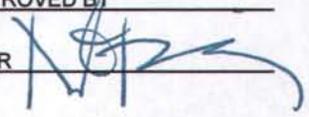


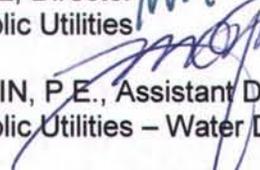
AGENDA ITEM NO. 1 Q
COUNCIL MEETING: 2/25/2010

APPROVED BY

DEPARTMENT DIRECTOR
CITY MANAGER



February 25, 2010

FROM: RENE A. RAMIREZ, Director
Department of Public Utilities 
BY: MARTIN A. QUERIN, P.E., Assistant Director
Department of Public Utilities – Water Division 

SUBJECT: APPROVE FUNDING PARTICIPATION AGREEMENT BETWEEN THE CITY OF FRESNO AND THE KINGS RIVER CONSERVATION DISTRICT FOR A GRANT THROUGH PROPOSITION 50 IN THE AMOUNT OF \$1,000,000 FOR INSTALLATION OF APPROXIMATELY 10,000 RESIDENTIAL WATER METERS AND AUTHORIZE THE DIRECTOR OF PUBLIC UTILITIES TO SIGN ALL NECESSARY DOCUMENTS ON BEHALF OF THE CITY SUBJECT TO APPROVAL AS TO FORM BY CITY ATTORNEY'S OFFICE

RECOMMENDATIONS

Staff recommends that the City Council:

- 1) Approve the Proposition 50 Funding Participation Agreement between the City of Fresno (City) and the Kings River Conservation District (KRCD)
- 2) Authorize the Director of Public Utilities to sign on behalf of the City subject to approval as to form by the City Attorney's Office

EXECUTIVE SUMMARY

The City is one of many active participating stakeholders within the Upper Kings Watershed Basin, cooperating in the development of an Integrated Regional Water Management Plan (IRWMP) to ensure and improve the long-term sustainability, quality and management of water resources throughout the State. With the KRCD acting as 'lead-agency' (Grantee), IRWMP stakeholders had identified and selected three component projects for Grant funding under Proposition 50 as administered and approved by the State Water Resources Control Board (SWRCB). Since that time, one of the Grant component projects was determined to be unfeasible until further studies have been completed. Thereafter, by amendment to the funding agreement, the City's Water Meter Installation Project was identified and selected as the alternate (Component No. 4) fundable project. As related to Assembly Bill 514, the City must complete installation of approximately 110,000 water meters by January 1, 2013. The Grant amount of \$1,000,000 will afford partial relief of estimated overall project costs related to these installations.

BACKGROUND

In cooperation with various stakeholders participating in the IRWMP, the City's Water Meter Installation Project was recently evaluated and selected as an alternative component project for a Proposition 50 Grant with the KRCD acting as 'lead-agency'. The City's alternative project for this Proposition 50 grant is for the installation of approximately 10,000 water meters, and was approved for funding by the SWRCB on January 13, 2010 for \$1,000,000 with a 'local matching fund' amount of \$6,100,000 by the City utilizing proceeds of the 2010 Water System Revenue Bonds, issued earlier this year.

The total Proposition 50 Grant amount of \$6,064,375 awarded to KRCD includes two other approved component projects by participating IRWMP stakeholders (sub-grantee's). Separate contracts will be developed between KRCD and each 'sub-grantee' for their component of the overall grant.

For inclusion of the City's Water Meter Installation Project, an Amendment to the overall Proposition 50 Funding Agreement between the KRCD and SRWCB was developed (Amendment 1). These recent changes required accelerated efforts in development of a Funding Participation Agreement between the City and KRCD to meet Grant requirements and project completion timelines. The City will enter into the Funding Participation Agreement with KRCD as a 'sub-grantee', subject to those Grant requirements specific to the City's component of the total Proposition 50 Grant amount.

Under the terms of the City's Central Valley Project (CVP) contract renewal with the United States Bureau of Reclamation, the City must begin charging a metered rate to all users with existing water meters, starting March 1, 2010, and pursuant to AB514, all services must be metered by January 1, 2013. The Water Division has approximately 110,000 residential water services that will require water meters in order to be in compliance with AB514. The total project amount to complete installation of city-wide residential water meters is estimated to be approximately \$88,400,000.

The City's water meter implementation plan has been environmentally assessed pursuant to Council's June 24, 2008 adoption of Negative Declaration dated April 28, 2008, State Clearing House No 2008051008.

The Grant Funding Participation Agreement between the City and the KRCD will be subject to approval by the City Attorney's Office as to form.

FISCAL IMPACT

Funding for this project is covered by the approved 2010 Water System Revenue Bonds in the Water Enterprise Fund. Bond proceeds equal to the Grant amount for Water Meter Installation, may be reallocated to support and ensure completion of other bonded projects. Matching fund amounts are maintained within existing bond proceeds.

No additional funding is required.