

RESOLUTION NO. 2011-103

Adopted by the Sacramento City Council

February 22, 2011

AUTHORIZING A PROJECT AGREEMENT WITH REGIONAL WATER AUTHORITY FOR THE SACRAMENTO REGIONAL WATER EFFICIENCY ACCELERATION PROGRAM GRANT PROJECT (G14110200)

BACKGROUND

- A. In July 2001, the City of Sacramento joined the Regional Water Authority (RWA) whose mission is to represent the regional water supply interests and to assist members of the RWA in protecting and enhancing the reliability, availability, affordability and quality of water resources.
- B. Today, the RWA represents 20 water purveyors and affiliated agency members in Sacramento, Placer, El Dorado, and Yolo Counties.
- C. The RWA has been awarded grant funding by the California Department of Water Resources (DWR) for the Proposition 50 Urban Drought Assistance Grant Agreement Water Efficiency Acceleration Program.
- D. Participating in this grant opportunity allows the City to accelerate meeting several Water Conservation Best Management Practice commitments and state-required water metering at a lower cost to City ratepayers.
- E. The proposed project agreement with RWA will allow the City to receive up to \$366,479 of the \$1,997,870 of funds awarded to RWA. DWR has a 50 percent or dollar-for-dollar match requirement, thus a \$366,479 grant request requires a match of \$366,479 for a total project budget of \$732,958.

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

- Section 1. The City Manager is hereby authorized to execute a Project Agreement with the Regional Water Authority (RWA) to receive funding awarded to the RWA by the California Department of Water Resources for the Proposition 50 Urban Drought Assistance Grant Agreement Water Efficiency Acceleration Program.
- Section 2. The City Manager is authorized to establish revenue and expenditure budgets for the residential meter grant funds to the Residential Water Meter Program (Z14010000) in the amount of \$200,000. There are sufficient funds for the match in the Z14010000.
- Section 3. The City Manager is authorized to establish the Regional Water Efficiency Acceleration Grant Program (G14110200) and to establish revenue and expenditure budgets for the grant funds for the incentive projects in the amount of \$166,479.
- Section 4. The City Manager is authorized to transfer Water Funds (6005) in the amount of \$166,479 from the Operating budget to the Regional Water Efficiency Acceleration Grant Program (G14110200) to match the grant award.
- Section 5. The Project Agreement described in Section 1 is attached as Exhibit A and made a part of this Resolution.

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Exhibit A – Regional Water Authority Project Agreement

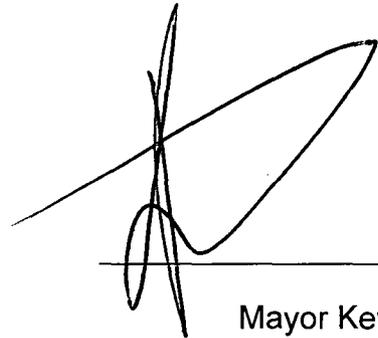
Adopted by the City of Sacramento City Council on February 22, 2011 by the following vote:

Ayes: Councilmembers Ashby, Cohn, D Fong, R Fong, McCarty, Pannell, Schenirer, Sheedy, and Mayor Johnson.

Noes: None.

Abstain: None.

Absent: None.



Mayor Kevin Johnson

Attest:



Shirley Concolino, City Clerk

**REGIONAL WATER AUTHORITY
PROJECT AGREEMENT**

**SACRAMENTO REGIONAL WATER EFFICIENCY ACCELERATION PROGRAM
GRANT PROJECT**

This Agreement is made and entered into as of the __ day of _____, 20__, 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.** A key element of the Regional Water Efficiency Program (RWEF) is to support the water conservation programs of the 19 participating member agencies. As signatories of the Water Forum Agreement (WFA) www.waterforum.org (see Appendix J), members participating in the RWEF have committed to implementing a number of Best Management Practices (BMPs) for urban water conservation. In addition, 10 RWA members also have committed to the Memorandum of Understanding Regarding Urban Water Conservation (MOU) as supported by the California Urban Water Conservation Council (www.cuwcc.org) with similar BMPs.

The primary goal with this project is to utilize \$1,997,870 in funding awarded to the RWEF through the California Department of Water Resources' (DWR) 2008 Urban Drought Assistance Grant Program to accelerate implementation of several BMPs in the region, including: 1) install additional water meters (\$1,000,000 of grant); 2) offer added incentives for high efficiency clothes washers (\$342,500 of grant); 3) increase customer awareness on dry hydrologic conditions and the availability of incentives (\$120,000 of grant); and 4) increase audits and incentives for water-efficient devices for commercial customers, including high efficiency toilets, urinals, and ET controllers for businesses with a landscaped area of a minimum of one-fourth acre (\$463,870 of grant). Additionally, the grant will fund \$71,500 for grant reporting and invoicing activities. Potential project participants are listed in **Exhibit 1**. Grant reimbursable expenses are for the period beginning May 1, 2009 and December 31, 2013 per the funding agreement with DWR. A description of the grant project statement of work as incorporated in the funding agreement with DWR is included as **Exhibit 2**. Project participants agree to submit information associated with fulfilling the statement of work in a timely fashion to allow RWA to meet reporting requirements.

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 appoint a Chair and Vice-Chair from among its members. 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.

5. Sharing in Project Costs and Benefits. Subject to the provisions of Articles 8 and 10 of this Agreement, it is anticipated that up to twenty RWA members, contracting agencies, and other local agencies will participate in the Project as listed in **Exhibit 1**. Non-RWA members may participate in the Project, but may be subject to a 20% surcharge for any fees collected for the Project. Non-RWEP members may participate in the Project, but may be subject to a 20% surcharge for any fees collected for the Project. Agencies that are both non-RWA members and non-RWEP members may be subject to a total 40% surcharge. Surcharges collected are to be designated to the RWA Operating Fund. Each Participant will pay an apportioned share for the project costs, based on their relative estimated benefit received from the grant program, for any fees that need to be collected for the Project.

Exhibit 3 provides an estimate of the benefit for each of the participants. Note that the grant provides a total of \$806,370 for customer incentives programs (referred to as BMPs 6 and 9). At the time of the development of this Agreement, only \$628,000 of that amount has been committed to participants as shown in **Exhibit 3**. Therefore, **Exhibit 3** serves to identify the grant-reimbursable funds requested by an agency that have been reserved for its use, unless it requests to release these funds due to non-use. The remaining funds that have not been committed in **Exhibit 3** will be available to participants on a first-come, first-served basis. All funds in **Exhibit 3** will be subject to assessment of the RWA Project Management Fee as described in Article 7 of this Agreement. Finally, agencies not currently identified in **Exhibit 1** or **Exhibit 3** may be added to this Agreement following its execution subject to availability of funds and approval of the Project Committee.

The Project Committee will pay back any surplus funds, including any excess project management fees charged in accordance with Article 7 of this Agreement, to the Participants on a pro rata basis reflecting the amount of the payments made by each of the Participants. 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: (a) 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, (b) provide information to the Participants on the status of implementation of the Project, (c) assist the Project Committee in carrying out its activities under this Agreement, and (d) administer the grant on behalf of RWA and the Participants consistent with the determinations of the Project Committee and the provisions of this Agreement.

7. RWA Project Management Fee. The management fee to administer the Project has estimated budget of \$89,500, with \$71,500 of the management fee being funded directly by the Proposition 50 grant. The Participants will pay RWA for the remaining balance of approximately \$18,000 for managing and performing Project activities under this Agreement. Project management activities include development of project agreements, project guidance, project meetings, quarterly reporting and invoice processing, preparation and submittal of final project reports and five annual post-project reports as required by the DWR funding agreement.

The management fees will be collected as follows: 1) each Participant receiving meter acceleration grant funding will pay a fee equivalent to one percent of its grant award at the time its executes and returns this Agreement to RWA; 2) each Participant receiving reimbursement for incentives issued to customers will have one percent deducted from each reimbursement check issued to the Participant by RWA following payment from DWR. The deduction of the fee will be itemized on the accounting prepared by RWA for each reimbursement payment to Participants in the incentive program. Project management expenses may be incurred by a combination of RWA staff and consulting support as determined by RWA in consultation with the Project Committee.

8. Authorization to Proceed with the Project. The Project is authorized to proceed upon the commitment of at least four Project Participants to fund Project costs. Upon execution of this Agreement, each Participant will make payments to cover the management fees in accordance with the terms of Articles 5 and 7.

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

10. 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.

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

12. General Provisions. The provisions of Articles 37 through 41, inclusive, of the RWA JPA, and the provisions of Article 10 ("General Provisions") of any Participation Agreement entered into between RWA and a Participant, will apply to this Agreement.

The foregoing Sacramento Regional Water Efficiency Acceleration Program Grant Project Agreement is hereby consented to and authorized by RWA and the Participants.

Dated: _____, 20__

Dated: _____, 20__

Signature

Signature

Name

Name

Regional Water Authority

Agency

EXHIBIT 1

REGIONAL WATER AUTHORITY

**SACRAMENTO REGIONAL WATER EFFICIENCY ACCELERATION PROGRAM
GRANT PROJECT**

PROJECT PARTICIPANTS

Agency

California American Water
Carmichael Water District
Citrus Heights Water District
City of Davis
City of Folsom
City of Lincoln
City of Roseville
City of Sacramento
City of West Sacramento
El Dorado Irrigation District
Elk Grove Water Service
Fair Oaks Water District
Golden State Water Company
Orange Vale Water Company
Placer County Water Agency
Rancho Murieta Community Services District
Rio Linda/Elverta Community Water District
Sacramento County Water Agency
Sacramento Suburban Water District
San Juan Water District

EXHIBIT 2

REGIONAL WATER AUTHORITY

**SACRAMENTO REGIONAL WATER EFFICIENCY ACCELERATION PROGRAM
GRANT PROJECT**

DWR FUNDING AGREEMENT STATEMENT OF WORK

EXHIBIT 3

REGIONAL WATER AUTHORITY

**SACRAMENTO REGIONAL WATER EFFICIENCY ACCELERATION PROGRAM
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ESTIMATED BENEFITS

PROP 50 Drought Assistance Funds Allocation Requests

	*Residential clothes washers	**CII Programs	Meter funds
Carmichael Water District		\$441	
Citrus Heights Water District		\$3,780	
City of Folsom	\$6,875		\$200,000
City of Roseville		\$133,519	
City of Sacramento	\$82,500	\$83,979	\$200,000
El Dorado Irrigation District	\$68,400		
Elk Grove Water Service			\$200,000
Placer County Water Agency	\$59,538		
Rancho Murieta Community Services District	\$6,875		
Sacramento County Water Agency	\$34,513	\$11,520	\$200,000
Sacramento Suburban Water District	\$26,967	\$30,739	\$200,000
San Juan Water District Wholesale		\$51,950	
San Juan Water District	\$22,000	\$4,410	
Total Committed	\$307,667	\$320,338	\$1,000,000

** referred to as BMP 6 in DWR statement of work Exhibit B*

***referred to as BMP 9 in DWR statement of work Exhibit B*