

BPU Budget Subcommittee

Fiscal Year 2025/26 Preliminary Review

March 10, 2025

Nick Harvey
Deputy Director Administration

Fund Overview

- Water
- Wastewater
- Regional
- Storm Water

Water Enterprise Funding

Water Enterprise Fiscal Year 2023-24

- Funded by
 - Rates – \$47.3m
 - Approximately 54,000 water accounts
 - Water usage and fixed rates
 - Varied tiers
 - Fees – \$12.2m
 - Demand fees
 - Miscellaneous fees

Wastewater Enterprise Funding

Wastewater Enterprise Fiscal Year 2023-24

- Funded by
 - Rates – \$72.1m
 - Approximately 50,000 sewer accounts
 - Sewer usage and fixed rates
 - Single tier rate – varies by strength of discharge
 - Fees – \$16.9m
 - 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 2024/25 - \$41.34 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

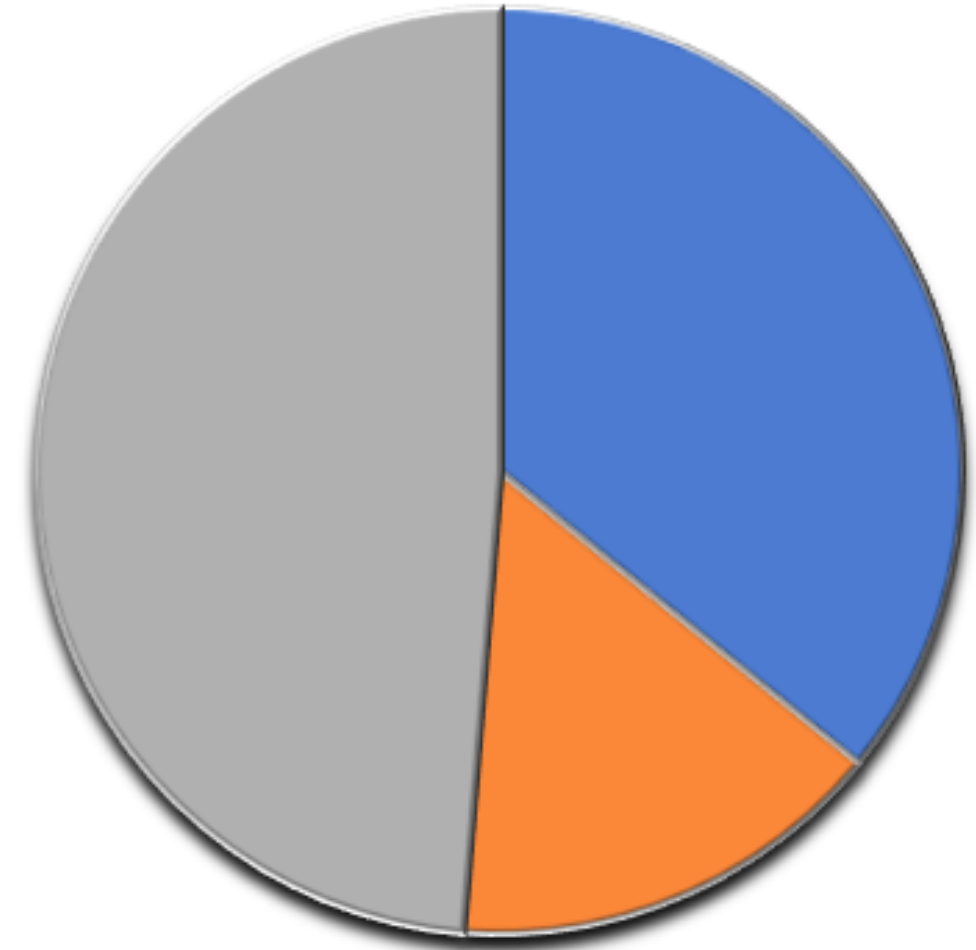
Annual Budget - Water Enterprises

- 2024/25
- \$156 M
 - \$104M Operations & Maintenance (O&M)
 - \$24M Capital Improvement Projects (CIP)
 - \$28M Debt Service
 - Majority of debt service in the Regional Fund

■ Water (Distribution)

■ Sewer (Collection)

■ Regional (Reuse)

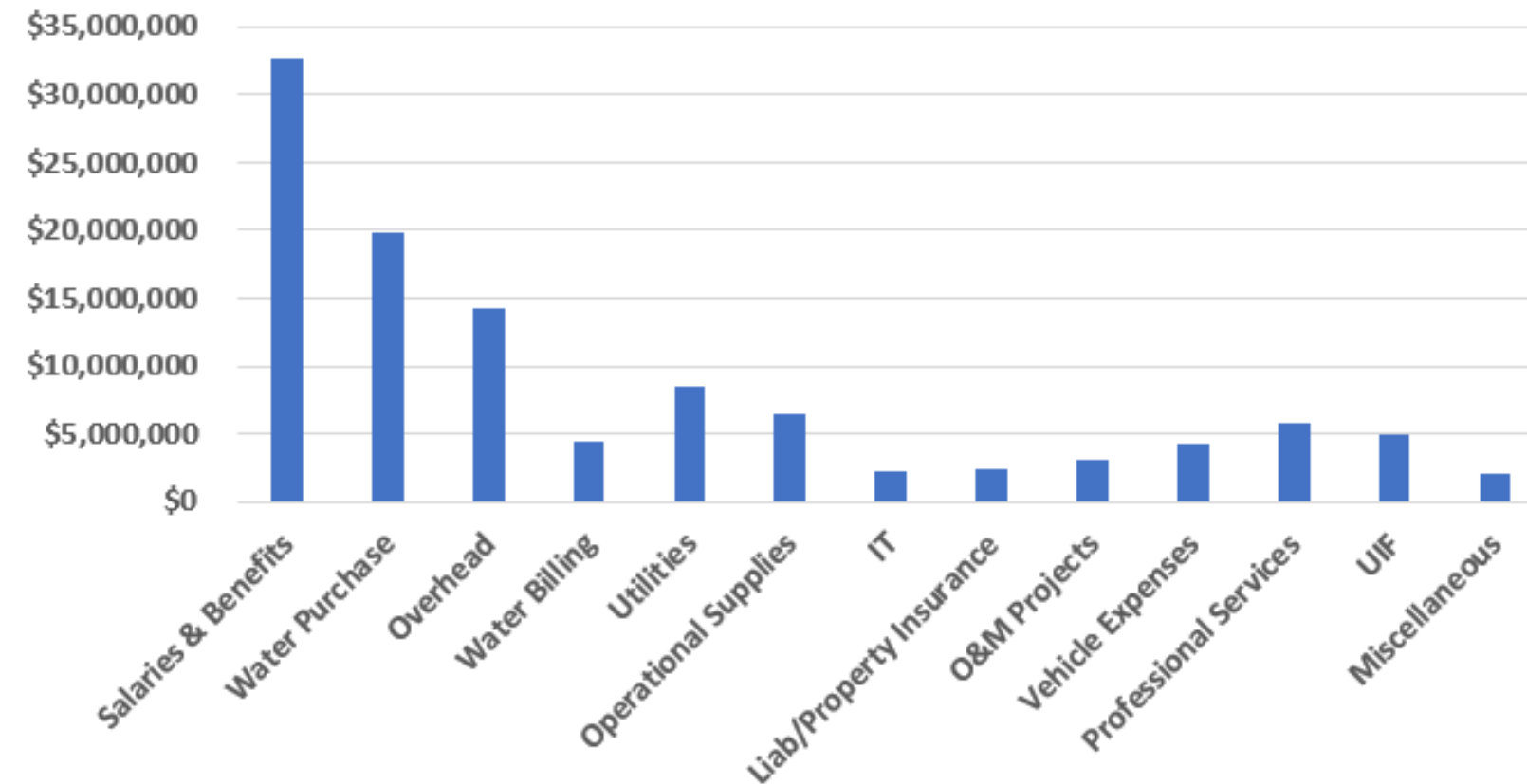


Annual Budget - Storm Water Enterprise

- 2024/25
- \$4.8M
 - \$3.1M Operations & Maintenance (O&M)
 - \$1.7M Capital Improvement Projects (CIP)
 - \$850K Storm Water funded
 - \$850K outside funding sources



Water 2024/25 O&M Budget Distribution by Expenses



Total O&M

Water, Wastewater,
Regional
\$107.8M

Storm Water \$3M

Budget Overview

Expected/Known Increases

Staff Assumptions

Purchase of Water

Projected Revenues

Reserves

Preliminary CIP Funding

Budget Schedule

Expenditure Increases

- Salary Increases
 - 9% Across-the-board
 - Accounts for 4% COLA and Maximum 5% Equity for Class & Comp
- Insurance
- Electricity
- Water Purchase
- Software as a Service (SaaS)

Staff Assumptions

- Water and Wastewater use projected to increase 1.1%
 - 1.1% growth assumption, flat demand – Consistent with 2024 Water and Wastewater rate study
- Development will remain stable, strong interest earnings
- Rates will increase per current proposals – Public Hearing April 1

	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%

Purchase of Water

Volume of water increasing by 1.1%

- Growth only, no demand increase

Sonoma Water rate increase

- Tentatively 8.68%

Revenue

Water Revenue Increasing

- Increasing volume 1.1%
- Rate increase 6%

Sewer Revenue Increasing

- Rate increase 5%
- More stable than water due to sewer caps

Regional Revenues

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

Reserves

as of June 30, 2024

Water

- **Operating**
 - \$6,132,512
- **Catastrophic**
 - \$5,750,000
- **Undesignated**
 - \$15,362,931
 - +\$470,687

Wastewater

- **Operating**
 - \$1,931,149
- **Catastrophic**
 - \$6,800,000
- **Undesignated**
 - \$14,759,869
 - +\$1,075,173
- **Rate Stabilization**
 - \$1,000,000

Regional

- **Operating**
 - \$6,053,551
- **Catastrophic**
 - \$1,700,000
- **Refund Reserve**
 - \$8,816,830
 - +\$5.9 mil
- **Geysers**
 - \$1,250,000

CIP Funding

- Rate proposals allow for return to planned CIP appropriations in 2025/26
- Planned Funding
 - Water - \$15.5M
 - Wastewater - \$14.3M
 - Regional - \$12M

Budget Schedule

- **City Council** – April 7th
 - Sonoma Water Rate Increase
- **Regional Partners** – March 13th & April 3rd
- **BPU Budget Subcommittee** – March 26th
- **BPU** – April 3rd
 - O&M, CIP and Regional Study Session
- **BPU** – April 17th
 - Budget Recommendation to City Council
- **City Council** – April 15th
 - Preliminary approval of Regional Budget
- **City Council** – May 6th & 7th
 - Budget Study Sessions
- **City Council** – June 17th
 - Budget Adoption Hearings

DISCUSSION / QUESTIONS?

CONNECT WITH US!

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