

**Meeting Date: 5/28/2013**

**Report Type:** Consent

**Report ID:** 2013-00400

**Title: FY2013/14 Proposed Operating Budget for the Sacramento City-County Office of Metropolitan Water Planning**

**Location:** Citywide

**Issue:** Approval of the proposed operating budget will allow the Sacramento Region Water Forum to continue its work toward securing the future of the Sacramento region water supply.

**Recommendation:** Pass an intent motion to approve the FY2013/14 Proposed Operating Budget for the Sacramento City County Office of Metropolitan Water Planning.

**Contact:** Tom Gohring, Executive Director, City-County Office of Metropolitan Water Planning, (916) 808-1998

**Presenter:** None

**Department:** Community Support

**Division:**

**Dept ID:**

**Attachments:**

1-Description/Analysis

2-Background

3-Revenue and Expenditure Budget

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**City Attorney Review**

Approved as to Form  
Joe Robinson  
5/16/2013 4:09:22 PM

**City Treasurer Review**

Reviewed for Impact on Cash and Debt  
Russell Fehr  
5/7/2013 10:19:48 AM

**Approvals/Acknowledgements**

Department Director or Designee: Tom Gohring - 5/15/2013 11:12:44 AM

## Description/Analysis

**Issue:** The FY2013/14 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 FY2013/14. 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 FY2013/14 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 coequal objective of the Water Forum Agreement (WFA) "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 coequal 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 February 28, 2013 and the Water Forum Successor Effort Plenary on April 11, 2013.

**Rationale for Recommendation:** Approval of the FY2013/14 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 (HME), 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 provided for under the Water Forum Agreement.

**Financial Considerations:** The proposed operating budget for FY2013/14 is \$1,477,442 in revenues and \$2,729,849 in expenditures for the City County Office of Metropolitan Water Planning Fund (7103) and the HME Fund (7104) with no staffing changes. The detail of the revenue and expenditure budgets for each fund is attached to this report. There are sufficient available fund balances in Funds 7103 and 7104 to support the additional expenditures of

\$1,252,407 not covered by revenue and offsets. The Water Forum Coordinating Committee approved the use of these undesignated fund balances on February 28, 2013 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 coequal objectives.

The proposed City of Sacramento's cost share is \$454,968, providing \$262,437 for WFSE services and programs in Fund 7103 and \$192,531 for HME services and programs in Fund 7104. These City funds are included in the FY2013/14 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 \$1,552,257. The difference of \$651,400 will be absorbed by the use of available fund balance.

#### Expenditures - 7104

The revenue and offsets for Fund 7104 are \$576,585 and expenditures are \$1,177,592. The difference of \$601,007 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 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 only two exceptions to this arrangement.

SMUD's annual contribution is based on a FY2000/01 initial contribution of \$10,000. This amount is adjusted each year for inflation as set by 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 2.2%.

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 interagency 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 FY2000/01 at \$125,000 and \$250,000, respectively. These contributions are also adjusted each year for inflation by the same method described above.

The WFA describes the cost sharing process among the Water Forum purveyors for the Habitat Management Element on pages 86-87.

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.

## Revenue and Expenditure Budget

### FY2013/14 Proposed Revenue

#### Fund 7103

County of Sacramento - Zone 13	\$ 465,700
City of Sacramento	262,437
City of Roseville	78,094
City of Folsom	36,767
Placer County Water Agency	19,148
Sacramento Municipal Utility District	16,489
San Juan Water District in Placer County	13,213
El Dorado County Water Agency	9,009

Subtotal	\$ 900,857
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#### Fund 7104

Sacramento County - Zone 13	\$ 384,054
City of Sacramento	192,531

Subtotal	576,585
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Total	\$1,477,442
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### FY2013/14 Proposed Expenses

#### Fund 7103

Staff labor / benefits	\$ 433,409
Office space, parking, local transportation	33,842
Transportation / travel	3,100
City attorney and administrative costs	49,000
Communications / technology	17,600
Outreach/supplies	52,984
LAR Flow Management Standard (consultants)	659,079
Technical support (consultants)	165,638
Mediation/facilitation (consultants)	92,605
Water conservation (consultants)	45,000

Subtotal	\$1,552,257
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#### Fund 7104

LAR Flow Management Standard (consultants)	\$1,058,058
LAR Monitoring and Technical Support (consultants)	100,034
Mediation/facilitation (consultants)	19,500

Subtotal	1,177,592
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Total:	\$2,729,849
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