



Agenda Item: 6

Date: November 5, 2009

Subject: Sacramento Regional Water Meter Installation Acceleration Project

Staff Contact: Warren Jung, Manager Engineering Services

Recommendation:

Authorized the General Manager to execute an agreement with the Regional Water Authority (RWA) for the "Sacramento Regional Water Meter Installation Acceleration Project" on behalf of Sacramento Suburban Water District.

Discussion:

Staff reported in the September and October Board meetings of the successful award of an American Recovery and Reinvestment Act of 2009 Water Marketing and Efficiency Grant from the U.S. Bureau of Reclamation. The grant is to fund the acceleration of water meter installations in the service areas of five participating agencies. The five participants, Carmichael Water District, El Dorado Irrigation District, City of Sacramento, City of West Sacramento and Sacramento Suburban Water District are in agreement to have the RWA manage the project. RWA's proposal to manage the grant will be proportionately distributed between the five agencies. The shares for each agency will be based on the percent of grant award (See Exhibit 6 in RWA agreement). RWA's proposed cost for managing the project is \$25,001.00. The additional cost \$15,532.00 will be added to satisfy the audit requirements and administrative expenses associated with processing and distributing payments to each of the collaborating agencies. These costs are for required accounting and auditing functions to be performed by SSWD as the lead agency. The additional cost brings the total to \$40,533.00.

The agreement is a standard RWA agreement, reviewed and approved by SSWD's legal counsel. The agreement was also reviewed by each of the five participating agencies and approved.

Fiscal Impact:

The fiscal impact to the District is \$8,917.00 (22% share).

Strategic Plan Alignment:

Water Supply – 1.C. Continue to implement and support demand management strategies that comply with federal, state and regional programs; support Water Forum Agreement goals efficiently meet the needs of the District Customers.

With the addition of the funds for this grant, the District will accelerate its meter retrofit program by approximately 850 units. Meter retrofit is an important program needed to meet the District's commitment to the Water Forum.

Leadership – 5.C. Participate in regional water management partnerships.

Because the District is the lead agency in the application and successful awarding of this grant, SSWD is demonstrating its commitment to partnering with other agencies for the betterment of the environment and support of water conservation in the area.

**REGIONAL WATER AUTHORITY
PROJECT AGREEMENT**

**SACRAMENTO REGIONAL WATER METER INSTALLATION
ACCELERATION PROJECT**

This Agreement is made and entered into as of the __ day of _____, 2009, 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 five water supply agencies (see **Exhibit 1** for a list of participants) in the Sacramento region to use a \$5 million grant award from the U.S. Bureau of Reclamation (Reclamation) Challenge Grant Program under the American Recovery and Reinvestment Act of 2009. During the grant application process, RWA was determined to not be an eligible applicant. Therefore, Sacramento Suburban Water District (SSWD) acted as the lead agency. RWA will serve as the grant manager on behalf of the collaborating agencies.

The proposed project will install an additional 4,164 water meters on an accelerated schedule in addition to the already planned 5,579 water meters to conserve water and make water available for potential banking and exchange operations at the regional, state, or federal level. Additionally, a bulk water metering station will be constructed in the Sierra foothills. This station will reduce overuse of construction water supply and serve as a drought contingency for domestic well owners that experience dry wells during drought conditions. Participants have committed \$7.5 million to the project to be matched by \$5 million in Challenge Grant Program funds. Another benefit of the project is that the currently planned meter installations would result in an estimated 40 jobs created for contractor services over the 15-month project schedule, while the accelerated portion of the project would result in an additional estimated 23 jobs. The project duration is to run from July 1, 2009 through September 30, 2010.

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, five 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 grant awardee, SSWD may be subject to additional audit requirements and administrative

expenses associated with processing and distributing payments to each of the collaborating agencies. SSWD estimates the cost of these activities at \$15,532 over the term of the grant. The cost estimate for required accounting and auditing functions by SSWD as the lead agency are included as **Exhibit 2**. The Participants agree to fund these expenses in an amount proportionate to their shares of the grant award. Additionally, each Participant will pay an apportioned share for the project management costs identified in Article 8 of this Agreement, based on their proportionate share of the grant award.

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 \$250,000, including a fixed \$150,000 administrative fee and a not-to-exceed \$100,000 environmental review fee. 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. If, after completion of environmental review, Reclamation has excess funds, it will obligate those funds to the grant and such additional moneys will be apportioned to each Participant proportionately to its grant award.

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 grant awardee, 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 funding under the American Recovery and Reinvestment Act of 2009, so it is subject to significant additional compliance and reporting requirements. Most notable of these requirements are the Buy American provision for equipment and materials purchased for the project and Davis-Bacon Act for labor standards. 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 accelerated installation of 4,164 meters and one bulk meter in the region by September 30, 2010. 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 at \$25,000 and is included as **Exhibit 5**. Each Participant will be assessed a portion of this fee based on the relative grant benefit as described in **Exhibit 3**. Project management activities include development of project agreements, project guidance, quarterly reporting and up to monthly 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 \$40,532. Payments will be due and payable upon RWA's presentation of an invoice to each Participant. Estimated invoice totals for each agency to cover SSWD and RWA expenses are included in **Exhibit 6**.

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 Water Meter Installation Acceleration Project Agreement is hereby consented to and authorized by RWA and the Participants.

Dated: _____, 2009

Dated: _____, 2009

Signature

Signature

Name

Name

Regional Water Authority

Agency

EXHIBIT 1

REGIONAL WATER AUTHORITY

**SACRAMENTO REGIONAL WATER METER
INSTALLATION ACCELERATION PROJECT**

PROJECT PARTICIPANTS

Agency

Carmichael Water District
City of Sacramento
City of West Sacramento
El Dorado Irrigation District
Sacramento Suburban Water District

EXHIBIT 2

REGIONAL WATER AUTHORITY

**SACRAMENTO REGIONAL WATER METER
INSTALLATION ACCELERATION PROJECT**

ESTIMATE OF EXPENSES FOR ACCOUNTING AND AUDIT REQUIREMENTS

Descriptions	Quantity	Unit cost	Total
Setup Cost			
Banking Fee (separate bank account)	12 Months	60.00	\$ 720.00
Admin. Hours			
Review 5 quarterly invoices reimbursement for USBR	5 Hours	100.00	\$ 500.00
Prepare 5 quarterly grant disbursements to participants	5 Hours	100.00	\$ 500.00
Prepare schedules/supporting doc./financial stmt for 2 annual audits	20 Hours	100.00	\$ 2,000.00
Meetings w. USBR and/or RWA	4 Hours	100.00	\$ 400.00
Federal Single Audits			
Calendar year 2009	1 Audit	5,000.00	\$ 5,000.00
Calendar year 2010	1 Audit	5,000.00	\$ 5,000.00
10% Contingency of Lead Agency Total Costs			\$ 1,412.00
Total Estimated Cost			\$ 15,532.00

EXHIBIT 3

REGIONAL WATER AUTHORITY

**SACRAMENTO REGIONAL WATER METER
INSTALLATION ACCELERATION PROJECT**

**LOCAL COST SHARE AND
ESTIMATED BENEFITS**

Agency	Local Share	Initial Grant Share	USBR Project Management Fee Deduction	Net Estimated Grant Share
Carmichael Water District	\$1,200,000	\$550,000	\$27,500	\$522,500
City of Sacramento	\$2,600,000	\$2,600,000	\$130,000	\$2,470,000
City of West Sacramento	\$2,000,000	\$550,000	\$27,500	\$522,500
El Dorado Irrigation District	\$200,000	\$200,000	\$10,000	\$190,000
Sacramento Suburban Water District	\$1,500,000	\$1,100,000	\$55,000	\$1,045,000
Total	\$7,500,000	\$5,000,000	\$250,000	\$4,750,000

EXHIBIT 4

REGIONAL WATER AUTHORITY

**SACRAMENTO REGIONAL WATER METER
INSTALLATION ACCELERATION PROJECT**

**BUREAU OF RECLAMATION
FUNDING ASSISTANCE AGREEMENT**

EXHIBIT 5

REGIONAL WATER AUTHORITY

**SACRAMENTO REGIONAL WATER METER
INSTALLATION ACCELERATION PROJECT**

ESTIMATE OF RWA PROJECT MANAGEMENT EXPENSES



EXHIBIT 6

REGIONAL WATER AUTHORITY

**SACRAMENTO REGIONAL WATER METER
INSTALLATION ACCELERATION PROJECT**

**ESTIMATE OF INVOICE AMOUNTS TO PARTICIPANTS TO COVER SSWD AND
RWA ADMINISTRATIVE AND PROJECT MANAGEMENT FEES**

Agency	Percent of Grant Award	Invoice Amount
Carmichael Water District	11	\$4,459
City of Sacramento	52	\$21,077
City of West Sacramento	11	\$4,459
El Dorado Irrigation District	4	\$1,621
Sacramento Suburban Water District	22	\$8,917