



# REPORT TO COUNCIL

## City of Sacramento

915 I Street, Sacramento, CA 95814-2604  
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Consent  
June 22, 2010

Honorable Mayor and  
Members of the City Council

**Title:** Approval of the FY2010/11 Proposed Operating Budget for the Sacramento City-County Office of Metropolitan Water Planning

**Location/Council District:** Citywide

**Recommendation:** Adopt a **Resolution** approving the FY2010/11 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:** Not applicable

**Department:** Utilities

**Division:** Sacramento City-County Office of Metropolitan Water Planning

**Organization No:** 14001911

### Description/Analysis

**Issue:** The FY2010/11 Proposed Operating Budget includes estimated revenue and expenditures necessary to maintain staffing levels and fund prior program and service commitments including the next phase of the lower American River (LAR) Flow Management Standard (FMS) update project, an essential requirement of the Water Forum Agreement (WFA). The FY2010/11 Proposed Operating Budget is funded out of Fund 7103, and Fund 7104.

**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 CEQA guidelines, continuing administrative activities do not constitute a project and are therefore exempt from review.

**Sustainability Considerations:**

Approval of the FY2010/11 Proposed Operating Budget for the CCOMWP 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 April 22, 2010; and by the WFSE Plenary on May 20, 2010.

**Rationale for Recommendation:** Approval of the FY2010/11 Proposed Operating Budget will enable the Water Forum to continue its services related to regional water resource issues and implementation of the WFA (City Agreement No. 1999-222).

**Financial Considerations:** The CCOMWP Operating Budget for FY2010/11 in Fund 7103 is \$1,617,785 and \$560,404 in Fund 7104; for a combined total of \$2,178,189.

The City of Sacramento's total cost share is \$449,689. This provides \$271,221 for WFSE services and programs and \$178,468 for HME services and programs. These City funds are included in the FY2010/11 Department of Utilities Fund 6005 which is slated to be approved by City Council on June 22, 2010.

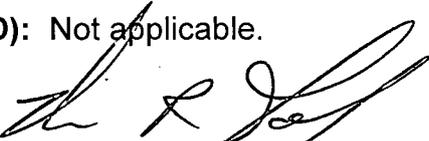
Sacramento County contributes the largest percentage of CCOMWP funding. The County's cost share of \$846,801 is included as a part of the Sacramento County Water Agency's Zone 13 budget. This provides \$489,865 for WFSE services and programs and \$356,936 for HME services and programs.

Details regarding cost share partner contributions are provided in Attachment 1. The CCOMWP funds are held in interest bearing accounts that are separate from the City of Sacramento's General Fund.

The Water Forum Coordinating Committee approved the use of undesignated fund balance on April 22, 2010 to support activities associated with the adoption of a revised lower American River Flow Management Standard that is more protective of the aquatic resources and as one the WFA's seven elements, also critical to meeting its co-equal objectives. It is the intent of the CCOMWP to draw \$680,000 from its WFSE fund balance to prepare environmental documentation in support of this action (the City's Finance Department reported Fund 7103 has \$788,000 in undesignated funds as of June 30, 2009).

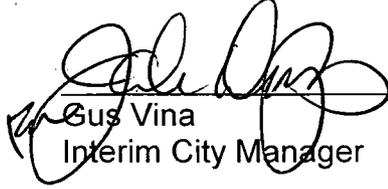
The FY2010/11 proposed operating budget for the CCOMWP includes 4.0 full-time equivalent (FTE) positions. For more information about the budget and staffing, refer to Attachments 1 and 2.

**Emerging Small Business Development (ESBD):** Not applicable.

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

Approved by:   
Marty Hanneman  
Director, Department of Utilities

Recommendation Approved:

  
Gus Vina  
Interim City Manager

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**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 contribution 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 is calculated using the average of the cost indexes for these two areas, currently an increase of .4%.

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. In the event that a Purveyor Specific Agreement is reached, the EDCWA will contribute to the WFSE on the same basis as other purveyors that have Purveyor Specific Agreements.

The City of Sacramento's cost-share amount is \$271,221 and is included in the Department of Utilities FY2010/11 budget in Water Fund 6005 which is slated to be approved by the Sacramento City Council on June 22, 2010. Sacramento County's contribution of \$489,865 is included as a part of the Sacramento County Water Agency's Zone 13 budget. Cost-sharing partners have agreed to their funding portions and are in the process of executing reimbursement agreements at this time.

<b><u>Funding for the WFSE FY2010/11 Proposed Budget (Fund 7103)</u></b>	
County of Sacramento - Zone 13	\$ 489,865
City of Sacramento	271,221
City of Roseville	78,800
City of Folsom	38,888
Placer County Water Agency	20,440
Sacramento Municipal Utility District	15,284
San Juan Water District in Placer County	13,909
El Dorado County Water Agency	<u>9,378</u>
	Sub-Total: 937,785
	Undesignated Fund Balance: <u>680,000</u>
	Total: \$1,617,785

Major expenditures projected for the FY2010/11 WFSE budget are:

- \$165,638 for technical consultant services regarding water supply and resource issues at local, state and federal levels
- \$205,700 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
- \$419,222 for staff salaries and benefits (includes anticipated furlough savings)
- \$680,000 for environmental documentation, legal services and technical services related to completion of a revised lower American River (LAR) Flow Management Standard (FMS)

#### **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 HME. Contributions by the City of Sacramento and County of Sacramento were initially set in FY2000/2001 at \$125,000 and \$250,000, 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 an increase of .4%.

For FY2010/11, the City of Sacramento's cost share amount is \$178,468 and is included in the Department of Utilities operating budget within Water Fund 6005 slated to be approved by the Sacramento City Council on June 22, 2010. Sacramento County's contribution of \$356,936 is included as a part of the Sacramento County Water Agency's Zone 13 budget.

For FY2010/11, 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. Their projected 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. Their projected contribution is \$10,000.

<b><u>Funding for the HME FY2010/11 Proposed Budget (Fund 7104)</u></b>	
Sacramento Co. - Zone 13	\$356,936
City of Sacramento	178,468
Non CVP Diversions	10,000
Golden State Water Company	<u>15,000</u>
<b>Total:</b>	<b>\$560,404</b>

The major expenditures projected for the FY2010/11 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 Management Standard (FMS).
- \$100,737 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**

Sacramento City County Office of  
Metropolitan Water Planning

	<b>FY2009/10 Approved</b>	<b>FY2010/11 Proposed</b>	<b>Change</b>
<b>Executive Director</b>	1.0	1.0	0
<b>Program Manager</b>	1.0	1.0	0
<b>Administrative Analyst</b>	1.0	1.0	0
<b>Secretary</b>	<u>1.0</u>	<u>1.0</u>	<u>0</u>
<b>Total FTE</b>	4.0	4.0	0

**RESOLUTION NO.**

Adopted by the Sacramento City Council

**Approval of the FY2010/11 Operating Budget for the Sacramento City-County Office of Metropolitan Water Planning**

**BACKGROUND**

- A. The FY2010/11 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 FY2010/11, including the next phase of the lower American River Flow Management 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 April 22, 2010, and by the full Water Forum Successor Effort Plenary on May 20, 2010.

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

Section 1. The CCOMWP Operating Budget for FY2010/11 is approved in the amount of \$2,178,189. 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 FY2010/11 Revenue Budgets for the CCOMWP are established as follows:

7103-14000-14001911	\$937,785
7104-14000-14001911	\$560,404

Section 3. The FY2010/11 Expenditure Budgets for the CCOMWP are established as follows:

7103-14000-14001911	\$1,617,785
7104-14000-14001911	\$ 560,404

Section 4. The use of undesignated fund balance from Fund 7103 in the amount of \$680,000 is authorized to support activities associated with the adoption of a revised lower American River Flow Management Standard.