



City Council Report

915 I Street, 1st Floor

Sacramento, CA 95814

www.cityofsacramento.org

File ID: 2018-01687

January 8, 2019

Consent Item 16

Title: Agreement: Regional Water Authority- Sacramento Regional Residential, 2018-2020 Water Meter Installation Project

Location: Citywide

Recommendation: Adopt a Resolution authorizing the City Manager, or the City Manager's designee to: 1) sign the Project Agreement with the Regional Water Authority (RWA) for the Sacramento Regional Residential, 2018-2020 Water Meter Installation Project; and 2) adjust the revenue and expenditure budgets in the Accelerated Water Meter Program (Z14010000) as necessary to implement the agreement.

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Presenter: None

Attachments:

- 1-Description/Analysis
- 2-Resolution
- 3-Agreement

Description/Analysis

Issue Detail: The Sacramento Suburban Water District (SSWD) has been awarded grant funding by the Department of Interior, Bureau of Reclamation for the Sacramento Regional 2018-2020 Residential Water Meter Installation Project Grant.

RWA on behalf of the participating agencies with SSWD as the lead, coordinated a multi-agency grant application for the Sacramento Regional 2018-2020 Residential Water Meter Installation Project and will serve as the grant manager on behalf of the collaborating agencies. The City of Sacramento is listed as a recipient and will receive \$234,000 of the \$750,000 awarded.

To receive and utilize the City's share of the grant funding, as a sub-grantee, the City, needs to execute a Project Agreement with RWA and take related actions.

Policy Considerations: The project to be funded support the City's continued efforts in the City's General Plan goal of funding critical water infrastructure in need of improvements and meeting the State's requirement of installing water meters citywide by 2025.

Economic Impacts: None

Environmental Considerations: Pursuant to the California Environmental Quality Act (CEQA) Guidelines Section 15378(b)(4), the activity is not a project. The agreement with Regional Water Authority consists of the creation of a government funding mechanism or other governmental fiscal activities which do not result in any commitment to any specific project which may result in a potentially significant physical impact on the environment and is not subject to CEQA (CEQA Guidelines 15060(c)(3)). Appropriate environmental review will be conducted for the projects identified in the AWMP prior to implementation of the projects.

Sustainability: The project is consistent with the City's Sustainability Master Plan by improving infrastructure reliability, which will reduce energy-intensive maintenance efforts.

Commission/Committee Action: Not applicable.

Rationale for Recommendation: RWA coordinated a multi-agency grant application for the Sacramento Regional 2018-2020 Residential Water Meter Installation Project and the City of Sacramento is listed as a recipient. Of the \$750,000 awarded grant fund, the City will receive \$234,000.

Financial Considerations: The Project Agreement with RWA awards the City of Sacramento \$234,000 in grant funding as a sub-recipient. Acceptance of this agreement necessitates

amendment to the revenue and expense budgets to the Accelerated Water Meter Program (Z14010000, fund 6205) for a not-to-exceed amount of \$234,000.

The Agreement requires a local funding match from the City of \$1,980,000. This match has been met in the Accelerated Water Meter Program (Z14010000). No additional match is required.

No General Funds are allocated or planned for this project.

Local Business Enterprise (LBE): Not applicable.

Background: California State Assembly Bill 2572 (AB2572) was signed on September 24, 2004, requiring the metering of all residential and commercial water services connections by the year 2025.

On May 24, 2005, City Council adopted Resolution 2005-0347, directing that water meters be installed according to plan developed using the following implementation criteria: spreading meter installation projects throughout the City, coordinating water meter installation with the replacement of old water mains, and continuing to add new meter installation projects that are adjacent to completed projects.

On February 24, 2015, the City Council adopted Resolution 2015-0056 approving changes to the City's water meter installation guidelines to accelerate the installation of water meters to complete installation of meters on all City water services connections by December 31, 2020, four years ahead of the statutory deadline specified in Assembly Bill 2572. Entering into this Project Agreement with RWA will assist the City to meet this goal.

RESOLUTION NO. 2018-_____

Adopted by the Sacramento City Council

January 08, 2019

**AUTHORIZING A PROJECT AGREEMENT WITH REGIONAL WATER AUTHORITY
FOR SACRAMENTO REGIONAL RESIDENTIAL 2018-2020 WATER METER
INSTALLATION PROJECT FUNDING AND RELATED BUDGET ACTIONS**

BACKGROUND

- A. The Regional Water Authority (RWA) coordinated a multi-agency grant application that has been awarded to the lead agency, Sacramento Suburban Water District (SSWD). The grant funding provided by the United States Department of the Interior, Bureau of Reclamation for the Sacramento Regional Residential 2018-2020 Water Meter Installation project.
- B. The grant award will provide funding to several different agencies, including the City of Sacramento, for the continued support of the Water Meter programs.
- C. The City is entering into a Project Agreement with RWA to allow the City to accept the initial grant share of \$234,000 in grant funding. The Agreement requires a local funding match of \$1,980,000, provided in direct funding or through in-kind services which is available in the Residential Water Meter Retrofit project (Z14010000).

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

- Section 1. The City Manager or the City Manager's designee, the Director of the Department of Utilities, is authorized to:
 - A. Sign the Project Agreement between the City and Regional Water Authority, to receive funding for Sacramento Regional Residential 2018-2020 Water Meter Installation project;
 - B. Adjust the revenue and expenditure budgets in the City's Accelerated Water Meter Program (Z14010000) reimbursable fund (6205) in the amount not-to-exceed \$234,000.

**REGIONAL WATER AUTHORITY
PROJECT AGREEMENT**

**SACRAMENTO REGIONAL RESIDENTIAL
2018-2020 WATER METER INSTALLATION PROJECT**

This Agreement is made and entered into effective as of the 8 day of January, 2019, by and between the Regional Water Authority (“RWA”), a joint exercise of powers authority formed under California Government Code section 6500, and following, and the Members and Contracting Entities of RWA listed in **Exhibit 1** to this Agreement, upon their execution of this Agreement (who are collectively referred to in this Agreement as “Participants”), to provide for carrying out a project or program that is within the authorized purposes of RWA, and sharing in the cost and benefits by the Participants.

RECITALS

A. RWA is a joint powers authority, formed to serve and represent regional water supply interests and to assist its members in protecting and enhancing the reliability, availability, affordability and quality of water resources.

B. The joint powers agreement (“RWA JPA”) pursuant to which RWA was formed and operates, authorizes RWA to enter into a “Project or Program Agreement,” which is defined in the RWA JPA as an agreement between RWA and two or more of its Members or Contracting Entities to provide for carrying out a project or program that is within the authorized purposes of RWA, and sharing in the cost and benefits by the parties to the Project or Program Agreement.

C. Article 21 of the RWA JPA states: “The Regional Authority’s projects are intended to facilitate and coordinate the development, design, construction, rehabilitation, acquisition or financing of water-related facilities (including sharing in the cost of federal, State or local projects) on behalf of Members and/or Contracting Entities. The Regional Authority may undertake the development, design, construction, rehabilitation, acquisition or funding of all or any portion of such projects on behalf of Members and/or Contracting Entities in the manner and to the extent authorized by such Members and/or Contracting Entities as provided in this Agreement, but shall not accomplish these functions, nor acquire or own water-related facilities in its own name.”

D. Article 22 of the RWA JPA states: “Prior to undertaking a project or program, the Members and/or Contracting Entities who elect to participate in a project or program shall enter into a Project or Program Agreement. Thereafter, all assets, benefits and obligations attributable to the project shall be assets, benefits and obligations of those Members and/or Contracting Entities that have entered into the Project or Program Agreement. Any debts, liabilities, obligations or indebtedness incurred by the Regional Authority in regard to a particular project or program, including startup costs advanced by the Regional Authority, shall be obligations of the participating Members and/or Contracting Entities, and shall not be the debts, liabilities, obligations and indebtedness of those Members and/or Contracting Entities who have not executed the Project or Program Agreement.”

E. RWA and the Participants desire to carry out a project and share in the costs and benefits of the project, as a Project or Program Agreement as provided for in Articles 21 and 22 of the RWA JPA.

In consideration of the promises, terms, conditions and covenants contained herein, the parties to this Agreement hereby agree as follows:

- 1. Recitals Incorporated.** The foregoing recitals are hereby incorporated by reference.
- 2. Defined Terms.** Terms defined in the RWA JPA will have the same meaning in this Agreement.
- 3. Description of the Project.** This is a collaborative project between three water supply agencies (see **Exhibit 1** for a list of participants) in the Sacramento region to use a grant award from the U.S. Bureau of Reclamation (Reclamation) Bay-Delta Restoration Program: CALFED Water Use Efficiency Grants. Sacramento Suburban Water District (SSWD) acted as the lead agency and was awarded the grant. RWA will serve as the grant manager on behalf of the collaborating agencies.

The proposed project will install an estimated 1,952 residential water meters. Participants have committed \$3,241,750 in direct and in-kind funding to the project to be matched by \$750,000 in Reclamation grant funds. The project duration is to run from September 21, 2018 through March 31, 2020.

4. Project Committee. The Participants hereby form a Project Committee consisting of one representative (and one or more alternates) designated by each Participant. The Project Committee will meet as necessary from time to time to administer and implement this Agreement on behalf of the Participants. A majority of the members of the Project Committee will constitute a quorum, and a majority of the members of the Project Committee will be required for an affirmative vote to take action on behalf of the Participants. Actions that could result in fiscal changes will require unanimous consent of the Participants.

5. Sharing in Project Costs and Benefits. Subject to the provisions of Articles 9 and 11 of this Agreement, three RWA members will participate in the Project as listed in **Exhibit 1**. Each Participant will ensure that it meets its obligation for its identified local cost share portion.

As the grantee, SSWD will be subject to additional administrative expenses associated with processing and distributing payments to each of the collaborating agencies. SSWD estimates the cost of its activities at \$2,240 over the term of the grant. The SSWD cost estimate for required accounting and auditing functions are stated in **Exhibit 2**. The Participants agree to pay an equal share of SSWD's management expenses. Additionally, each Participant will pay an equal share for the RWA project management costs that are estimated to be \$13,376 identified in Article 8 of this Agreement.

Reclamation has indicated that it will reduce the overall grant award to fund Reclamation's

internal project management expenses. Reclamation has estimated this fee at \$3,000 for environmental review. The Participants agree to share in this expense by reducing their shares of the grant award in the same proportion as each Participant's share of the grant award. **Exhibit 3** provides the required local cost share of each Participant and an estimate of the grant benefit for each of the Participants. If Reclamation determines that additional project management expenses are required, the participants agree to reduce their grant awards using the same formula agreed to in this Article. At the time of execution of the Reclamation funding agreement on September 21, 2018, Reclamation obligated \$747,000 as the total estimated funding award available.

The Project Committee will determine the use of any surplus funds, including any excess project management fees charged in accordance with Article 8 of this Agreement. In accordance with the provisions of Articles 21 and 22 of the RWA JPA, any debts, liabilities, obligations or indebtedness incurred by RWA in regard to the Project will be the obligations of the Participants, and will not be the debts, liabilities, obligations and indebtedness of those Members and/or Contracting Entities who have not executed this Agreement.

6. Role of RWA. The Executive Director of RWA will ensure that the interests of Members and Contracting Entities of RWA who do not participate in this Project are not adversely affected in performing this Agreement. The RWA Project Manager will (a) provide information to the Participants on the status of implementation of the Project, (b) assist the Project Committee in carrying out its activities under this Agreement, and (c) administer the grant on behalf of the Participants consistent with the determinations of the Project Committee and the provisions of this Agreement.

7. Role of Participants. SSWD is considered the grantee, and is the only Participant to execute the funding agreement with Reclamation. However, all Participants must ensure that they implement their portions of the project consistent with the Reclamation funding agreement included as **Exhibit 4**. The Reclamation grant is a Federal award and is therefore subject to the Davis-Bacon Act for labor standards and other applicable federal "cross-cutter" requirements as more fully described and imposed on each Participant by their incorporation into this Agreement by **Exhibit 4**. Project participants agree to submit information associated with fulfilling the statement of work in a timely fashion to allow RWA and SSWD to meet reporting requirements and to notify RWA regarding any delays in the project that could result in meeting the overall goal of installing 1,952 meters in the region by March 31, 2020. No funds will be disbursed to any Participant that is not current with all compliance and reporting obligations.

8. RWA Project Management Fee. The RWA management fee to administer the Project is estimated to be \$13,376, and is itemized in **Exhibit 5**. **Exhibit 5** also shows the estimated SSWD management fee of \$2,240, bringing the total estimated fee to \$15,616. Each Participant will be assessed an equal portion of this fee. Project management activities include development of project agreements, project guidance, semi-annual reporting and semi-annual invoice processing, and interim and final project reports as required by the Reclamation funding agreement.

9. Authorization to Proceed with the Project. The Project is authorized to proceed upon the commitment of all Project Participants to fund Project costs by each Participant's

approval and execution of this Agreement. Upon execution of this Agreement, the Participants agree to make their payments to cover their shares of the management fees as required by Articles 5 and 8, respectively, which are estimated to total \$5,205 per Participant. This payment covers both the SSWD management fee and the RWA management fee. Payments will be due and payable upon RWA's presentation of an invoice to each Participant.

10. Term. This Agreement will remain in effect for so long as any obligations under this Agreement remain outstanding.

11. Withdrawal. A Participant may withdraw from this Agreement without requiring termination of this Agreement, effective upon ninety days' notice to RWA and the other Participants, provided that, the withdrawing Participant will remain responsible for any indebtedness incurred by the Participant under this Agreement prior to the effective date of withdrawal.

12. Amendments. This Agreement may be amended from time to time only with the written approval of all of the Participants and RWA.

13. General Provisions. The provisions of Articles 37 through 41, inclusive, of the RWA JPA, and the provisions of Article 13 ("General Provisions") of any Participation Agreement entered into between RWA and a Participant, will apply to this Agreement.

The foregoing Sacramento Regional 2018-2020 Residential Water Meter Installation Project Agreement is hereby consented to and authorized by RWA and the Participants.

Dated: _____, 2019

Dated: _____, 2019

Signature

Signature

John K. Woodling

Name

Name

Regional Water Authority

Agency

EXHIBIT 1

REGIONAL WATER AUTHORITY

**SACRAMENTO REGIONAL RESIDENTIAL
2018-2020 WATER METER INSTALLATION PROJECT**

PROJECT PARTICIPANTS

Agency

City of Sacramento
Sacramento County Water Agency
Sacramento Suburban Water District

EXHIBIT 2

REGIONAL WATER AUTHORITY

**SACRAMENTO REGIONAL RESIDENTIAL
2018-2020 WATER METER INSTALLATION PROJECT**

**ESTIMATE OF SSWD EXPENSES FOR ACCOUNTING
AND AUDIT REQUIREMENTS**

Descriptions	Quantity	Unit cost	Total
Setup Cost			
Banking Fee (separate bank account)	24 Months	\$60.00	\$1,440.00
Admin. Hours			
Review up to 4 reimbursement invoices	4 Hours	\$100.00	\$400.00
Prepare up to 4 grant disbursements to participants	4 Hours	\$100.00	\$400.00
Total Estimated Cost			\$2,240.00

EXHIBIT 3

REGIONAL WATER AUTHORITY

**SACRAMENTO REGIONAL RESIDENTIAL
2013 WATER METER INSTALLATION PROJECT**

**LOCAL COST SHARE AND
ESTIMATED BENEFITS**

Agency	Local Share	Initial Grant Share	Reclamation Project Management Fee Deduction*	Net Estimated Grant Share
City of Sacramento	\$1,980,000	\$235,000	\$1,000	\$234,000
Sacramento County Water Agency	\$1,074,000	\$235,000	\$1,000	\$234,000
Sacramento Suburban Water District	\$187,750	\$280,000	\$1,000	\$279,000
Total	\$3,241,750	\$750,000	\$3,000	\$747,000

*This was the project management deducted at the time of execution of the Reclamation funding agreement. It included environmental review. If additional deduction for Reclamation staff expenses are deducted, they will be prorated according to the current ratio of management fee deductions.

EXHIBIT 4

REGIONAL WATER AUTHORITY

**SACRAMENTO REGIONAL RESIDENTIAL
2018-2020 WATER METER INSTALLATION PROJECT**

**U.S. BUREAU OF RECLAMATION
FUNDING ASSISTANCE AGREEMENT**

EXHIBIT 5

REGIONAL WATER AUTHORITY

**SACRAMENTO REGIONAL RESIDENTIAL
2018-2020 WATER METER INSTALLATION PROJECT**

**ESTIMATE OF COMBINED RWA AND SSWD
PROJECT MANAGEMENT EXPENSES**

Project Management Tasks	Staff	Hours	Rate	Total
Grant Agreement Administration/Support and Project Agreement Development	Project Manager	4	\$130.00	\$520.00
	Project Assistant	20	\$100.00	\$2,000.00
Conduct and Document Project Committee meetings (2 planned)	Project Manager	6	\$130.00	\$780.00
	Project Assistant	6	\$100.00	\$600.00
Prepare up to 4 invoices for Grant Reimbursement to Reclamation and distribute to participants	Project Assistant	24	\$100.00	\$2,400.00
	Project Manager	8	\$130.00	\$1,040.00
Prepare up to 4 Semi-Annual Reports to Reclamation	Project Assistant	12	\$100.00	\$1,200.00
Prepare interim Project Report	Project Assistant	12	\$100.00	\$1,200.00
Prepare Final Project Report	Project Assistant	12	\$100.00	\$1,200.00
Coordination meetings with Reclamation (2 meetings)	Project Manager	4	\$130.00	\$520.00
	Project Assistant	4	\$100.00	\$400.00
Miscellaneous Direct Expenses				\$300.00
Total Estimated RWA Project Management Expenses				\$12,160.00
Contingency - 10% of RWA Project Management Total Costs				\$1,216.00
				\$13,376.00
SSWD Direct Expenses (reimbursement, checking account)				\$2,240.00
Total Project Estimated Fees				\$15,616.00