



City of Sacramento City Council

915 I Street, Sacramento, CA, 95814
www.CityofSacramento.org

Meeting Date: 5/22/2012

Report Type: Consent

Title: FY2012/13 Proposed Operating Budget for the Sacramento City-County Office of Metropolitan Water Planning

Report ID: 2012-00413

Location: Citywide

Recommendation: Pass a Motion approving the FY2012/13 Proposed Operating Budget for the Sacramento City-County Office of Metropolitan Water Planning

Contact: Sarah Foley, Program Manager, (916) 808-1997; Kathy Howard, Administrative Analyst, (916) 808-1995, Department of Utilities

Presenter: None

Department: Department Of Utilities

Division: C/Co Ofc Water Planning

Dept ID: 14001911

Attachments:

- 1-Description/Analysis
- 2-Background
- 3-Attachment 1-Proposed Revenue and Offsets

City Attorney Review

Approved as to Form
Joe Robinson
5/8/2012 9:44:04 AM

City Treasurer Review

Reviewed for Impact on Cash and Debt
Russell Fehr
5/2/2012 2:20:49 PM

Approvals/Acknowledgements

Department Director or Designee: William Busath - 5/4/2012 2:44:30 PM



Description/Analysis

Issue: The FY2012/13 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 FY2012/13. 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): Continuing administrative activities and government fiscal activities do not constitute a project and are therefore exempt from CEQA review [CEQA Guidelines § 15378(b)(2) and (b)(4)].

Sustainability: Approval of the FY2012/13 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: The proposed budget was reviewed and approved by the Water Forum Coordinating Committee on March 22, 2012 and the Water Forum Successor Effort Plenary on April 12, 2012.

Rationale for Recommendation: Approval of the FY2012/13 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 are part of the region's integrated water supply strategy.

Financial Considerations: The proposed operating budget for FY2012/13 is \$ 1,466,015 in revenues and \$2,715,645 in expenditures for the City County Office of Metropolitan Water Planning Fund (7103) and the Habitat Management Element Fund (7104) with no staffing changes. The detail of the revenue and expenditure budgets for each fund is included in Attachment 1. There are sufficient fund balances in Funds 7103 and 7104 to support the additional expenditures of \$1,249,630 not covered by revenue and offsets. The Water Forum Coordinating Committee approved the use of these available fund balances on March 22, 2012 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 \$449,816, providing \$261,430 for WFSE services and programs in Fund 7103 and \$188,386 for HME services and programs in Fund 7104. These City funds are included in the FY2012/13 Department of Utilities Water Fund 6005 proposed budget.

Revenue and offsets - 7103

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.

Expenditures - 7103

The revenue and offsets for Fund 7103 are \$900,857 and the expenditures are \$1,550,487. The difference of \$649,630 will be absorbed by the use of available fund balance.

Expenditures - 7104

The revenue and offsets for Fund 7104 are \$565,158 and expenditures are \$1,165,158. The difference of \$600,000 will be absorbed by the use of available fund balance.

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 1.4%.

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 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. Per the Water Forum Agreement, these contributions are adjusted each year for inflation as set by the January issue of the "Engineering News Record" published Construction Cost Indexes (CCI) for US - 20 Cities Average and for the San Francisco Bay Area. The Annual adjustment is calculated using the average of the CCI for these two areas, currently 0.40%. This % is multiplied by the prior year contribution amount to determine the amount of increase/decrease.

Other purveyors with contracts for Central Valley Project water agreed to contribute to the HME in those years when they divert non-CVP water above their baseline. The potential value of these contributions is unknown at the time budgets are prepared.

Golden State Water Company agreed to contribute to the HME for water diverted under

its replacement water supply contract with SMUD. The potential value of this contribution is unknown at the time budgets are prepared.



Attachment 1

FY2012/13 Proposed Revenue and Offsets

Fund 7103	
County of Sacramento - Zone 13	\$ 466,616
City of Sacramento	261,430
City of Roseville	78,208
City of Folsom	36,830
Placer County Water Agency	19,306
Sacramento Municipal Utility District	16,134
San Juan Water District in Placer County	13,324
El Dorado County Water Agency	9,009
Sub-Total	<u>\$ 900,857</u>
Fund 7104	
Sacramento County - Zone 13	\$ 376,772
City of Sacramento	188,386
Sub-Total	<u>565,158</u>
Total	<u><u>\$1,466,015</u></u>

FY2012/13 Proposed Expenses

Fund 7103	
Staff labor / benefits	\$ 423,789
Office space, parking, local transportation	38,335
Transportation / travel	3,000
City attorney and administrative costs	49,000
Communications / technology	17,500
Outreach/supplies	48,301
LAR Flow Management Standard (consultants)	657,699
Technical support (consultants)	165,638
Mediation/facilitation (consultants)	102,225
Water conservation (consultants)	45,000
Subtotal	<u>\$1,550,487</u>
Fund 7104	
LAR Flow Management Standard (consultants)	\$1,058,058
LAR Monitoring and Technical Support (consultants)	87,600
Mediation/facilitation (consultants)	19,500
Subtotal	<u>1,165,158</u>
Total:	<u><u>\$2,715,645</u></u>