



City Council Agenda Item

City Council Meeting Date: December 5, 2023

TO: Dean Albro, City Manager

FROM: Brad Wilkie, Utility Director
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SUBJECT: Adoption of Resolution No. 6621(23) Amending the Water Conservation In-Lieu Program to Revise and Update the List of Approved Program Projects, and Authorizing Supplemental Appropriations

Recommendation:

Staff recommends the City Council:

- a) Adopt Resolution No. 6621(23) (attached), which amends the Water Conservation In Lieu Program (Program), modifies appropriations, reimburses the Program for previous expenses, and authorizes supplemental appropriations and transfers for Program activities;
- b) Authorize the transfer of \$250,000 of appropriations from 717WRF-573010 to 751WTM-573070 for the 2023-24 fiscal year and \$131,885 for the 2024-25 fiscal year; and
- c) Reimburse 717WRF-573010 \$368,115.10 from 751WTM-573070 for 100Watt electronic read technology (100W ERT) upgrades above Program commitment.

Background:

On January 16, 1990, the City Council declared a water shortage emergency and adopted an urgency Ordinance, No. 1312(90), which placed prohibitions and restrictions on water use in the City.

In October 1990, the City Council adopted Ordinance No. 1334(90), which established a water retrofit program to regulate the addition of new water users in the City. The program is now referred to as the Water Conservation In-Lieu Payment Program (Program).

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Resolution No. 4000(90) provided the first guidelines to implement the Program. The Program was further amended by Resolution Nos. 4397(94), 4988(02), 5629(10) and 6159(18).

On August 6, 2016, the City Council suspended collection of Program funds in the Old Town Commercial District (OTC) for development retroactively from November 9, 2015, forward to encourage economic development in that district.

Adoption of the Biennial Budget FYs 2019-21 included the creation of the Water Retrofit Fund 717 (Fund). That fund separated operations of the Program from other Water Utility operations.

The City's existing water conservation programs have helped City water customers meet State mandated conservation goals. Additionally, the programs helped provide an additional water supply through water savings to City customers.

From Fiscal Year (FY) 2007-08 through the end of FY 2022-23, the City has disbursed approximately \$1,285,000 in Program incentives and on conservation measures. At the end of FY 2022-23, the Program had remaining restricted cash balances of approximately \$152,500. Unpaid invoices as of June 30, 2023, were approximately \$153,000 resulting in liabilities more than cash available for Program administration and incentives at the end of the prior fiscal year.

On August 1, 2023, the City Council adopted Resolution No. 6597(23) authorizing receipt of a subgrant award of \$449,993 from the Santa Barbara County Water Agency (SBCWA) to reimburse expenses incurred for supply-side water leak detection and repair activities which are components of the Program. That resolution reduced the appropriations for the water meter electronic read transmitter (ERT) replacement program by \$45,481 and added the same amount to the grant project as the required local cost share for the grant.

Discussion:

Implementation of Resolution No. 6159(18) established a program to upgrade water meter radio transmitters from once-a-day read 60W ERT technology to once-an-hour read 100W ERT technology. The Program was slated to replace approximately 2,200 of the 6,700 60W ERTS installed in the field as of April 2018 in an amount of \$182,934.12. Through June 30, 2023, the Water Distribution crew had installed approximately 4,800 100W ERTs using Program funds.

Staff recommends two actions be taken to address the following:

- Amend the Program to sunset the replacement of the automated 60W water meter radio transmitters with 100W transmitters from the program and return the replacement project to the Water Distribution budget for completion.
- Reimburse the Program for costs in excess of the allocation provided for in the 2018 Program amendment of \$182,934.12.

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Supply-side water leak detection and repair activities are an authorized part of the Program however, the management and implementation of the sub-recipient award of \$449,993 by the SBCWA is not currently included in the Program scope. Staff is in the process of hiring two part-time staff for the Program. Funding for the positions is budgeted in the Program and from grant funding authorized for project implementation and administration. Supplemental appropriations are proposed to budget appropriate line items related to grant project administration as follows:

• Increase	717WRF-511400	Part Time Salaries	\$35,462
• Increase	717WRF-512320	PT Insurance	3,702
• Increase	717WRF-512410	PT Retirement	1,329
• Decrease	717WRF-573055	Leak Detection/Repair	40,493

Fiscal Impact:

No General Fund resources have been used to provide for the Program's management or operations, and the proposed changes also would not require General Fund resources. Except for the cost share requirement, the grant supplements existing resources in the Fund to further water leak detection activities.

The Program's restricted net cash balance (Restricted Net Position) has been reduced from \$980,500 as of June 30, 2016, to \$152,500 on June 30, 2023. This drop is attributable to the successful implementation of Program modifications last changed in 2018. The drop is also attributable to the cost of conversion of 60W transmitters to 100W transmitters above the original Program guidelines in the amount of \$368,115.10.

Conclusion:

Adoption of Resolution No. 6621(23) will benefit the community by allowing the Program to continue to provide funding for water conservation needs and programs.

Respectfully submitted,

Brad Wilkie, Utility Director

APPROVAL FOR SUBMITTAL TO THE CITY COUNCIL:

Dean Albro, City Manager

Attachment: Resolution No. 6621(23)