



# CITY OF SANTA BARBARA

## COUNCIL AGENDA REPORT

**AGENDA DATE:** May 13, 2014

**TO:** Mayor and Councilmembers

**FROM:** Water Resources Division, Public Works Department

**SUBJECT:** Creation Of Water Drought Fund

**RECOMMENDATION:** That Council:

- A. Approve a transfer of \$3,991,301 from the Water Operating Fund from existing appropriations to the newly created Drought Fund to provide funding and to allow for better tracking of drought-related costs; and
- B. Approve a transfer of \$3,563,216 from the Water Capital Fund from the reprogramming of existing appropriations tied to various capital projects to the newly created Drought Fund.

### **DISCUSSION:**

City Council declared a Stage One Drought on February 11, 2014, and staff will be recommending that Council declare a Stage Two Drought on May 20, 2014. There are numerous specific drought related costs which would not be incurred but for the drought. Staff would like to track all the drought related costs in a separate fund, as the work effort towards these costs is quite substantial, and there is a possibility that the City could be reimbursed for some portion of these costs through a federal and / or state declared emergency. Being able to easily account for drought related costs will also help the City in future planning.

### **BUDGET/FINANCIAL INFORMATION:**

In order to fund drought related costs in Fiscal Year 2014, staff recommends transferring monies currently appropriated in the Water Operating Fund and Water Capital Fund to the new Water Drought Fund. The recommendation includes transferring \$3.99 million currently appropriated in the Water Operating Fund, of which \$3.9 million was approved by Council in February 2014 for water purchases.

It also includes transferring \$3.5 million currently appropriated in the Water Capital Fund, of which \$3.3 million would come from a reprogramming of existing appropriations for the Annual Water Main Replacement Program. The City has been routinely replacing water mains over the past 30 years, and deferral of this regular

program for a year or two will not have a substantial effect on the condition of the City's water mains. Additionally, water main replacement projects require a substantial amount of water for testing and disinfection. Deferring this program allows that water to be conserved.

The chart below outlines estimated drought costs and projects for Fiscal Year 2014. Although there are some increases in operating expenses, most costs are capital in nature.

<b>Project / Item</b>	<b>Amount</b>	<b>Funding Source</b>
Water Purchases	\$3,900,000	Water Operating Fund (approved Feb. 11, 2014)
Miscellaneous Operating Costs (Advertising, Printing & Binding, etc.)	\$76,650	Water Operating Fund
Salary and Benefits (Regular and Hourly)	\$ 14,651	Water Operating Fund
COMB Pumping Project	\$1,603,300	Water Capital Fund – Water Main Replacement Project
Groundwater Wells <ul style="list-style-type: none"> <li>• Alameda</li> <li>• San Roque</li> <li>• Hope</li> <li>• Etc.</li> </ul>	\$650,000	Water Capital Fund – Water Main Replacement Project
Recycled Water Projects <ul style="list-style-type: none"> <li>• Valle Verde</li> <li>• Elings Park Booster Pump Station</li> </ul>	\$309,288	Water Capital Fund – Recycled Water Projects (currently budgeted, moved to track in separate fund)
Desalination – Preliminary Design	\$1,000,628	Water Capital Fund – Water Main Replacement Project

**PREPARED BY:** Joshua Haggmark, Acting Water Resources Manager/mh

**SUBMITTED BY:** Rebecca J. Bjork, Public Works Director

**APPROVED BY:** City Administrator's Office