



Legislation Details (With Text)

File #:	20-1537	Version:	2
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On agenda:	5/4/2020	Final action:	
Title:	Approve the West Orange County Water Board (WOCWB) proposed budget for Fiscal Year 2020/21, with the City of Huntington Beach amount of \$1,048,936		
Attachments:	1. Att#1 FY 20-21 Budget-Allocation by Agency, 2. Att#2 FY20-21 Expenditures		

Date	Ver.	Action By	Action	Result
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REQUEST FOR CITY COUNCIL ACTION

SUBMITTED TO: Honorable Mayor and City Council Members

SUBMITTED BY: Oliver Chi, City Manager

PREPARED BY: Tom Herbel, P.E., Acting Director of Public Works

Subject:

Approve the West Orange County Water Board (WOCWB) proposed budget for Fiscal Year 2020/21, with the City of Huntington Beach amount of \$1,048,936

Statement of Issue:

The City is a member of the West Orange County Water Board (WOCWB), a Joint Powers Authority. The individual member agencies of the WOCWB need to approve the proposed WOCWB budget for Fiscal Year 2020/21 prior to the beginning of the new fiscal year.

Financial Impact:

The City's share of the WOCWB's FY 2020/21 total proposed budget of \$1,649,000 is \$1,048,936. This amount is made up of \$69,564 for the annual operating budget, \$418,372 for the City's share of the loan repayment for the OC-35 Pipeline Relocation Project, and \$561,000 for the Cathodic Protection Program (CP). The FY 2020/21 proposed operating budget is included in the Water Fund business unit 50685801, the debt service is included in the Water Master Plan business unit 50785201, and the Cathodic Protection Program project is included in the Water Master Plan business unit 50790016.

Recommended Action:

Approve the WOCWB proposed budget for Fiscal Year 2020/21, with the City of Huntington Beach amount of \$1,048,936.

Alternative Action(s):

Do not approve the FY 2020/21 WOCWB proposed budget and direct staff accordingly.

Analysis:

The WOCWB is a Joint Powers Authority comprised of the cities of Garden Grove, Seal Beach, Westminster and Huntington Beach, for the purpose of purchasing water from the Municipal Water District of Orange County, and transporting it via the OC-9 and OC-35 transmission mains, owned by the Joint Powers cities. Huntington Beach owns 56.1 percent of the system. The WOCWB is governed by five elected officials, one each from the cities of Garden Grove, Seal Beach and Westminster, and two from the City of Huntington Beach. Council Members Kim Carr and Jill Hardy represent the City of Huntington Beach.

The General Manager of the WOCWB (the City of Huntington Beach Public Works Utilities Manager) submits a proposed budget to the Board for review in January, and for approval by the Board in May after all member agencies' Council have approved their share of the budget. The total proposed budget for Fiscal Year 2020/21 is \$1,649,000. This includes \$124,000 for the operating budget which includes maintenance, electricity, administrative costs (legal, insurance, audit fees); \$525,000 in debt service for the OC-35 realignment project reimbursement agreement with OCTA, and \$1,000,000 for the Cathodic Protection project.

At the January 15, 2020 regular WOCWB meeting, staff presented preliminary estimates of options to extend the lifespan of both the OC-9 and OC-35 transmission mains. OC-9 is 64 years old and OC-35 is 56 years old. Following the Board meeting, each Agency's Public Works Director or representative attended two meetings with City of Huntington Beach engineering staff and the WOCWB General Manager to review the options and associated costs. All were in agreement that the most cost effective solution would be to move forward with the installation of a Cathodic Protection system.

Staff estimates that OC-9 will cost \$3.8 million to apply CP and OC-35 would cost \$4.2 million for CP. Due to these costs, staff is recommending that the Member Agencies make an annual payment to a special fund over an eight-year period in order to finance both projects. The Board would accumulate funds for OC-9 based on agency share for the first four years, with design to begin in year three and construction in year four. Likewise, the Board would accumulate funds for OC-35 in years five through eight, with design in year seven and construction in year eight. A special board meeting was held on March 18, 2020, to discuss the recommendations. An attached table shows the annual allocation of costs broken out by Agency.

The total Fiscal Year 20/21 proposed budget, including regular Operations and Maintenance, Cathodic Protection and Debt Service on the OC-35 relocation project is \$1,649,000; with the Huntington Beach share of \$1,048,936.

The Board reviewed the proposed budget at the March 18, 2020 special meeting and approved a motion to recommend approval of each agency's share at their next respective City Council meetings.

Environmental Status:

Not Applicable

Strategic Plan Goal:

Enhance and maintain infrastructure

Attachment(s):

1. West Orange County Water Board Draft Fiscal Year 2020/21 Budget
2. WOCWB Fiscal Year 20/21 Allocation of Costs by Agency