



REPORT TO COUNCIL

City of Sacramento

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Consent
June 23, 2009

**Honorable Mayor and
Members of the City Council**

Title: Approval of the FY2009/10 Proposed Operating Budget for the Sacramento City-County Office of Metropolitan Water Planning

Location/Council District: Citywide

Recommendation: Adopt a **Resolution** approving the FY2009/10 Operating Budget for the Sacramento City-County Office of Metropolitan Water Planning (CCOMWP) as proposed.

Contact: Kathy Howard, Administrative Analyst, 808-1995, Sarah Foley, Program Manager, 808-1997

Presenters: N/A

Department: Utilities

Division: Sacramento City-County Office of Metropolitan Water Planning

Organization No: 14001911

Description/Analysis

Issue: The FY2009/10 Proposed Operating Budget includes estimated revenue and expenditures necessary to maintain staffing levels and fund prior program and service commitments in the new-year including the next phase of the lower American River Flow Standard update project, an essential requirement of the Water Forum Agreement (WFA).

Policy Considerations: This recommendation is consistent with the Mayor and City Council's mission to protect, preserve, and enhance the quality of life for present and future generations.

Environmental Considerations:

California Environmental Quality Act (CEQA):

Under the California Environmental Quality Act (CEQA) guidelines, continuing administrative activities do not constitute a project and are therefore exempt from review.

Sustainability Considerations:

Approval of the FY2009/10 Proposed Operating Budget for the Sacramento City-County Office of Metropolitan Water Planning is consistent with the City of Sacramento's Sustainability Master Plan Goals.

Sustainability Goal No. 7 - Parks, Open Space and Habitat Conservation is promoted by the second co-equal objective of the Water Forum Agreement "To preserve the fishery, wildlife, recreational, and aesthetic values of the lower American River."

Sustainability Goal No. 8 - Water Resources and Flood Protection is supported by the first co-equal objective of the Water Forum Agreement "To provide a reliable water supply for planned development to the year 2030."

Commission/Committee Action: This proposed budget was reviewed and approved by the Water Forum Coordinating Committee on May 7, 2009; and by the full Water Forum Successor Effort Plenary on May 14, 2009.

Rationale for Recommendation: Approval of the FY2009/10 Proposed Operating Budget will enable the Water Forum to continue its services related to regional water resource issues in order to implement the WFA (City Agreement No. 1999-222).

Financial Considerations: The CCOMWP Operating Budget for FY2009/10 is \$2,261,603 (Fund 7103 - \$1,703,332 and Fund 7104 -\$558,271). This includes activities for the two co-equal objectives of the WFA outlined below. The City's total cost share of this budget for the Water Forum Successor Effort and the Habitat Management Element is \$452,614 (Fund 7103 \$274,857 and Fund 7104 \$177,757).

Revenue obtained from the cost sharing partners for the Water Forum Successor Effort (WFSE) is credited to Fund 7103, and revenue obtained from the cost sharing partners for the Habitat Management Element (HME) is credited to Fund 7104. These funds are interest bearing accounts that are held separate from the City of Sacramento's General Fund.

The Water Forum Coordinating Committee approved the use of undesignated fund balance on May 7, 2009 to support the activities associated with the adoption of a revised flow management standard for the lower American River (LAR). A revised flow

standard that is more protective of the aquatic resources of the LAR is one the WFA's seven elements and critical to meeting its co-equal objectives. It is the intent of the CCOMWP to draw \$753,233 from its WFSE fund balance (Fund 7103 has \$763,000 in undesignated funds as of June 30, 2008) for this purpose as approved by its Coordinating Committee to prepare environmental documentation in support of this action.

The FY2009/10 proposed operating budget for the CCOMWP includes 4.0 full-time equivalent (FTE) positions. For more information about the budget and staffing, refer to Attachments 1 and 2.

Emerging Small Business Development (ESBD): None

Respectfully Submitted by:



Thomas R. Gohring, Executive Director
Sacramento City-County Office of
Metropolitan Water Planning

Approved by:



Marty Hanneman
ACM/Director, Department of Utilities

Recommendation Approved:


Ray Kerridge
City Manager

Table of Contents:

Report	pg. 1
Attachments	
1 Budget	pg. 4
2 Staffing	pg. 7
3 Resolution	pg. 8

**Attachment 1
Budget**

Water Forum Successor Effort (WFSE) – Fund 7103

Funding for the WFSE portion of the budget is cost-shared by water purveyor signatories and is based on the number of water connections served by each entity. Sacramento Municipal Utility District (SMUD) and the El Dorado County Water Agency (EDCWA) are the exceptions to this arrangement.

SMUD's annual contribution is based on a 2001 initial amount of \$10,000. This contribution is adjusted each year for inflation as set by the January issue of the "Engineering News Record" published construction Cost Indexes for US - 20 Cities Average and for the San Francisco Bay Area. The Annual adjustment index is calculated using the average of the cost indexes for these two areas, currently 6.35%; this is multiplied by the prior year contribution amount.

EDCWA contributes a flat one percent of the total budget on behalf of the El Dorado Irrigation District and the Georgetown Divide Public Utility District, all of which currently have Water Forum Procedural Agreements. As soon as EDCWA has negotiated a Specific Agreement, it will contribute to the Water Forum Successor Effort on the same basis as other purveyors that have Specific Agreements.

The City of Sacramento's cost-share amount is \$274,857 for the WFSE budget and is included in the Department of Utilities FY2009/10 budget within its Water Fund (6005) adopted by the Sacramento City Council on June 16, 2009. The other cost-sharing partners have agreed to their funding portions and are in the process of executing reimbursement agreements at this time.

Funding Summary for the WFSE FY2009/10 Proposed Budget (Fund 7103)

County of Sacramento – Zone 13 (encompassing the pro rata share of all the water districts in the unincorporated area and the cities of Citrus Heights, Rancho Cordova and Elk Grove)	\$496,149
City of Sacramento	274,857
City of Roseville	81,359
City of Folsom	38,355
Placer County Water Agency	20,560
Sacramento Municipal Utility District	15,222
San Juan Water District, (Placer County Service Area)	14,098
El Dorado County Water Agency	9,501
	<u>950,099</u>
Use of Undesignated Fund Balance	<u>753,233</u>
Total:	<u>\$1,703,332</u>

Major expenditures projected for the FY2009/10 WFSE budget are:

- \$170,000 for technical consultant services regarding water supply and resource issues at local, state and federal levels
- \$213,700 for other services/supplies including leased office space and indirect costs paid to the City
- \$147,225 for other professional services in the areas of mediation/facilitation for continued interest based negotiation, grant writing, outreach and education
- \$419,174 for staff salaries and benefits
- \$753,233 for environmental documentation, legal services and technical services related to completion of a revised lower American River (LAR) Flow Standard

Habitat Management Element (HME) of the Water Forum Agreement - Fund 7104

One of the obligations in the WFA is to fund an HME budget for lower American River projects and studies. The HME portion of the budget is funded by the City of Sacramento, County of Sacramento, and other diverters of non-Central Valley Project (CVP) water from the lower American River.

The WFA describes the cost-sharing among the Water Forum purveyors for the Habitat Management Element. Contributions by the City of Sacramento and County of Sacramento were initially set at \$125,000 and \$250,000 annually, respectively. These contributions are adjusted each year for inflation as set by the January issue of the "Engineering News Record" published construction Cost Indexes for US - 20 Cities Average and for the San Francisco Bay Area. The Annual adjustment index is calculated using the average of the cost indexes for these two areas, currently 6.35%; this is multiplied by the prior year contribution amount.

For FY2009/10, the City of Sacramento's HME contribution is \$177,757 and is included in the Department of Utilities operating budget within the Water Fund (6005) adopted by the Sacramento City Council on June 16, 2009. Sacramento County's contribution, \$355,514 is included as a part of the Sacramento County Water Agency's Zone 13 budget.

For FY2009/10, Golden State Water Company will contribute \$3.00 per acre-foot of water purchased from SMUD as replacement water for supplies lost to groundwater contamination. The projected total contribution is \$15,000.

In addition, other purveyor signatories to the WFA that divert non-CVP water from the American River will pay into the HME Fund. The cities of Folsom and Roseville, Placer County Water Agency and the San Juan Water District (Placer County service area) agreed to contribute \$3 per acre-foot to the HME for diversions of non-CVP water over their 1995 baseline amounts. These contributions are also adjusted each year for inflation by the same method as described above.

Funding Summary for the HME FY2009/10 Proposed Budget (Fund 7104)

County of Sacramento – Zone 13 (encompassing the pro rata share of all the water districts in the unincorporated area and the cities of Citrus Heights, Rancho Cordova and Elk Grove)	\$355,514
City of Sacramento	177,757
Golden State Water Company	15,000
Non- Central Valley Project Diversions	<u>10,000</u>
Total:	\$558,271

The major expenditures projected for the FY2009/10 HME budget include:

- \$459,667 for professional and technical services related to modeling lower American River conditions to promote completion of a revised lower American River (LAR) Flow Standard
- \$98,604 towards implementation of the Fisheries and In-Stream Habitat Plan and consulting and mediation/facilitation for continued interest-based negotiations and operating services

**Attachment 2
Staffing**

City County Office of
Metropolitan Water Planning

	FY2008/09 Approved	FY2009/10 Proposed	Change
Executive Director	1.0	1.0	0
Program Manager	1.0	1.0	0
Administrative Analyst	1.0	1.0	0
Secretary	<u>1.0</u>	<u>1.0</u>	<u>0</u>
Total FTE	4.0	4.0	0

RESOLUTION NO.

Adopted by the Sacramento City Council

Approval of the FY2009/10 Operating Budget for the Sacramento City-County Office of Metropolitan Water Planning

BACKGROUND

- A. The FY2009/10 Proposed Operating Budget for the City County Office of Metropolitan Water Planning (CCOMWP) includes estimated revenue and expenditures necessary to maintain staffing levels and fund prior Water Forum program and service commitments in FY2009/10, including the next phase of the lower American River Flow Standard update project, an essential requirement of the Water Forum Agreement.
- B. The proposed budget was reviewed and approved by the Water Forum Coordinating Committee on May 7, 2009, and by the full Water Forum Successor Effort Plenary on May 14, 2009.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

Section 1. The CCOMWP operating budget for FY2009/10 is approved in the amount of \$2,261,603. This includes revenue and expenditure activities for the Water Forum Successor Effort (WFSE) (Fund 7103) and the Habitat Management Element (HME) (Fund 7104) of the Water Forum Agreement.

Section 2. The FY2009/10 Revenue Budgets for the City-County Office of Metropolitan Water Planning Funds for the WFSE and HME are established as follows:

7103-14000-14001911	\$950,099
7104-14000-14001911	\$558,271

Section 3. The FY2009/10 Expenditure Budgets for the City-County Office of Metropolitan Water Planning for the WFSE and HME are established as follows:

7103-14000-14001911	\$1,703,332
7104-14000-14001911	\$ 558,271

Section 4. The use of the undesignated fund balances from Fund 7103 in the amount of \$753,233 is authorized to support the activities associated with the adoption of a revised flow management standard for the lower American River.