

STAFF REPORT



CITY OF OCEANSIDE

DATE: May 25, 2011

TO: Honorable Mayor and Councilmembers

FROM: Water Utilities Department

SUBJECT: **RESOLUTION AUTHORIZING AN APPLICATION TO THE UNITED STATES DEPARTMENT OF THE INTERIOR, BUREAU OF RECLAMATION, POLICY AND ADMINISTRATION, TO OBTAIN WATERSMART SYSTEM OPTIMIZATION REVIEW GRANT FUNDING FOR THE OCEANSIDE SYSTEM OPTIMIZATION REVIEW PROJECT**

SYNOPSIS

Staff recommends that the City Council adopt a resolution authorizing application to the United States Department of the Interior, Bureau of Reclamation, Policy and Administration to obtain WaterSMART System Optimization Review grant funding in an amount up to \$300,000 for the Oceanside System Optimization Review project (Exhibit A); and authorize the City Manager to submit the grant application and execute the agreement.

BACKGROUND

On March 9, 2011, the Bureau of Reclamation announced that the President's FY 2011 budget included \$27 million for WaterSMART grants, including approximately \$1 million planned to be available for award to System Optimization Review (SOR) projects. Applicants can request up to \$300,000 in federal funds. With WaterSMART System Optimization Review grants, Reclamation provides cost-shared funding on a competitive basis for SORs that focus on improving water-and energy-efficiency throughout a system, district, or river basin.

The Water Utilities Department submitted an application for WaterSMART System Optimization Review grant funding in the amount of \$300,000 for the Oceanside System Optimization Review project on April 25, 2011. The grant requires that the governing body of the applicant certify by resolution the authorization to submit an application for funds from the Bureau of Reclamation. This authorization must be submitted by mid-June.

ANALYSIS

The City intends to complete a comprehensive water audit and design a five-year citywide loss accounting and reduction program to achieve economically optimal and sustainable levels of real and apparent losses. The City uses an average of over 30 million gallons a day (mgd) with maximum day demand as high as 50 mgd. Over 70 percent of this water is imported and treated locally. During high-demand periods, the City needs to purchase treated water. This water audit will identify sources of water losses and design a program to systematically reduce the losses, thereby improving

water reliability and security with less reliance on imported water. This will also help the City set a reasonable rate structure.

California's system of water distribution requires a significant amount of energy. The California Energy Commission found that a staggering 19 percent of the state's total annual electricity demand is related to water use and 7.7 goes directly toward water and wastewater utilities' operations to source, convey, treat, and distribute water. Energy costs, which are escalating rapidly, can make up a significant portion of water utilities' operating costs. The proposed loss accounting and reduction program will incorporate proactive leak-detection and advanced pressure-management, and will yield sizeable energy savings which will be reported in this project.

FISCAL IMPACT

In FY 11/12, the proposed budget for the Integrated Water Utilities Master Plan Update project, which includes the Oceanside System Optimization Review, is \$1,000,000. If the City's application is successful, \$300,000 of the cost will be funded through this grant. The balance will be funded from water rates and developer impact fees.

CITY ATTORNEY'S ANALYSIS

The referenced documents have been reviewed by the City Attorney and approved as to form.

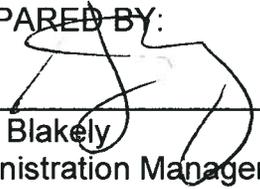
COMMISSION OR COMMITTEE REPORT

Does not apply.

RECOMMENDATIONS

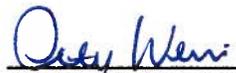
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PREPARED BY:



Greg Blakely
Administration Manager

SUBMITTED BY:



Peter Weiss
City Manager

REVIEWED BY:

Michelle Skaggs Lawrence, Deputy City Manager



Cari Dale, Water Utilities Director



Teri Ferro, Financial Services Director



Exhibit A: Resolution

1 RESOLUTION NO.

2 A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
3 OCEANSIDE AUTHORIZING APPLICATION TO THE UNITED
4 STATES DEPARTMENT OF THE INTERIOR, BUREAU OF
5 RECLAMATION, POLICY AND ADMINISTRATION TO
6 OBTAIN WATERSMART SYSTEM OPTIMIZATION REVIEW
7 GRANT FUNDING

8 WHEREAS, the United States Department of the Interior, Bureau of Reclamation,
9 Policy and Administration (Bureau of Reclamation), WaterSMART System Optimization
10 Review Grant Funding Opportunity seeks proposals for projects that focus on improving water
11 and energy efficiency throughout a system, district, or river basin;

12 WHEREAS, grant funds from the Bureau of Reclamation, WaterSMART System
13 Optimization Review Project Grants are available for projects that focus on improving water
14 and energy efficiency throughout a system, district, or river basin;

15 WHEREAS, the procedures established by the Bureau of Reclamation require the
16 applicant's governing body to certify by resolution authorization for the applicant to submit an
17 application for funds from the Program;

18 WHEREAS, the City of Oceanside is an eligible applicant for grant funds from the
19 Bureau of Reclamation, WaterSMART System Optimization Review Project Grants and is
20 involved in activities that would benefit by funding from the Program;

21 NOW, THEREFORE, the City Council of the City of Oceanside does resolve as follows:

22 SECTION 1. That application be made to the Bureau of Reclamation to obtain
23 WaterSMART System Optimization Review Project grant funding pursuant to Funding
24 Opportunity No. R11SF80356 and to enter into an agreement to receive a grant for the
25 Oceanside System Optimization Review project. The City of Oceanside is able to provide the
26 amount of funds identified in the grant application funding plan.

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1 SECTION 2. The City Manager or his designee is authorized and directed to prepare the
2 necessary data, make investigations and submit such application, and to sign and execute an
3 agreement with the Bureau of Reclamation to receive grant funds. The City of Oceanside will
4 work with the Bureau of Reclamation to meet established deadlines for entering into a
5 cooperative agreement.

6 PASSED AND ADOPTED by the City Council of the City of Oceanside, California,
7 this ____ day of _____, 2011, by the following vote.

- 8
- 9 AYES:
- 10 NAYES:
- 11 ABSENT:
- 12 ABSTAIN:
- 13
- 14

MAYOR, CITY OF OCEANSIDE

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16
17 ATTEST:
18
19 _____
20 CITY CLERK

APPROVED AS TO FORM:

Andrew S. Hamilton, ASST.

CITY ATTORNEY