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CITY OF SACRAMENTO

DEPARTMENT OF PUBLIC WORKS

OFFICE OF THE DIRECTOR

CITY MANAGER'S OFFICE
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Melvin H. Johnson
Director
Leslie M. Frink
Deputy Director
Reginald Young
Deputy Director

November 20, 1985

City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: Budget Amendment for Legal and Professional Services
Fees Associated with Water Rights Issues

APPROVED
BY THE CITY COUNCIL

NOV 20 1985
OFFICE OF THE
CITY CLERK

SUMMARY:

The attached report recommends the transfer of \$100,000 from the Water Fund Contingency/Reserve to the Water and Sewer Division Administration budget to cover the expense of using contract legal and professional consultants with specialties in water rights issues. This item was considered by the Budget and Finance Committee on November 12, 1985 and received a unanimous recommendation for approval.

BACKGROUND:

During consideration of water service fees for 1985-86 a two percent adjustment was included to assure the City adequate resources to respond to water rights issues during the course of the year. No specific budget adjustments were made at the time since the exact amount and nature of the necessary expenditures were unknown. Subsequently, the City Council has approved the use of legal and professional consultants with an estimated total cost of \$100,000. The attached report contains the details of these projected expenditures.

FINANCIAL:

The two percent rate adjustment for water rights expenses will generate an estimated \$332,000 during fiscal year 1985-86. A \$100,000 transfer from the Water Fund Contingency/Reserve is requested to cover an estimated \$75,000 in legal fees and \$25,000 in other professional services.

RECOMMENDATION:

Approval of the attached resolution transferring funds from the Water Fund Contingency/Reserve to the Water and Sewer Administration operating budget is recommended based on the unanimous vote of the Budget and Finance Committee on November 12, 1985.

Respectfully submitted,

Melvin H. Johnson

Melvin H. Johnson
Director of Public Works

Recommendation Approved:

Walter J. Slape

Walter J. Slape, City Manager

MHJ/SBP/hma

November 26, 1985
All Districts



CITY OF SACRAMENTO

DEPARTMENT OF PUBLIC WORKS

OFFICE OF THE DIRECTOR

Melvin H. Johnson
Director
Leslie M. Frink
Deputy Director
Reginald Young
Deputy Director

Budget and Finance Committee
Sacramento, California

Honorable Members In Session:

SUBJECT: Budget Amendment for Legal and Professional Service
Fees Associated with Water Rights Issues

SUMMARY:

This report recommends the transfer of \$100,000 from the Water Fund Contingency/Reserve to the Water and Sewer Administration Budget to cover the expense of using contract legal and professional services with specialties in water rights issues.

BACKGROUND

Prior to the final adoption of the Water User Fees for fiscal year 1985-86, consideration was given to the potential for incurring expenses in conjunction with water rights issues over the course of the year. While the actual amount required remained unspecified, a two-percent adjustment was made to the water rates to generate sufficient funds to allow the use of outside legal counsel and/or other consultants as the issues became more clearly defined.

Subsequently, the City Council authorized retention of the legal firm of Kronick, Moskovitz, Tiedemann & Girard as counsel to the City in water rights matters. On October 8, 1985 Council authorized the City Manager to enter into an agreement with Bill Dendy and Associates to perform consulting services relative to water supplies and water rights. The Dendy contract was written not to exceed \$25,000 and the City Attorney's office estimates that the contract legal fees could total \$75,000 in the current fiscal year. Although water rates were adjusted and contract services approved, there has yet to be a budget adjustment to accommodate the increased expenses.

FINANCIAL DATA

The two-percent adjustment made to the water rates for expenses associated with water rights issues was estimated to generate approximately \$332,000 over the 1985-86 fiscal year. The expenses discussed in this report total \$100,000 and are to be applied to this additional revenue.

Since at the time of budget adoption the exact requirements for contract services were unknown, no appropriations were included in the Water and Sewer operating budget for this purpose. This report recommends the transfer of \$100,000 from the Water Fund Contingency/Reserve to the operating budget as specified here:

| | | |
|---|--|----------|
| <u>Water & Sewer Administration (4-13-3151)</u> | | |
| Legal Services (4251) | | \$75,000 |
| Other Professional Services (4258) | | \$25,000 |

The Water Fund Contingency/Reserve includes more than adequate appropriations for this transfer due in part to the additional revenue generated from the two-percent rate adjustment.

RECOMMENDATION

It is recommended that the Budget and Finance Committee forward the attached Resolution to the City Council with a recommendation for approval.

Respectfully submitted,

Melvin H. Johnson
 Melvin H. Johnson
 Director of Public Works

Recommendation Approved:

Solon Wisham, Jr.
 Assistant City Manager

November 12, 1985

RESOLUTION NO. 85-916

ADOPTED BY THE SACRAMENTO CITY COUNCIL ON DATE OF

APPROVED
BY THE CITY COUNCIL
NOV 26 1985
OFFICE OF THE
CITY CLERK

RESOLUTION TRANSFERRING FUNDS FROM
THE WATER FUND CONTINGENCY/RESERVE
TO THE WATER AND SEWER ADMINISTRATION
OPERATING BUDGET

WHEREAS, the City of Sacramento intends to use legal and professional consultants to advise and represent the City in highly technical and specialized water rights issues; and

WHEREAS, the Water User Fees for 1985-86 incorporated a two-percent rate adjustment for the above-specified purpose; and

WHEREAS, the revenues anticipated from the two-percent rate adjustment were budgeted in the Water Fund Contingency/Reserve.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SACRAMENTO THAT:

1. The amount of \$75,000 be transferred from the Water Fund Contingency/Reserve (4-13-7012-0000-4599) to the Water and Sewer Administration budget, legal services account (4-13-3151-0000-4251); and
2. The amount of \$25,000 be transferred from the Water Fund Contingency/Reserve (4-13-7012-0000-4599) to the Water and Sewer Administration budget, other professional services account (4-13-3151-0000-4258).

ATTEST:

MAYOR

CITY CLERK