



REPORT TO COUNCIL

City of Sacramento

915 I Street, Sacramento, CA 95814-2604
www.CityofSacramento.org

CONSENT
JUNE 24, 2008

Honorable Mayor and
Members of the City Council

**Title: APPROVAL OF THE FY2008/09 PROPOSED OPERATING BUDGET FOR THE
SACRAMENTO CITY-COUNTY OFFICE OF METROPOLITAN WATER PLANNING**

Location/Council District: Citywide

Recommendation: Adopt a **Resolution** approving the FY2008/09 Operating Budget for the Sacramento City-County Office of Metropolitan Water Planning as proposed.

Contact: Kathy Howard, Administrative Analyst 808-1995, Sarah Foley, Program Manager 808-1997

Presenters: N.A.

Department: Utilities

Division: City-County Office of Metropolitan Water Planning

Organization No: 8810

Description/Analysis

Issue: The FY2008/09 Proposed Operating Budget includes estimated revenue and expenditures necessary to maintain staffing levels and fund prior program and service commitments in the new-year. In addition, the Proposed Operating Budget addresses the next phase of the lower American River Flow Standard update project, an essential requirement of the Water Forum Agreement (WFA).

Environmental Considerations:

California Environmental Quality Act (CEQA): This report concerns administrative activities that will not have any significant effect on the environment, and that do not constitute a "project" as defined by the California Environmental Quality Act (CEQA) [CEQA Guidelines Sections 15061(b)(3); 15378(b)(2)].

Rationale for Recommendation: Approval of the FY2008/09 Proposed Operating Budget will enable the Water Forum to continue its services related to regional water resource issues in order to implement the Water Forum Agreement (WFA) (City Agreement No. 1999-222).

Financial Considerations: The CCOMWP Operating Budget for FY2008/09 is \$2,118,624 (Fund 7103 - \$1,393,520 and Fund 7104 -\$725,104). This includes activities for the two co-equal objectives of the Water Forum Agreement outlined below.

Revenue obtained from the cost sharing partners for the WFSE is credited to Fund 7103, and revenue obtained from the cost sharing partners for the HME is credited to Fund 7104. These funds are interest bearing accounts that are held separate from the City of Sacramento's General Fund.

The Water Forum Coordinating Committee approved the use of undesignated fund balance on April 11, 2006 to support the activities associated with the adoption of a revised flow management standard for the Lower American River (LAR). A revised flow standard that is more protective of the aquatic resources of the LAR is one the WFA's seven elements and critical to meeting its co-equal objectives. These activities include modification of the U.S. Bureau of Reclamation's water right permit through the State Water Resources Control Board. It is the intent of the CCOMWP to draw \$470,000 from its WFSE fund balance (Fund 7103) and \$200,000 from its HME fund balance (Fund 7104) for this purpose as approved by its Coordinating Committee.

The FY2008/09 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): None.

Respectfully Submitted by:



Thomas R. Gohring, Executive Director
City-County Office of Metropolitan Water Planning

Approved by:



Marty Hanneman
Interim Director, Department of Utilities

Recommendation Approved:



Ray Kerridge, City Manager



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**Attachment 1
Department Budget**

Water Forum Successor Effort (WFSE) \$1,393,520 (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 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 index is calculated using the average of the cost indexes for these two areas, currently 1.015; this is multiplied by the prior year contribution amount.

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. As soon as EDCWA has negotiated a Specific Agreement, it will contribute to the Water Forum Successor Effort on the same basis as other purveyors that have Specific Agreements.

The City of Sacramento's cost-share amount is \$268,700 for the WFSE budget and is included in the Department of Utilities FY2008/09 budget within its Water Fund (413) adopted by the Sacramento City Council on June 10, 2008. The other cost-sharing partners have agreed to their funding portions and are in the process of executing reimbursement agreements at this time.

<u>Funding Summary for the WFSE FY2007/08 Proposed Budget (Fund 7103)</u>	
County of Sacramento – Zone 13 (encompassing the pro rata share of all the water districts in the unincorporated area and the cities of Citrus Heights, Rancho Cordova and Elk Grove)	\$482,352
City of Sacramento	268,700
City of Roseville	78,040
City of Folsom	37,301
Sacramento Municipal Utility District	14,313
San Juan Water District, (Placer County Service Area)	13,736
El Dorado County Water Agency	<u>9,235</u>
Sub-Total:	922,993
Use of Undesignated Fund Balance	<u>470,000</u>
Total:	<u>\$1,393,520</u>

Major expenditures projected for the FY2008/09 WFSE budget are:

- \$170,000 for technical consultant services
- \$240,925 for other services/supplies including leased office space and indirect costs paid to the City
- \$120,000 for other professional services
- \$392,595 for staff salaries and benefits
- \$470,000 for environmental documentation, legal services and technical services related to completion of a revised lower American River (LAR) Flow Standard,

Habitat Management Element (HME) of the Water Forum Agreement \$725,104 (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 Habitat Management Element. Contributions by the City of Sacramento and County of Sacramento were initially set at \$125,000 and \$250,000 annually, 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 1.015; this is multiplied by the prior year contribution amount.

For FY2008/09, the City of Sacramento's HME contribution is \$167,143 and is included in the Department of Utilities operating budget within the Water Fund (413) adopted by the Sacramento City Council on June 10, 2008. Sacramento County's contribution, \$334,287 is included as a part of the Sacramento County Water Agency's Zone 13 budget.

For FY2008/09, 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. The projected total 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.

Funding Summary for the HME FY2008/09 Proposed Budget (Fund 7104)

County of Sacramento – Zone 13 (encompassing the pro rata share of all the water districts in the unincorporated area and the cities of Citrus Heights, Rancho Cordova and Elk Grove)		\$334,287
City of Sacramento		167,143
Golden State Water Company		15,000
Non- Central Valley Project Diversions		<u>8,674</u>
	Sub-Total:	525,104
Use of Undesignated Fund Balance		<u>200,000</u>
	Total:	<u>\$725,104</u>

The major expenditures projected for the FY2008/09 HME budget include:

- \$490,000 for professional and technical services related to modeling lower American River conditions, implementation of the Fisheries and In-Stream Habitat Plan and consulting and mediation/facilitation for continued interest-based negotiations.
- \$35,104 Operating services
- \$200,000 for environmental documentation, legal services and technical services related to completion of a revised lower American River (LAR) Flow Standard.

**Attachment 2
Department Staffing**

City County Office of
Metropolitan Water Planning

	<u>FY2007/08 Approved</u>	<u>FY2008/09 Proposed</u>	<u>Change</u>
Executive Director	1.0	1.0	0
Program Manager	1.0	1.0	0
Administrative Analyst	1.0	1.0	0
Secretary	<u>1.0</u>	<u>1.0</u>	<u>0</u>
	<u>4.0</u>	<u>4.0</u>	<u>0</u>

RESOLUTION NO.

Adopted by the Sacramento City Council

Approval of the FY2008/09 Operating Budget for the Sacramento City-County Office of Metropolitan Water Planning

BACKGROUND

- A. The Water Forum is a diverse group of business and agricultural leaders, citizens groups, environmentalists, water managers, and local governments in the Sacramento region (including the City of Sacramento) that have joined to fulfill two co-equal objectives:
- Provide a reliable and safe water supply for the region's economic health and planned development to the year 2030; and
 - Preserve the fishery, wildlife, recreational, and aesthetic values of the lower American River
- B. In November 1999, after six years of intense interest-based negotiation, 40 stakeholder signatories (including the City of Sacramento) approved a comprehensive Water Forum Agreement (WFA) (City Agreement 1999-222).
- C. The WFA consists of integrated actions necessary to provide a regional solution to water shortages, environmental damage, groundwater contamination and limited economic prosperity. To make the WFA work over time, the stakeholders created the Water Forum Successor Effort (WFSE).
- D. City Agreement 2001-005 established the City-County Office of Metropolitan Water Planning (CCOMWP) to provide staffing and administrative support for the WFSE to the year 2030. Its objective is to promote the implementation and continued vitality of the WFA. It also specifies that all administrative arrangements of the CCOMWP will be processed according to the City of Sacramento's established policies and procedures.
- E. On April 11, 2006, the Water Forum Coordinating Committee approved the use of undesignated fund balance from WFSE (Fund 7103) and the Habitat Management Element (HME) (Fund 7104) to support the activities associated with the adoption of a revised flow management standard for the Lower American River (LAR). A revised flow standard that is more protective of the aquatic resources of the LAR is one of the Water Forum Agreement's seven elements and critical to meeting its co-equal objectives. These activities include modification of the U.S. Bureau of Reclamation's water right permit through the State Water Resources Control Board. In 2008 the CCOMWP, on behalf of the Water Forum Successor Effort, will work on environmental documentation, including defining the scope of work and developing a project description and project alternatives. It is the intent of the CCOMWP to draw undesignated fund balances from Fund 7103 in the

amount of \$470,000 and from Fund 7104 in the amount of \$200,000 to support the activities associated with the adoption of a revised flow management standard for the Lower American River (LAR) for this purpose.

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

Section 1. Approve the CCOMWP operating budget for FY2008/09 in the amount of \$2,118,624. 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. Establish the FY2008/09 Revenue Budgets for the City-County Office of Metropolitan Water Planning Fund for the WFSE and HME, as follows:

7103-14000-14001911	\$923,520
7104-14000-14001911	\$525,104

Section 3. Establish the FY2008/09 Expenditure Budgets for the City-County Office of Metropolitan Water Planning for the WFSE and HME, as follows:

7103-14000-14001911	\$1,393,520
7104-14000-14001911	\$ 725,104

Section 4. Authorize the use of the undesignated fund balances from Fund 7103 in the amount of \$470,000 and from Fund 7104 in the amount of \$200,000 to support the activities associated with the adoption of a revised flow management standard for the Lower American River (LAR).