

BPU Budget Subcommittee

Fiscal Year 2026/27 Water, Wastewater, Regional Reuse and
Storm Water and Creeks policy, O&M and CIP Budget
Review

March 3, 2026

Nick Harvey
Deputy Director Administration

Agenda

- Enterprise Funding and Policy Review
- Staff Assumptions
- Water, Local Wastewater, Regional Reuse and Storm Water and Creeks budget proposals
- CIP Review
- Budget Schedule

Water Enterprise Funding

Water Enterprise Fiscal Year 2024-25

- Funded by
 - Rates – \$52.1m
 - Approximately 54,000 water accounts
 - Water usage and fixed rates
 - Varied tiers
 - Fees – \$3.1m
 - Demand fees
 - Miscellaneous fees

Wastewater Enterprise Funding

Wastewater Enterprise Fiscal Year 2024-25

- Funded by
 - Rates – \$74.4m
 - Approximately 50,000 sewer accounts
 - Sewer usage and fixed rates
 - Single tier rate – varies by strength of discharge
 - Fees – \$4.7m
 - 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 2025/26 - \$42.46 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

Staff Assumptions

- Water deliveries projected to increase 1.1%
 - Based on growth assumption consistent with financial model
- Wastewater use will remain flat – sewer caps
- Development slowing somewhat
- Rates will increase per current proposed 5-year schedule (plus wholesale passthrough on the Water Usage Charge)

	July 2025	July 2026	July 2027	July 2028	July 2029
Water Usage	6%	6%	6%	7%	7%
Water Fixed	6%	6%	6%	7%	7%
Sewer Usage	5%	5%	5%	5%	5%
Sewer Fixed	5%	5%	5%	5%	5%

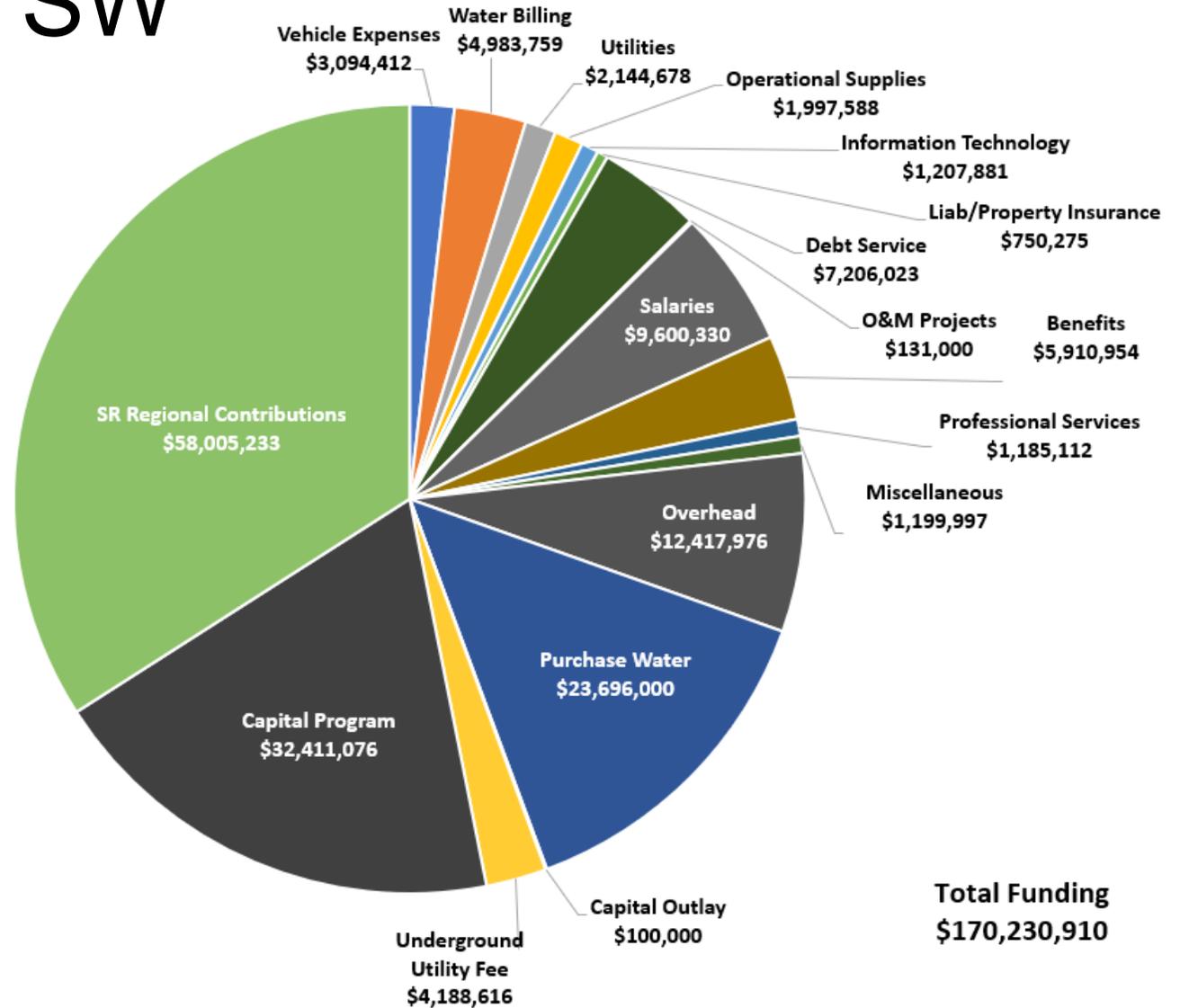
Expenditure Increases

- Salaries
 - 4% Salary increases department-wide (MOU)
 - No re-classification or new position requests
- Electricity
- Water Purchase
- Internal overhead up
- Operations and Maintenance Projects up in Local Wastewater, down in other funds

Water, Local WW, Regional Reuse and Storm Water and Creeks O&M Increases

- Water Fund – 6.8%
- Wastewater Fund – 0.8%
- Regional Reuse Fund – 3%
- Storm Water and Creeks Funds – 1.1%
 - \$742k (22.4%) funded by General Fund
 - \$2.57M (77.6%) funded by Enterprise Funds

Water, Local WW & SW Total Budget 2026-27



Total Funding
\$170,230,910



Water Operations

Expenditure Object	2025-26 Total Request	2026-27 Total Request	Change	%
1611 - Water Utility Operations				
Operations and Maintenance Projects	\$125,000	\$30,000	(\$95,000)	-76.0
Salaries	\$4,891,123	\$5,410,871	\$519,748	10.6
Benefits	\$3,277,960	\$3,411,377	\$133,417	4.1
Professional Services	\$415,410	\$482,910	\$67,500	16.2
Misc - Training, Leases, Equip Rent, etc.	\$572,197	\$587,697	\$15,500	2.7
Vehicle Replacement and Maintenance	\$1,564,136	\$1,633,746	\$69,610	4.5
Water Billing Services	\$2,821,024	\$2,591,555	(\$229,469)	-8.1
Utilities	\$1,995,656	\$1,996,728	\$1,072	0.1
Purchase of Water	\$21,631,000	\$23,696,000	\$2,065,000	9.5
Operational Supplies	\$1,328,930	\$1,501,493	\$172,563	13.0
Information Technology	\$644,223	\$701,327	\$57,104	8.9
Total Liab/Property Insurance	\$421,016	\$451,890	\$30,874	7.3
Internal & External Overhead	\$6,335,494	\$6,535,737	\$200,243	3.2
Capital Outlay	\$0	\$100,000	\$100,000	100.0
Total Water Utility Operations	\$46,023,169	\$49,131,331	\$3,108,162	6.8

Purchase of Water

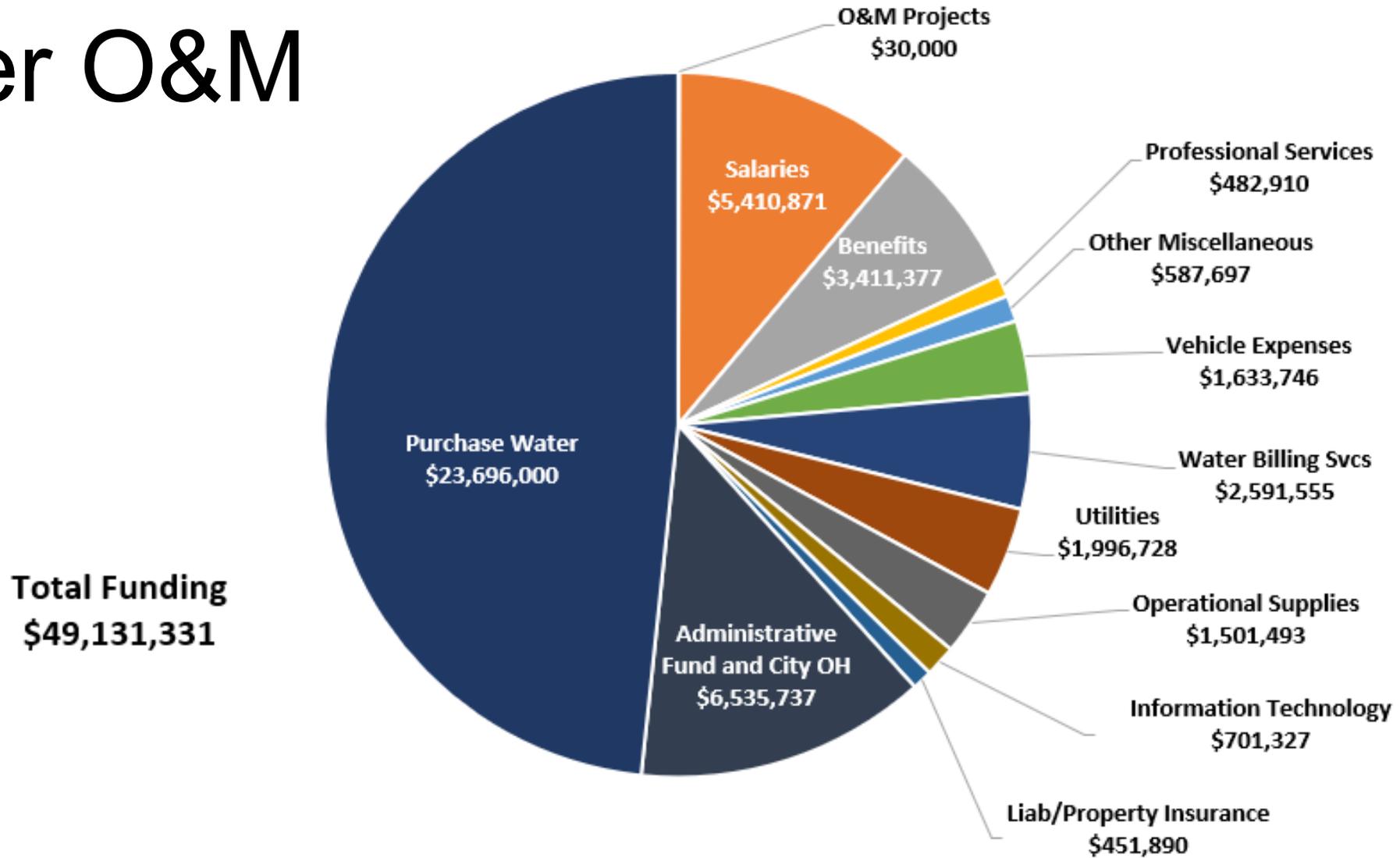
Volume of water increasing by 1.1%

- Growth only – No increased demand expected

Sonoma Water rate increase

- 8.21%

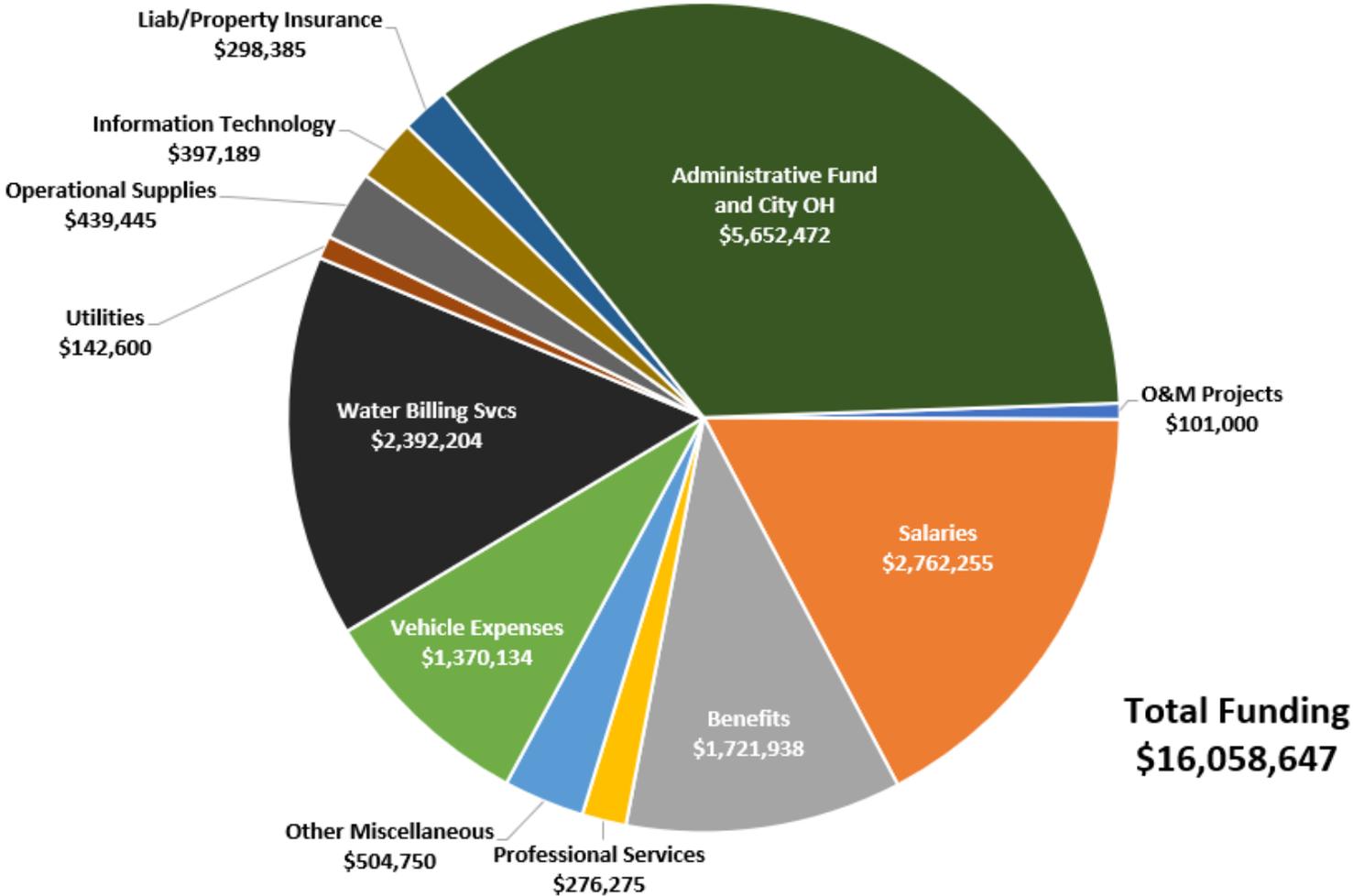
Water O&M



Wastewater Operations

Expenditure Object	2025-26 Total Request	2026-27 Total Request	Change	%
1621 - Local Wastewater Utility Fund				
Operations and Maintenance Projects	\$76,000	\$101,000	\$25,000	32.9
Salaries	\$2,592,481	\$2,762,255	\$169,774	6.5
Benefits	\$1,672,115	\$1,721,938	\$49,823	3.0
Professional Services	\$278,275	\$276,275	(\$2,000)	-0.7
Misc - Training, Leases, Equip Rent, etc.	\$551,550	\$504,750	(\$46,800)	-8.5
Vehicle Replacement and Maintenance	\$1,378,134	\$1,370,134	(\$8,000)	-0.6
Water Billing Services	\$2,604,022	\$2,392,204	(\$211,818)	-8.1
Utilities	\$139,500	\$142,600	\$3,100	2.2
Operational Supplies	\$411,284	\$439,445	\$28,161	6.8
Information Technology	\$364,185	\$397,189	\$33,004	9.1
Total Liab/Property Insurance	\$357,835	\$298,385	(\$59,450)	-16.6
Internal & External Overhead	\$5,411,981	\$5,652,472	\$240,491	4.4
Capital Outlay	\$100,000	\$0	(\$100,000)	100.0
Total- Local Wastewater Utility	\$15,937,362	\$16,058,647	121,285	0.8

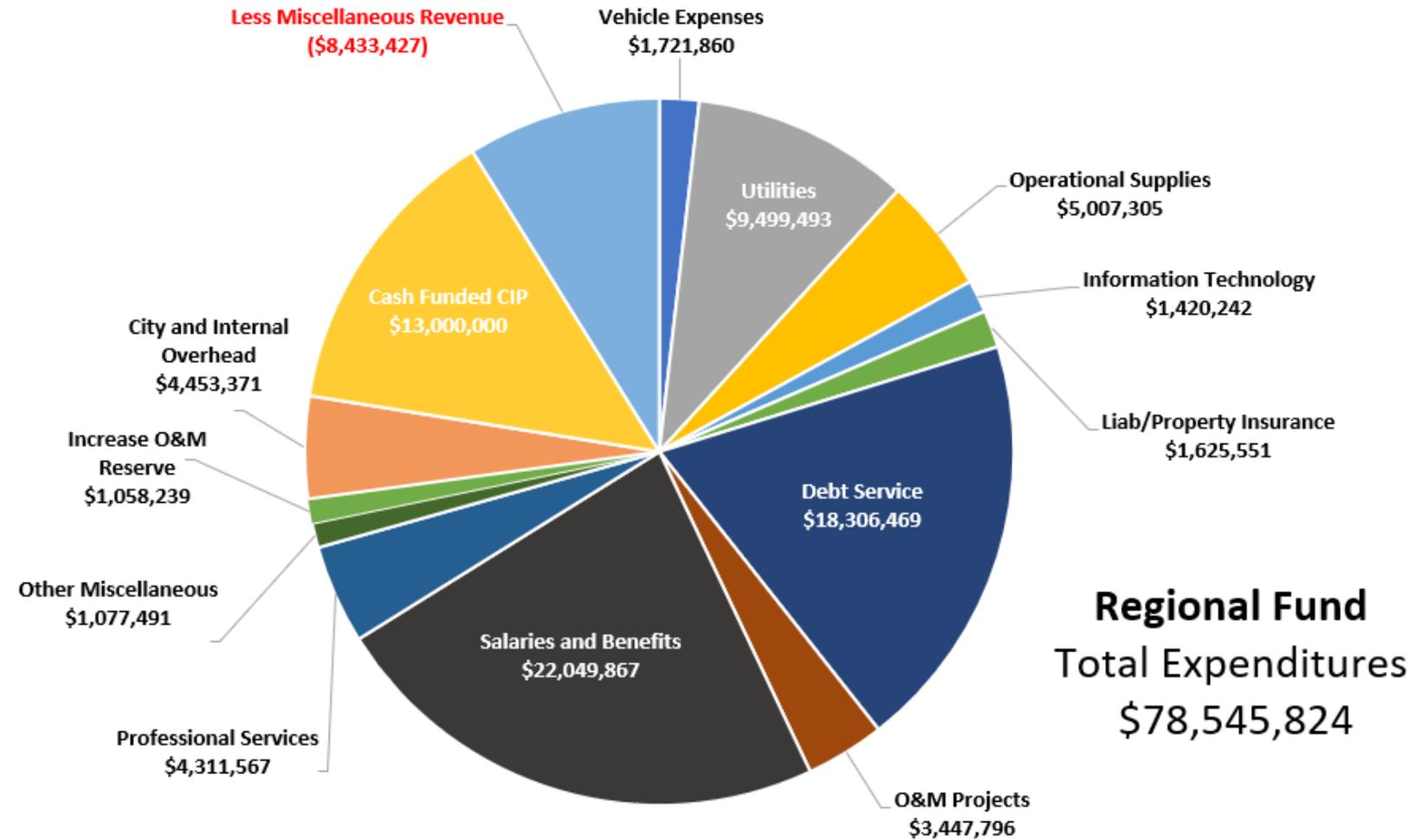
Wastewater O&M



Regional Operations

Expenditure Object	2025-26 Total Request	2026-27 Total Request	Change	%
1631 - Regional Operations				
Operations and Maintenance Projects	\$5,140,938	\$3,447,796	(\$1,693,142)	-32.9
Salaries	\$13,549,076	\$13,964,986	\$415,910	3.1
Benefits	\$7,964,789	\$8,084,881	\$120,092	1.5
Professional Services	\$3,603,187	\$4,311,567	\$708,380	19.7
Misc - Training, Leases, Equip Rent, etc.	\$878,526	\$951,091	\$72,565	8.3
Vehicle Replacement and Maintenance	\$1,463,769	\$1,721,860	\$258,091	17.6
Utilities	\$8,685,904	\$9,499,493	\$813,589	9.4
Operational Supplies	\$4,624,713	\$5,007,305	\$382,592	8.3
Information Technology	\$1,307,148	\$1,420,242	\$113,094	8.7
Total Liab/Property Insurance	\$1,594,529	\$1,625,551	\$31,022	1.9
Debt Service	\$0	\$0	\$0	0.0
Internal & External Overhead	\$4,203,943	\$4,453,371	\$249,428	5.9
Capital Outlay	\$0	\$126,400	\$126,400	0.0
Total 1631 - Regional Operations	\$53,016,522	\$54,614,543	\$1,598,021	3.0

Regional Budget



Refund Reserve History

<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	\$4,103,746.89	\$1,426,169.19	\$140,076.56	\$160,481.60	\$133,155.99	\$5,963,630.23
2024-2025	\$5,142,470.45	\$1,555,658.51	\$263,017.43	\$339,250.71	\$166,763.36	\$7,467,160.46
Totals	\$8,606,297.25	\$5,139,922.51	\$300,292.01	\$1,003,204.08	\$1,234,274.26	\$16,283,990.11

Regional Partner Allocations FY 2026/27

	Total 2025/26	2026/27 Budgeted O&M	2026/27 CIP Contribution	2026/27 Debt Service	Total 2026/27	Difference	%
Santa Rosa	\$57,312,896	\$34,845,730	\$9,198,800	\$13,960,703	\$58,005,233	\$692,337	1.21%
Rohnert Park	\$13,682,453	\$8,311,290	\$2,561,000	\$2,842,949	\$13,715,239	\$32,786	0.24%
Sebastopol	\$1,953,889	\$1,116,702	\$423,800	\$446,654	\$1,987,156	\$33,267	1.70%
Cotati	\$2,559,277	\$1,488,627	\$383,500	\$661,711	\$2,533,838	(\$25,439)	-0.99%
SPCSD	\$2,264,173	\$1,477,006	\$432,900	\$394,452	\$2,304,358	\$40,185	1.77%
	\$77,772,688	\$47,239,355	\$13,000,000	\$18,306,469	\$78,545,824	\$773,136	0.99%

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

Operating Fund Reserves

as of June 30, 2025

Water

- **Operating**
 - \$6,700,112
- **Catastrophic**
 - \$5,750,000
- **Undesignated**
 - \$21,172,865
 - +\$5.8 mil

Wastewater

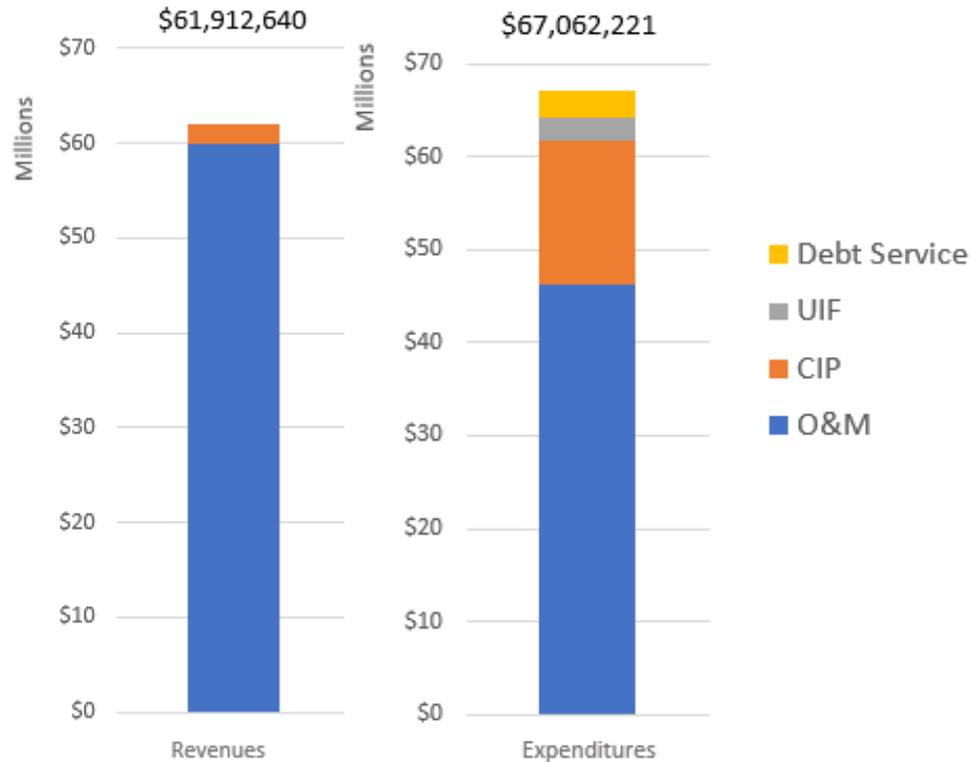
- **Operating**
 - \$2,000,771
- **Catastrophic**
 - \$6,800,000
- **Undesignated**
 - \$18,836,725
 - +\$4.1 mil
- **Rate Stabilization**
 - \$1,000,000

Regional

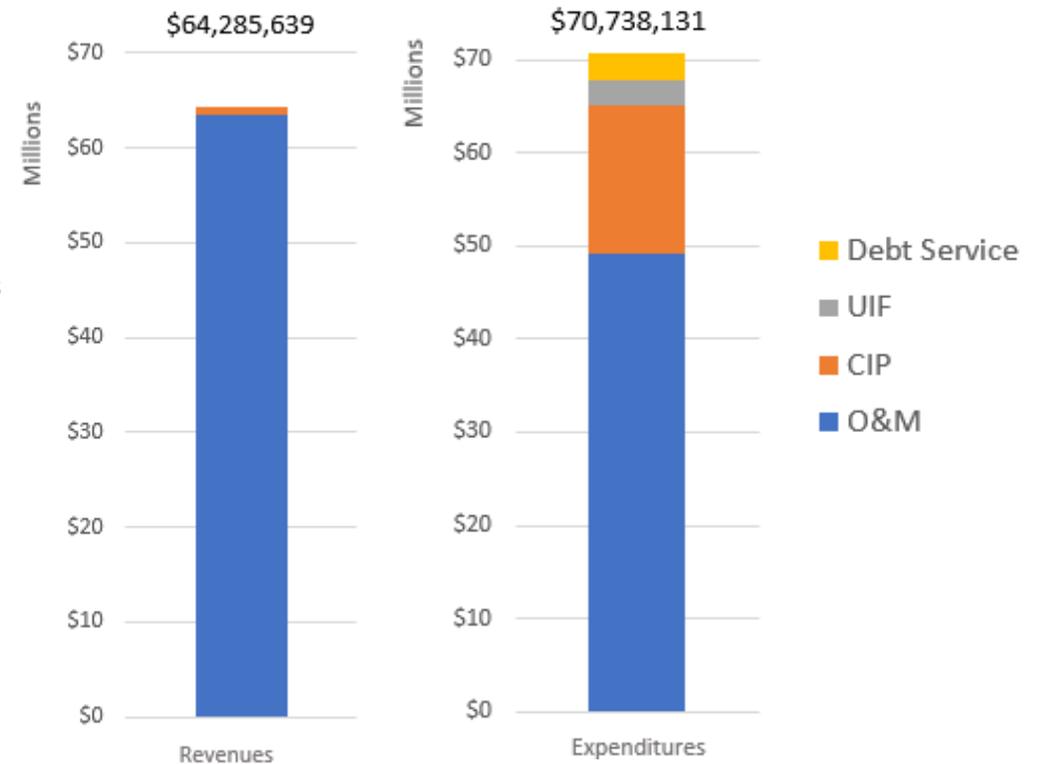
- **Operating**
 - \$7,075,910
- **Catastrophic**
 - \$1,700,000
- **Refund Reserve**
 - \$16,283,990
 - +\$7.5 mil
- **Geysers**
 - \$1,250,000

Undesignated Fund Balance – Water

FY 2025/26 Deficit Budget (\$5.1M)

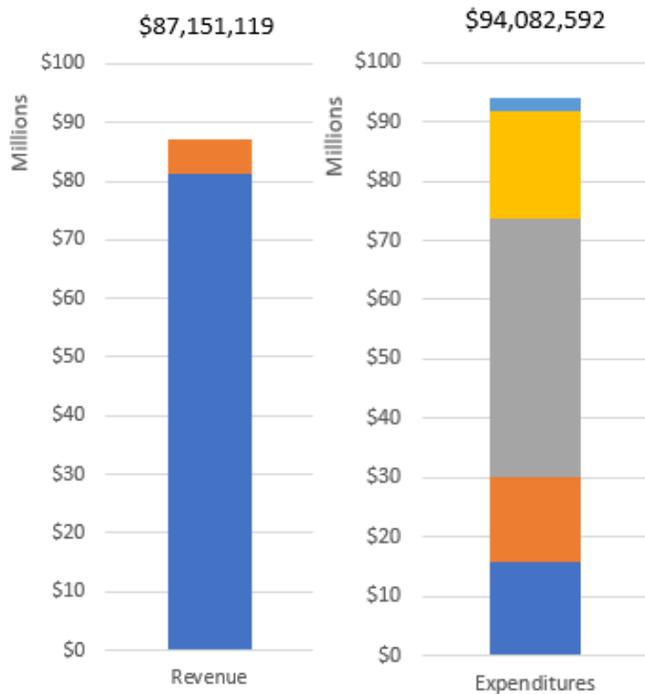


FY 2026/27 Deficit Budget (\$6.5M)

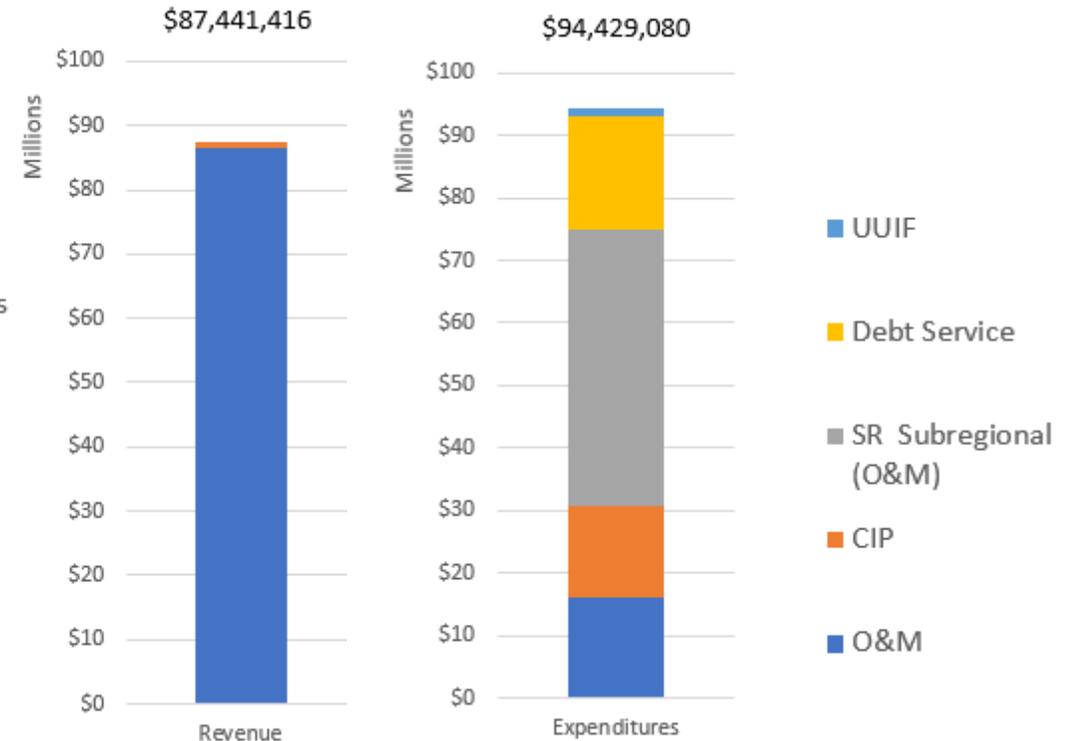


Undesignated Fund Balance – Local Wastewater

FY 2025/26 Deficit Budget (\$6.9M)



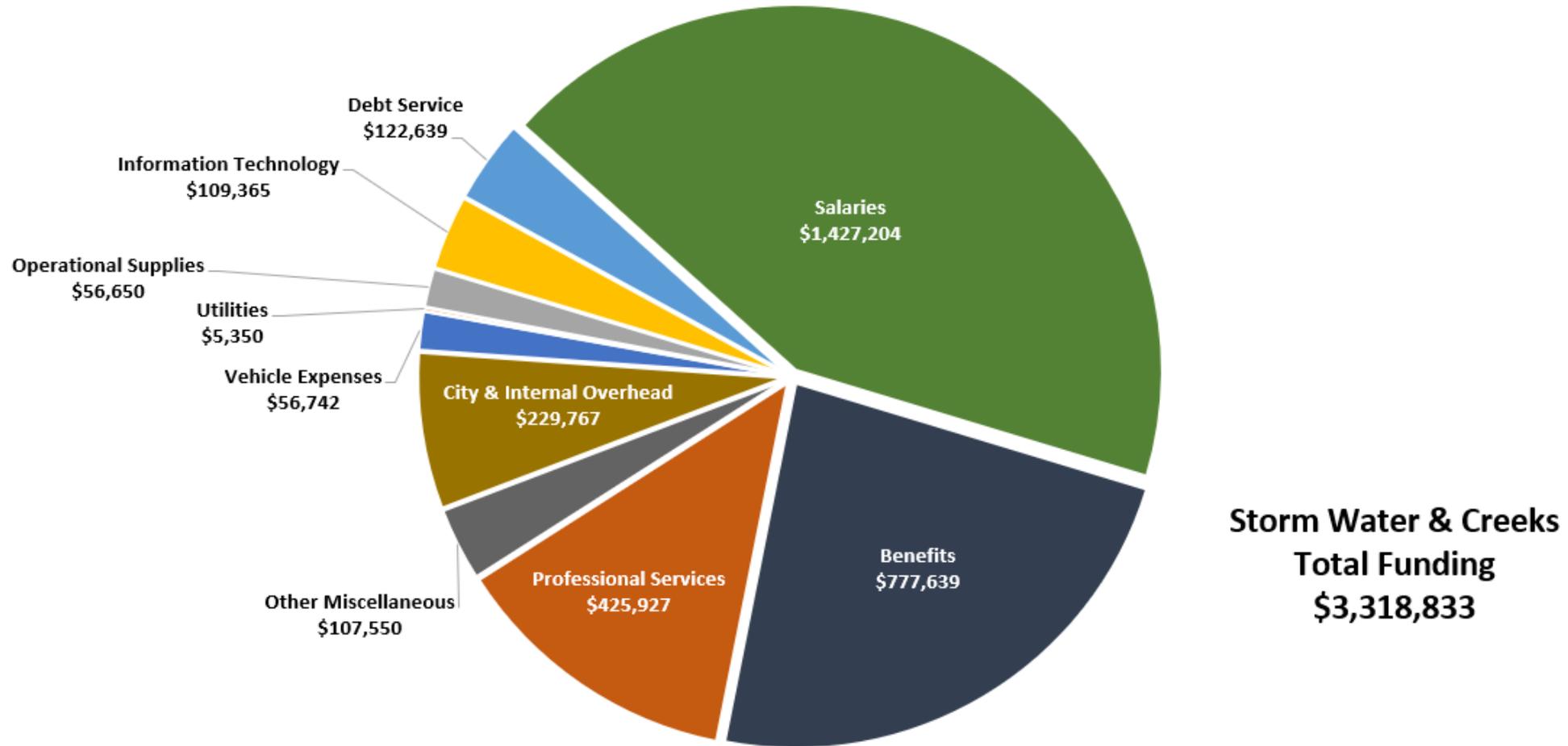
FY 2026/27 Deficit Budget (\$6.9M)



Storm Water and Creeks Operations

Stormwater - Funds 1671,1672 & GF	2025-26 Total Request	2026-27 Total Request	Change	%
Salaries	\$1,329,700	\$1,427,204	\$97,504	7.3
Benefits	\$735,527	\$777,639	\$42,112	5.7
Professional Services	\$520,008	\$425,927	-\$94,081	-18.1
Misc - Training, Leases, Equip Rent, etc.	\$102,900	\$107,550	\$4,650	4.5
Vehicle Replacement and Maintenance	\$79,500	\$56,742	-\$22,758	-28.6
Utilities	\$6,442	\$5,350	-\$1,092	-17.0
Operational Supplies	\$64,109	\$56,650	-\$7,459	-11.6
Internal & External Overhead	\$227,809	\$229,767	\$1,958	0.9
Debt Service	\$122,640	\$122,639	-\$1	-0.0
Information Technology	\$95,060	\$109,365	\$14,305	15.0
Total	\$3,283,695	\$3,318,833	\$35,138	1.1

Storm Water and Creeks O&M



Storm Water and Creeks Enterprise Reserves

as of June 30, 2025

1671 – Storm Water Enterprise – Undesignated \$728,238 (\$9,895)

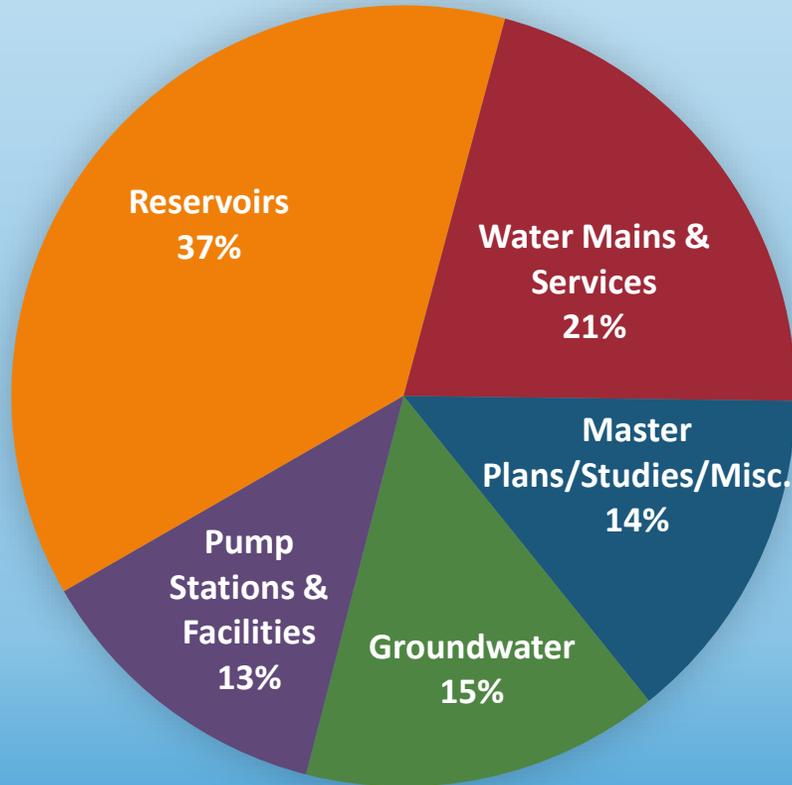
**1672 – Storm Water – Creek Restoration – Undesignated
\$1,275,450 (\$107,589)**

CIP Funding

- Proposed Funding
 - Water - \$16 Million
 - Wastewater - \$14.7 Million
 - Regional - \$13 Million – \$1 Million increase
 - Storm Water and Creeks - \$1,711,076

Water CIP 2026/27

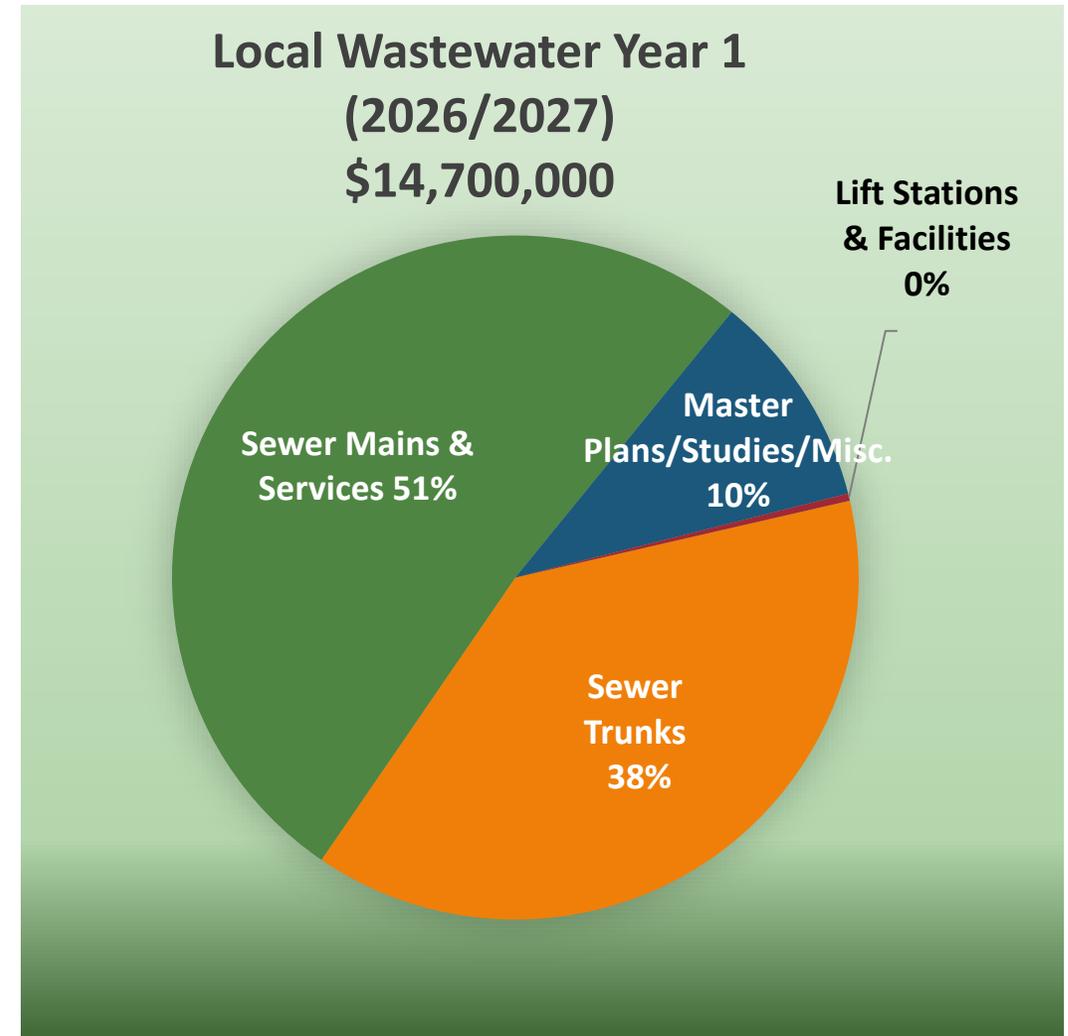
Water Year 1 (2026/2027)
\$16,000,000



- Master Plans/Studies/Misc - \$2,247,000
- Water Mains & Services - \$3,365,000
- Pump Stations & Facilities - \$2,025,000
- Groundwater - \$2,363,000
- Reservoirs - \$6,000,000

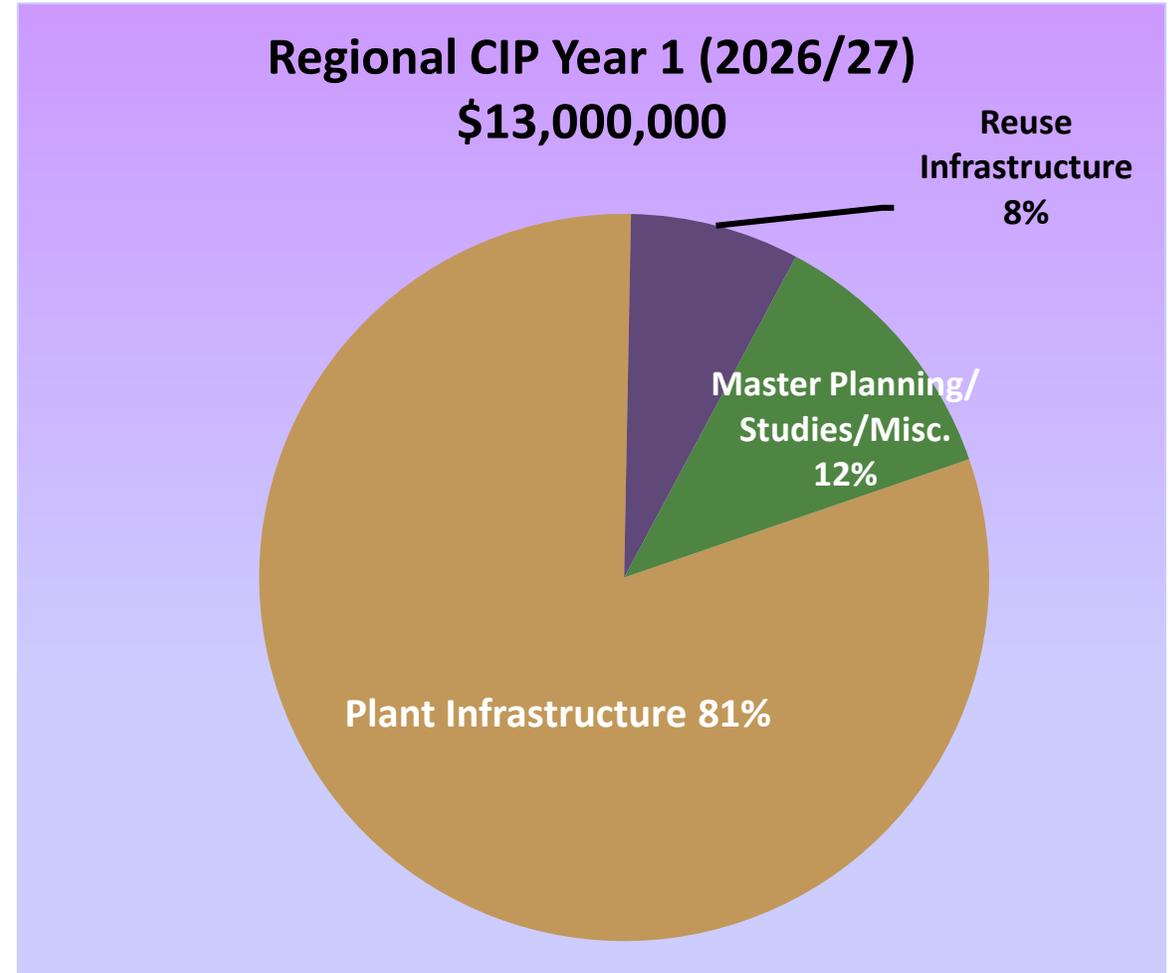
Local Wastewater CIP 2026/27

- Master Plans/Studies/Misc - \$1,499,000
- Sewer Mains & Services - \$7,541,000
- Sewer Trunks - \$5,610,000
- Lift Stations & Facilities - \$50,000



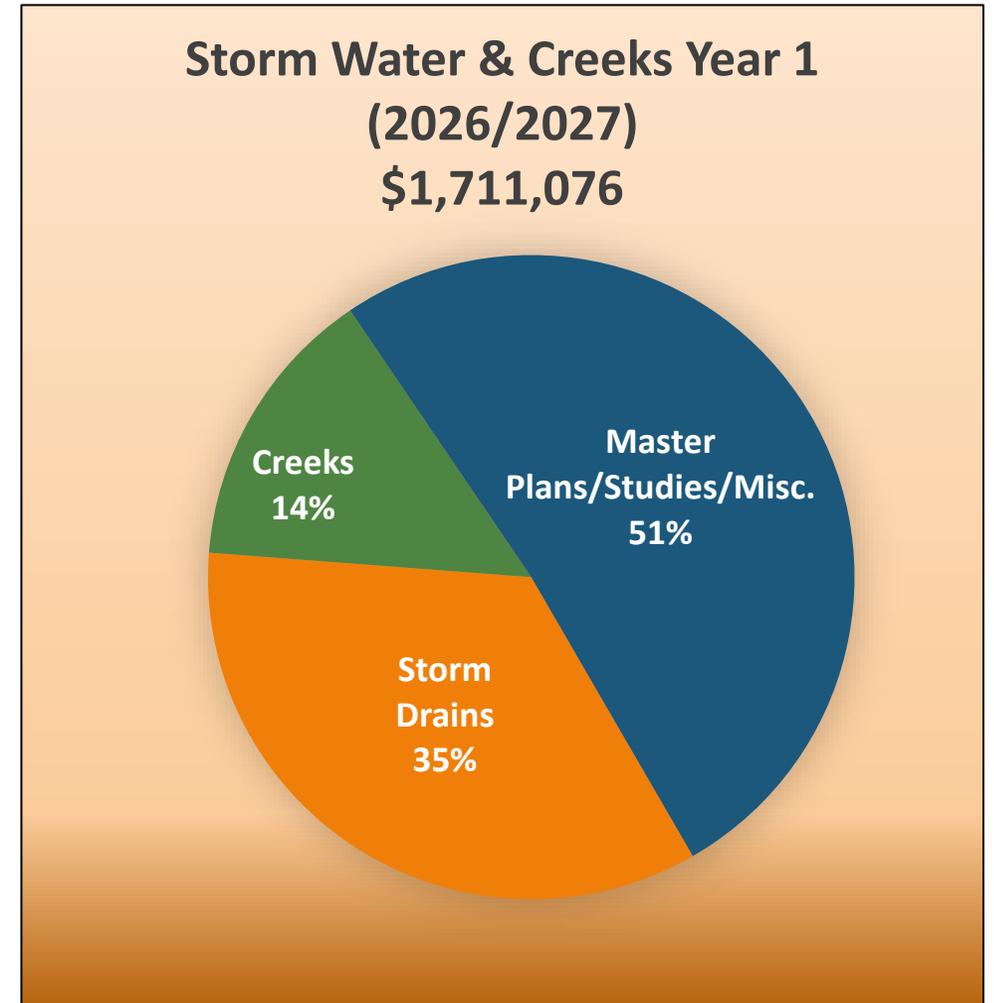
Regional CIP 2026/27

- Plant Infrastructure - \$10,475,000
- Reuse Infrastructure - \$975,000
- Master Planning/Studies/Misc - \$1,550,000



Storm Water CIP 2026/27

- Master Planning/Studies/Misc - \$875,000
- Storm Drains - \$591,076
- Creeks - \$245,000



Document Overview

PID	IFAS Key	Project Title	Funding Type	Carryover From 2015-16	2016-17 Budget Request	2016-17 Mid-Year Revisions	See Note [n]	YTD Expenditures	Current Encumbered	Total Available 2/28/2017	- P R O J E C T E D -					5 YEAR TOTAL
											REQUEST YEAR 1 2017-18	YEAR 2 2018-19	YEAR 3 2019-20	YEAR 4 2020-21	YEAR 5 2021-22	
SUBREGIONAL OPERATIONS																
FUND 1639 - SUBREGIONAL WW CAPITAL FUND																
2093	86579	Reclamation Pipe Replacement	NEW	\$0	\$0	\$0		\$0	\$0	\$0	\$0	\$100,000	\$0	\$0	\$0	\$100,000
2096	86580	Filter Valve Actuators - Phase 2	NEW	\$0	\$0	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$1,300,000	\$0	\$1,300,000
2098	86581	Seismic Eval and retrofit - LTP Maint Building	NEW	\$0	\$0	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$900,000	\$0	\$900,000
2100	86582	Filter Influent Pmp Strn Discharge Piping	NEW	\$0	\$0	\$0		\$0	\$0	\$0	\$50,000	\$0	\$0	\$350,000	\$0	\$400,000
2102	86583	Biosolid Agitator Pos Ctl Improvements	NEW	\$0	\$0	\$0		\$0	\$0	\$0	\$0	\$250,000	\$0	\$0	\$0	\$250,000
2103	86584	LTP Booster Strn 1 Replacement	NEW	\$0	\$0	\$0		\$0	\$0	\$0	\$0	\$200,000	\$0	\$0	\$0	\$200,000
2104	86585	LTP Fleet Gas Station	NEW	\$0	\$0	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$300,000	\$0	\$300,000
1885	86553	Subregional System Master Plan, Phase 2	NEW	\$0	\$0	\$0		\$0	\$0	\$0	\$50,000	\$300,000	\$300,000	\$0	\$0	\$850,000
2110	86577	Reclamation System Condition Assessment Analysis - Phase 1	NEW	\$0	\$0	\$0		\$0	\$0	\$0	\$50,000	\$0	\$0	\$0	\$0	\$50,000
2097	86587	Cmbnd Heat and Power Exhaust Mods	NEW	\$0	\$0	\$0		\$0	\$0	\$0	\$200,000	\$0	\$0	\$0	\$0	\$200,000
2049	86573	Superstructure Removal Phase 2	NEW	\$0	\$0	\$0		\$0	\$0	\$0	\$250,000	\$550,000	\$1,000,000	\$930,000	\$700,000	\$3,430,000
2111	86586	Upsize Geysers connection - Delta Pond	NEW	\$0	\$0	\$0		\$0	\$0	\$0	\$400,000	\$0	\$0	\$0	\$0	\$400,000
2101	86588	Digester Gas Cond Improvements	NEW	\$0	\$0	\$0		\$0	\$0	\$0	\$450,000	\$0	\$0	\$0	\$0	\$450,000
2105	86589	Replace Chillers and HVAC Admin Bldg	NEW	\$0	\$0	\$0		\$0	\$0	\$325,000	\$725,000	\$0	\$0	\$0	\$0	\$725,000
Subtotal - Subregional WW Capital Fund				\$3,369,928	\$3,548,004	\$3,375,000		\$3,507,983	\$1,110,437	\$5,674,513	\$3,080,000	\$4,080,000	\$5,080,000	\$6,080,000	\$7,080,000	\$25,400,000
SUBREGIONAL RESERVES																
523	86458	Subregional CIP Project Contingency	CONT	\$1,000,000	\$0	-\$25,000		\$0	\$0	\$975,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$5,000,000
SUBTOTAL SUBREGIONAL OPERATIONS & RESERVES				\$4,369,928	\$3,350,000	\$3,350,000		\$3,507,983	\$1,110,437	\$6,649,513	\$4,080,000	\$5,080,000	\$6,080,000	\$7,080,000	\$8,080,000	\$30,400,000

Funding Type:

- CANC = Project is expected to be completed by end of current fiscal year
- CONT = Continue project with additional funding
- CO = Carryover project with no additional funding
- NEW = New project with initial funding within five year plan

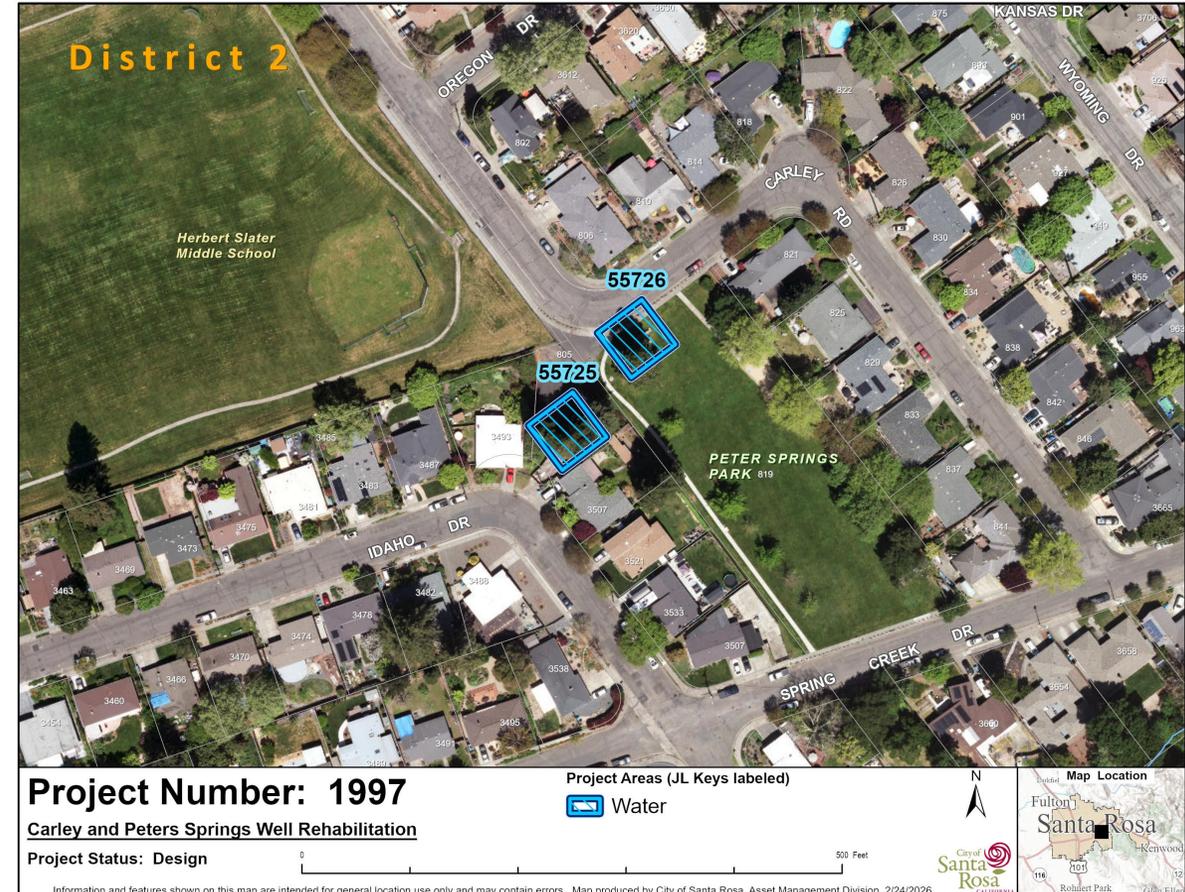
CIP Project Highlights

- **Water Projects**
 - Groundwater Program
 - Pump Station and Reservoirs
 - Water and Sewer Main Replacements
- **Sewer Projects**
 - Water and Sewer Main Replacements
 - Sewer Trunks
- **Storm Water Projects**
 - Storm Drain On-Call: Phase 3
- **Regional Projects**
 - Laguna Treatment Plant Secondary Clarifiers 1-3 Rehabilitation
 - Laguna Treatment Plant Flood Protection
 - Geysers Pump Stations Electrical Upgrades

Groundwater Program

PID 1997 Carley & Peter Springs Well Rehabilitation

- Replace the existing damaged and outdated Carley Well facility and convert into a fulltime production well. Separate the Peter Springs Well from the distribution system and convert it to an irrigation well. Abandon the existing Freeway Well.
- Project Estimate: \$7.9M
- Currently in Design
- Construction: Year 3



Pump Stations and Reservoirs

PID 2212 Tank Seismic Upgrades (Phase 5) and Pump Station Improvements – R9A, R16, S16, S17

- Upgrade reservoirs R9A and R16 to current seismic code and standards and upgrade pump stations S16 and S17 to increase fire flow capacity and improve system resiliency.
- Project Estimate: \$15.4M
- Currently in Design
- Construction: Year 1



Water and Sewer Main Replacements



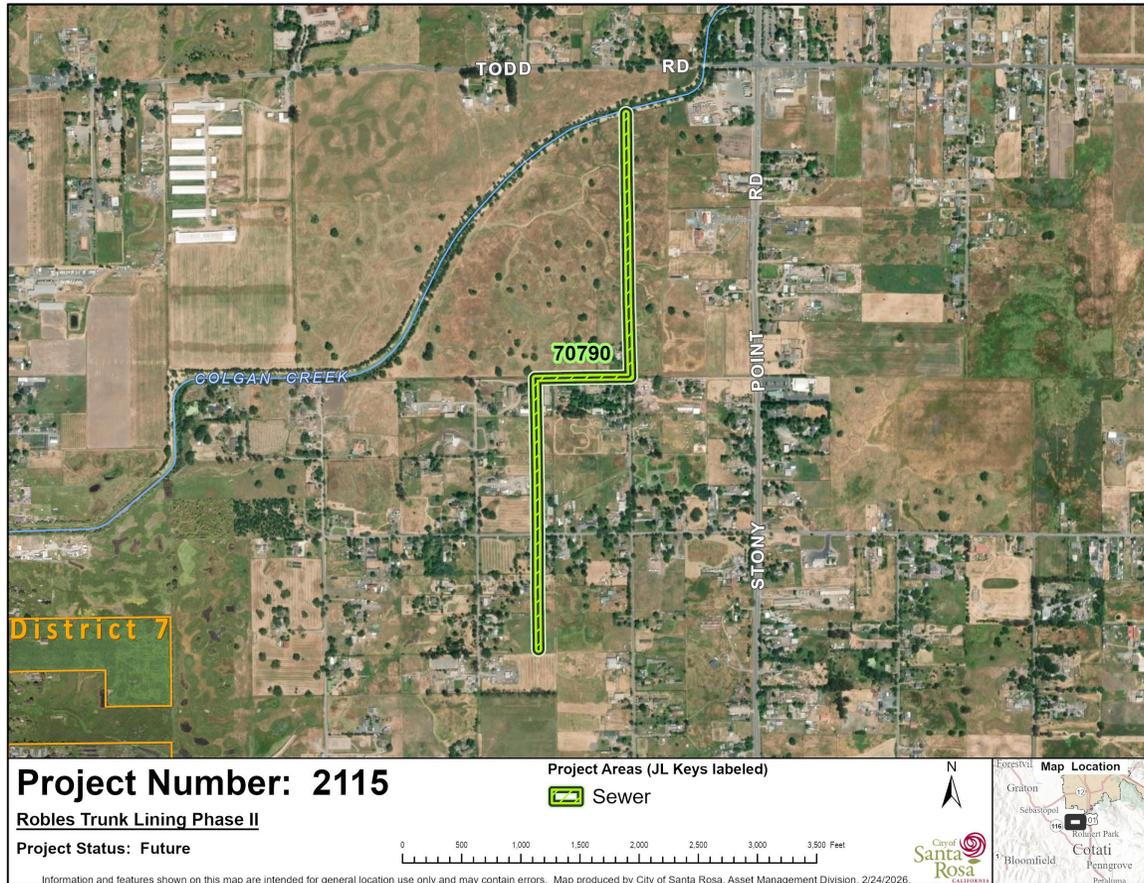
PID 2420 Piner Road Sewer & Water Improvements

- Replace water and sewer mains within Piner Road from Airway Drive to Cleveland Avenue.
- Project Estimate: \$5.3M
- Currently in Design
- Construction: Year 1

Sewer Trunks

PID 2115 Robles Trunk Lining – Phase 2

- Rehabilitate the existing 42” to 45” trunk sewer and manholes.
- Project Estimate: \$9.2M
- Design: Year 1 & 2
- Construction: Year 3



Storm Water

PID 2580 Storm Drain Repairs On-Call: Phase 3

- This project provides a mechanism to complete emergency storm drain repairs that are not scoped within another project.
- Project Estimate: Ongoing
- Design: Ongoing
- Construction: Ongoing

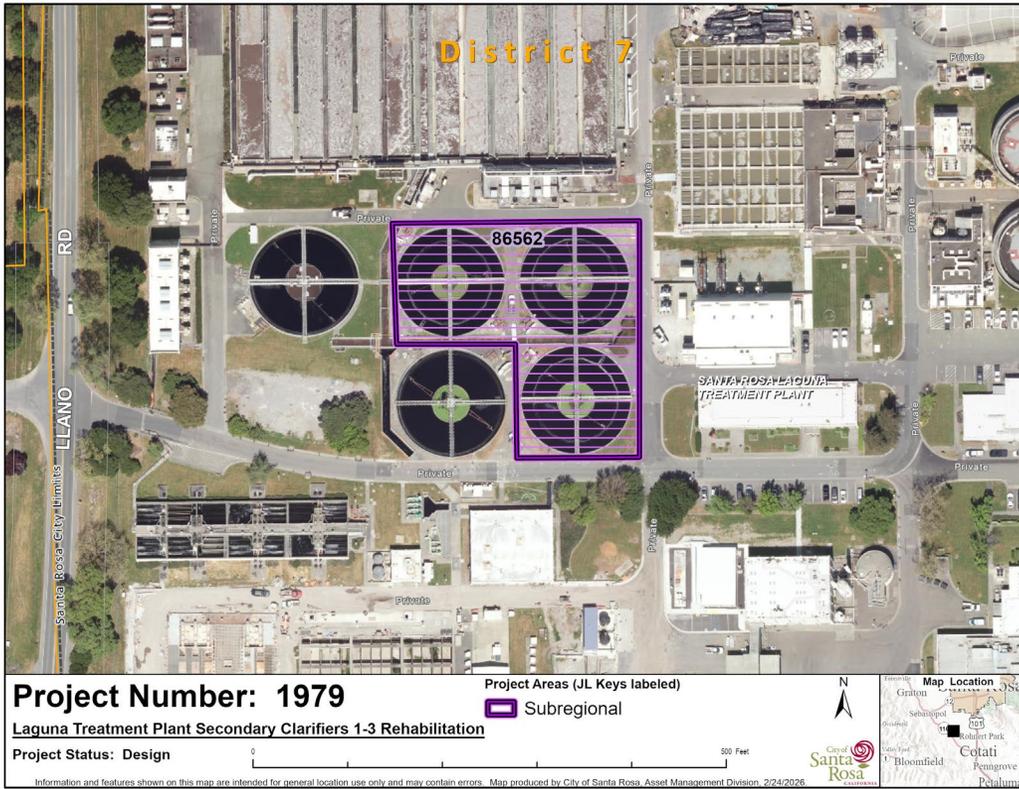


Storm Drain Failure on Oakmont Creek near Meadow Creek Court

Regional

PID 1979 Laguna Treatment Plant Secondary Clarifiers 1-3 Rehabilitation

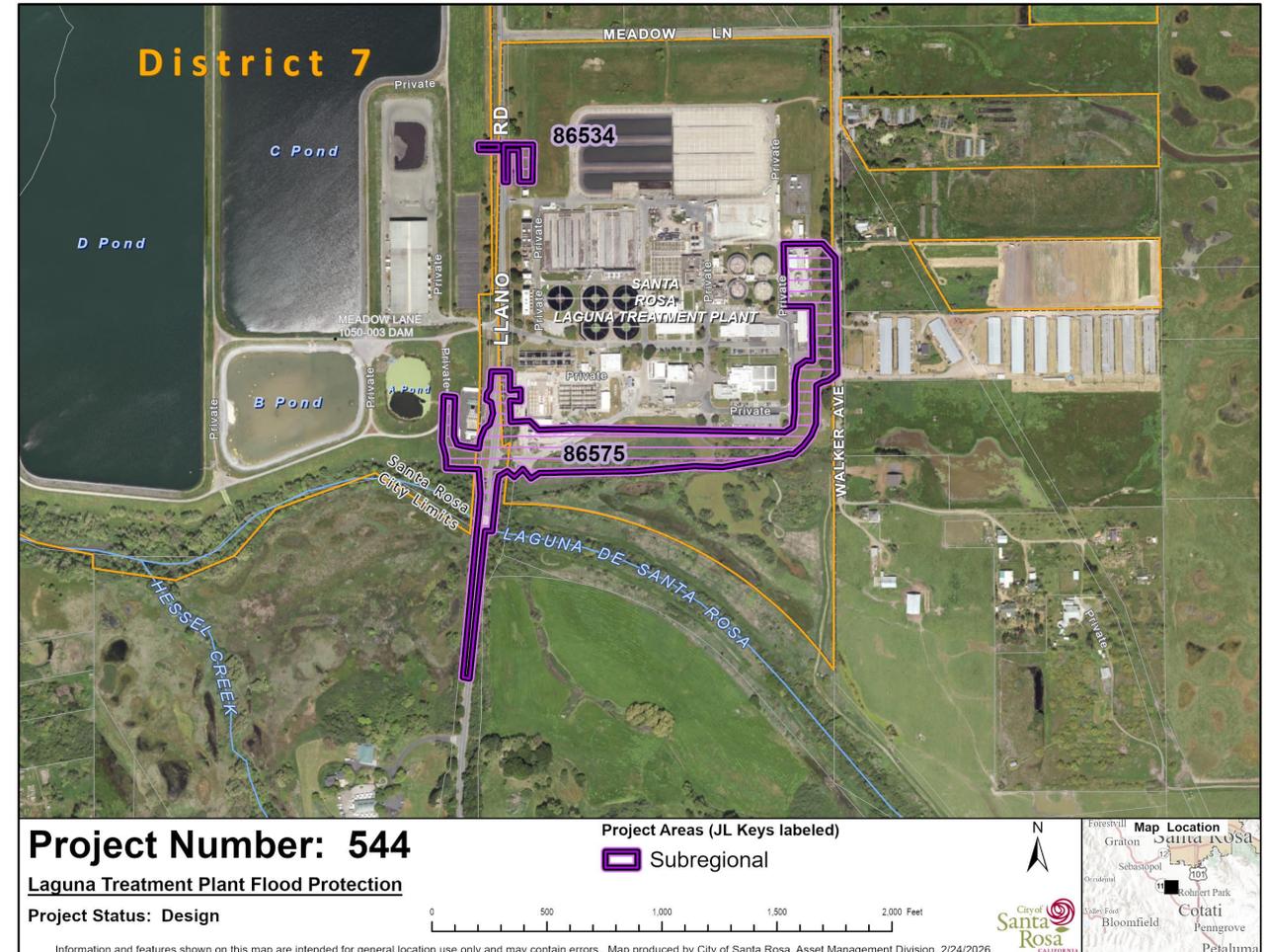
- Rehabilitate clarifiers 1-3 through replacement or coating of metal components and mechanisms, and repair and coating of concrete.
- Project Estimate: \$8.9M
- Currently in Design
- Construction: Year 2



Regional

PID 544 Laguna Treatment Plant Flood Protection

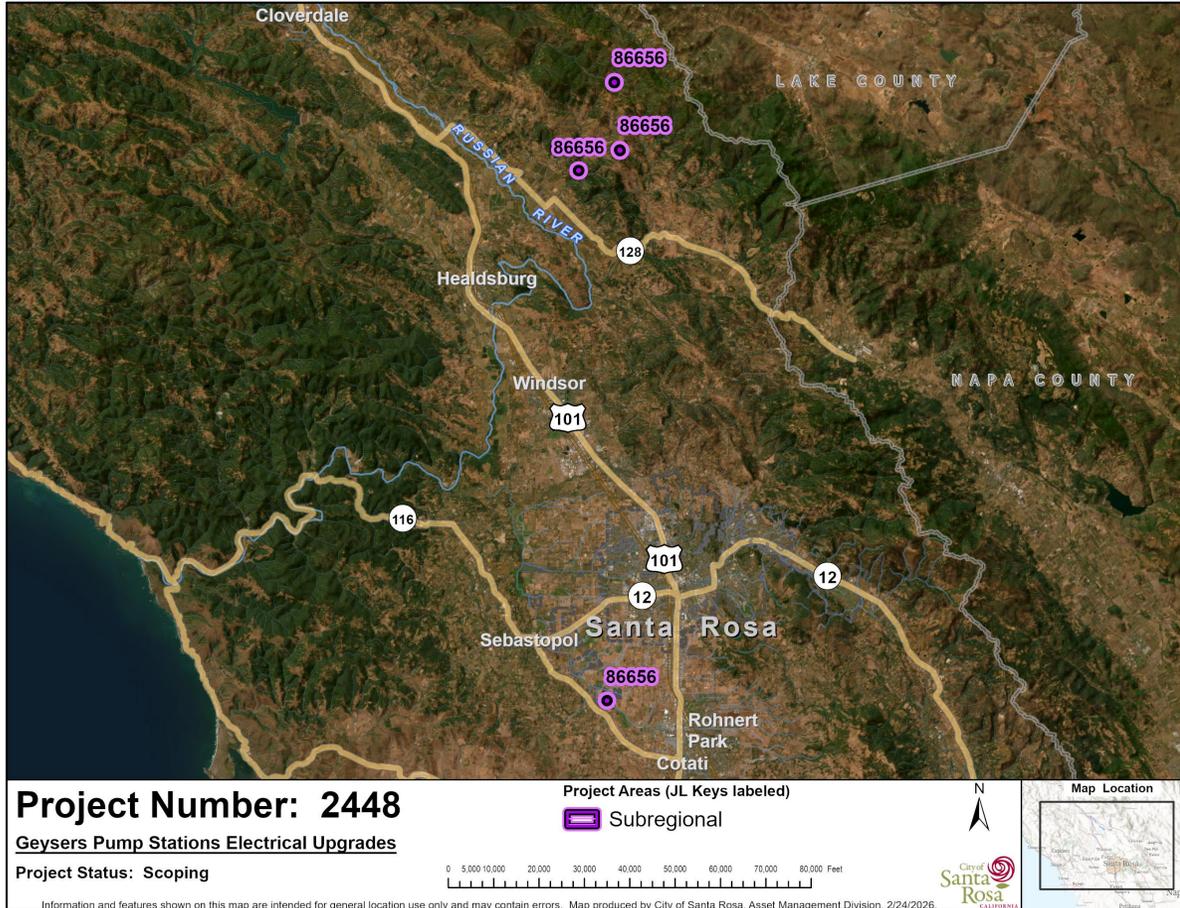
- Construct retaining walls and flood gates to protect the LTP from flooding during peak wet weather events.
- Project Estimate: \$21.2M
- Currently in Design
- Construction: Year 1



Regional

PID 2448 Geysers Pump Stations Electrical Upgrades

- Assess the condition of the Geysers pump stations, prioritize and upgrade electrical components, and develop a structured maintenance and replacement schedule.
- Project Estimate: \$6M
- Design: Ongoing
- Construction: Ongoing



Budget Schedule

- **Budget Review Subcommittee** – March 18th
 - O&M & CIP Budget Review and recommendation to full Board
- **BPU** – March 19th
 - O&M and CIP Study Session
- **SubTAC** – April 2nd
 - Regional Budget Review and Recommendation by Partner Agencies
- **BPU** – April 2nd
 - Recommendation of FY 2026/27 Water, Local Wastewater, Regional and Storm Water & Creeks O&M and CIP budgets to City Council
- **City Council** – April 21st
 - Preliminary approval of Regional Budget
- **City Council** – May 5th & 6th
 - Budget Study Sessions
- **City Council** – June 16th
 - Budget Adoption

DISCUSSION / QUESTIONS?