQ Deliveries: 16,600 AF to 17,970 AF. Higher Deliveries would reduce rates.
- Estimated 9% growth in O&M Expenses and 4% growth in capital project costs. \$55M more in Common Facilities Project Costs compared to FY 2023.
- Rates affected by Inflation and 3 Years of Drought resulting in Lower Deliveries.



2024 wholesale water rates per Acre-Foot



Santa Rosa Water Budget Impacts

- 9.88% increase = \$1.8m increase
 - \$513k unplanned increase
 - Projected 1% growth
- 14.57% increase (initial proposal) = \$2.8m increase
 - \$1.5m unplanned increase
 - Projected 1% growth
- Current rate schedule incorporates 6% increase
- Lower CIP appropriations to balance budget

Customer Impacts

- No additional impacts next fiscal year
 - Rates already set for FY 2024/25
 - Initiating rate study for next multi-year rate schedule
- Impact to next rate cycle
 - Rate impact estimated to be 4.7% due to last fiscal year's and next fiscal year's Sonoma Water rate increase
 - Increasing O&M costs and deferred maintenance will be additional increase
 - Need to increase CIP investment will be additional increase

Next steps

- Presentations upon Request to City and Town Councils, and Water District Boards in March
- Water Advisory Committee Vote – April 8
- Adoption by Sonoma Water’s Board – April 16

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](#)



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