



# Sonoma Water

Clean. Reliable. Essential. Every day.

## FY 2024-25 Budgeted Water Deliveries for Water Rates Calculation

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## TAC Adhoc Budget Subcommittee

<b>City of Santa Rosa</b> Nick Harvey Peter Martin	<b>City of Cotati</b> Craig Scott Angela Courter	<b>City of Sonoma</b> Mike Berger
<b>Town of Windsor</b> Shannon Cotulla Cristina Goulart	<b>NMWD</b> Tony Williams Julie Blue	<b>Valley of the Moon Water District</b> Oscar Madrigal
		<b>Marin Municipal Water District</b> Paul Sellier



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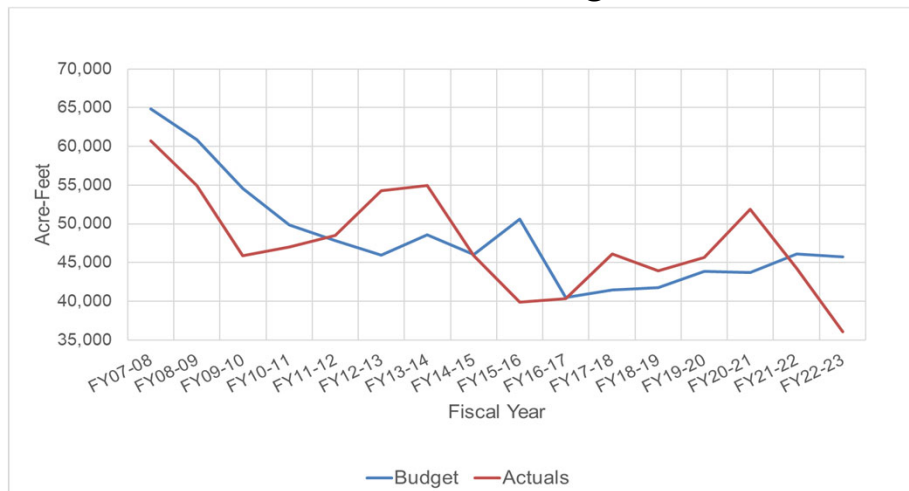
## Budgeted Water Deliveries for Water Rates Calculation Restructured Agreement

- Water rates are calculated based on the lower of 12 months of deliveries or 3-year annual average.
- If because of drought or other water-supply reduction, state or federal order, or other similar condition, the Agency anticipates that any such quantities will not be predictive of future usage, the Agency may use a different amount with the prior approval of the Water Advisory Committee.



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## Water Deliveries – Budget to Actual



\* Increase in actual deliveries in FY20-21 was due in part to NMWD backfilling of Stafford Lake. In FY21-22, MMWD took excess winter instream flows. Decreases in FY21-22 and FY22-23 due to drought and winter landslide impacting the NMWD AQ.

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## Water Deliveries (Acre-feet)

FY21-22	Budget	Actual	% of Budget
Water Deliveries	46,095	44,237	-4.03%

FY22-23	Budget	Actual	% of Budget
Water Deliveries	45,748	36,032	-21.24%

FY23-24	Budget	Projected	% of Budget
Water Deliveries	41,847	40,845	-2.39%



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## Water Deliveries

Actual Deliveries Average Annual Percent Change		
3-year average	5-year average	10-year average
-6.62%	-0.49%	-2.13%

Average Actual Deliveries		
3-year average	5-year average	10-year average
44,039	44,347	44,896



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## FY24-25 Budgeted Water Deliveries Options

Per Restructured Agreement	
Lower Amount	Proposed Amount Subject to WAC Approval
Prior 12 Months	3-Year Annual Average
40,844	42,826

2.4% decrease in deliveries compared to FY23-24

2.3% increase in deliveries compared to FY23-24



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## Considerations and Risks with Higher Budgeted Deliveries

If actual deliveries fall below budgeted deliveries:

- High probability that there will be a rate spike the following year.
- High probability that more Prudent Reserve will be spent to meet 3-month minimum reserve requirement. Replenishing prudent reserve in future years increases rate increase.
- No opportunity to build fund balance and smooth rates in future years.
- Revenue Bond Obligations: Potential for additional charges at year end if there is a deficit in the Revenue Bond Funds.
- Revenue Bond Obligations: Potential for additional charges at year end if Net Revenues fall below 1.15x Debt Service Requirement.



Use of higher budgeted deliveries equates to a ~4% reduction in the rate increase.

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## Next Steps

- **Water Advisory Committee Vote on Sonoma Water Proposal to change Budgeted Water Deliveries from the prior 12-months of deliveries (40,844 AF) to the higher 3-year annual average deliveries (42,826 AF) to align more closely with estimated projected future usage.**



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Water**

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