



City of Sacramento City Council

915 I Street, Sacramento, CA, 95814
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Meeting Date: 5/31/2011

Report Type: Consent

Title: FY2011/2012 Proposed Operating Budget for the Sacramento City-County Office of Metropolitan Water Planning

Report ID: 2011-00429

Location: Citywide

Recommendation: Adopt an intent motion to approve the FY2011-12 Proposed Operating Budget for the Sacramento City-County Office of Metropolitan Water Planning

Contact: Tom Gohring, Executive Director, (916) 808-1998; Sarah Foley, Program Manager - Department of Utilities

Presenter: None

Department: Department Of Utilities

Division: C/Co Ofc Water Planning

Dept ID: 14001911

Attachments:

- 1-Description/Analysis
 - 2-Background
-

City Attorney Review

Approved as to Form
Janeth D. San Pedro
5/18/2011 8:57:38 AM

City Treasurer Review

Prior Council Financial Policy Approval or
Outside City Treasurer Scope
Russell Fehr
5/4/2011 12:45:43 PM

Approvals/Acknowledgements

Department Director or Designee: Mike Malone - 5/10/2011 1:40:35 PM

Assistant City Manager: John Dangberg - 5/17/2011 5:39:07 PM



Description/Analysis

Issue: The FY2011/12 proposed operating budget for the Sacramento City-County Office of Metropolitan Water Planning (CCOMWP) includes estimated revenue, offsets and expenditures necessary to maintain staffing levels and fund prior Water Forum program and service commitments in FY2011/12. Service commitments include work on the lower American River Flow Management Standard update project, an essential requirement of the Water Forum Agreement.

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):

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

Sustainability: Approval of the FY2011/12 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: Proposed budget changes were reviewed and approved by the Water Forum Coordinating Committee on April 28, 2011 and the Water Forum Successor Effort Plenary on May 5, 2011.

Rationale for Recommendation: Approval of the FY2011/12 proposed operating budget will enable the Water Forum to continue its services and projects related to regional water resource issues, including implementation of the Habitat Management Element, development of the lower American River Flow Management Standard and regional assistance on water conservation program implementation. These services and projects serve as a counterbalance to the impacts of the increased diversions on the river resulting from the Water Forum Agreement (City Agreement No. 1999-222).

Financial Considerations: The proposed operating budget for FY2011/12 is \$2,453,212 as amended with no staffing changes. Overall this report describes a net decrease in revenue and offsets of \$15,288, an increase in projected expenditures of \$288,674 and the use of \$970,000 from available fund balances. The Water Forum Coordinating Committee approved the use of available fund balances on April 28, 2011 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 is one the WFA's seven elements, also critical to meeting its co-equal objectives.

The proposed City of Sacramento's cost share as amended is \$448,832, providing \$263,047 for WFSE services and programs in Fund 7103 and \$185,785 for HME services and programs in Fund 7104. These City funds are included in the FY2011/12 Department of Utilities Water Fund 6005 proposed budget.

Sacramento County contributes the largest percentage of CCOMWP funding. The proposed amended County's cost share is \$836,222, providing \$464,652 for WFSE services and programs in Fund 7103 and \$371,570 for services and programs in Fund 7104. These funds are included as a part of the Sacramento County Water Agency's Zone 13 budget.

Revenue and offsets - 7103

Revenue and offsets for Fund 7103 are reduced by \$35,707 in FY12 because administrative costs have been reduced. The projected total amount needed for expenses is cost shared by the water purveyor signatories according to the formula outlined in the Water Forum Agreement and is based primarily on the number of active water connections for each purveyor.

Revenue and offsets - 7104

Revenue and offsets for Fund 7104 are cost shared by the City and County of Sacramento and other diverters of non-Central Valley Project (CVP) water from the lower American River. Contributions to this fund are adjusted each year for inflation according to the Construction Cost Index as outlined in the Water Forum Agreement. As a result, the proposed budget includes an increase of \$20,419.

Expenditures - 7103

Administration - In March 2011 the CCOMWP moved its office. This change has reduced annual operating expenses by \$35,178. Additionally, the proposed changes include a reduction of \$10,633 to salaries/benefits due to increased furlough savings and benefit changes.

Programs - For FY2011/12 the proposed amended budget provides for a decrease of \$172,466 for program related expenses. Staff anticipates an increase of \$27,225 in facilitation/mediation services for its work on the lower American River Flow Management Standard project. Staff is proposing a decrease in program expenses in Fund 7103 as FY2010/11 activities have reduced the amount of available fund balance. Some of these program expenses are being shifted to Fund 7104.

Use of available fund balance - The revenue and offsets for Fund 7103 are \$900,857, as amended, and the expenditures are \$1,384,325, as amended. The difference of \$483,468 will be absorbed by the use of available fund balance.

Expenditures - 7104

Programs - Ongoing work on the proposed LAR FMS in FY2011/12 is expected to increase expenditures in this fund by \$506,951.

Use of available fund balance - The revenue and offsets for Fund 7104 are \$582,355, as amended, and expenditures are \$1,068,887, as amended. The difference of \$486,532 will be absorbed by the use of available fund balance.

Proposed Revenue and Offsets	FY2011/12 Proposed (1)	FY2011/12 Proposed Changes (2)	Amended Budget FY2011/12 (3)
Fund 7103 - Water Forum Successor Effort (WFSE)			
Sacramento County - Zone 13	\$489,865	\$(25,213)	\$464,652
City of Sacramento (Fund 6005)	270,000	(6,953)	263,047
City of Roseville	78,800	(181)	78,619
City of Folsom	38,888	(2,064)	36,824
Placer County Water Agency	20,440	(1,050)	19,390
Sacramento Municipal Utility District	15,284	627	15,911
San Juan Water District in Placer County	13,909	(504)	13,405
El Dorado County Water Agency	9,378	(369)	9,009
Subtotal	<u>\$936,564</u>	<u>\$(35,707)</u>	<u>\$900,857</u>
Fund 7104 - Habitat Management Element (HME)			
Sacramento County - Zone 13	\$356,936	\$14,634	\$371,570
City of Sacramento (Fund 6005)	180,000	5,785	185,785
Non CVP Diversions	10,000	0	10,000
Golden State Water Company	15,000	0	15,000
Subtotal	<u>\$561,936</u>	<u>\$20,419</u>	<u>\$582,355</u>
Total Revenues:	<u>\$1,498,500</u>	<u>\$(15,288)</u>	<u>\$1,483,212</u>

- (1) FY2011/12 Proposed: Amounts included in the City's printed 2011/12 Proposed Budget.
- (2) FY 2011/12 Proposed Changes: Changes submitted by Metropolitan Water Planning.
- (3) Amended Budget FY2011/12: Staff recommended budget.

(2)

Proposed Expenditures	FY2011/12 Proposed	FY2011/12 Proposed Changes	Amended Budget FY2011/12
Fund 7103 – Water Forum Successor Effort (WFSE)			
Staff labor/benefits	420,406	-10,633	409,773
Office space, monthly parking, transportation	73,000	-35,178	37,822
Transportation/travel	5,000	0	5,000
City attorney and administrative costs	49,000	0	49,000
Communications/technology	19,700	0	19,700
Outreach/supplies	59,000	0	59,000
LAR Flow Management Standard (consultants)	690,858	-199,691	491,167
Technical support (consultants)	165,638	0	165,638
Mediation/facilitation (consultants)	75,000	27,225	102,225
Water conservation (consultants)	45,000	0	45,000
Subtotal	<u>1,602,602</u>	<u>-218,277</u>	<u>1,384,325</u>
Fund 7104 – Habitat Management Element - HME			
LAR Flow Management Standard (consultants)	461,199	506,951	968,150
LAR Monitoring and Technical Support (consultants)	90,306	-7,000	83,306
Mediation/facilitation (consultants)	10,431	7,000	17,431
Subtotal	<u>561,936</u>	<u>506,951</u>	<u>1,068,887</u>
Total Expenditures:	<u>\$2,164,538</u>	<u>\$288,674</u>	<u>\$2,453,212</u>

Emerging Small Business Development (ESBD): Not applicable.

Background

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 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 4.1%.

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 on the same basis as other purveyors that have Purveyor Specific Agreements.

Cost-sharing partners have agreed to their funding portions and are in the process of executing inter-agency cost share agreements at this time.

Habitat Management Element (HME) - Fund 7104

One of the obligations in the Water Forum Agreement (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 also adjusted each year for inflation by the same method described above.

For FY2011/12 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 described above. Their projected contribution is \$10,000.