

STAFF REPORT

To: Coastside County Water District Board of Directors

From: David Dickson, General Manager

Agenda: August 14, 2018

Report

Date: August 8, 2018

Subject: Resolution Authorizing the Bay Area Water Supply and Conservation Agency to Negotiate With the City and County of San Francisco to Amend the Water Supply Agreement

Recommendation:

Approve Resolution No. 2018-__ authorizing the Bay Area Water Supply and Conservation Agency (BAWSCA) to negotiate amendments to the Water Supply Agreement (WSA) with the City and County of San Francisco on the District's behalf.

Background:

Coastside County Water District (CCWD) purchases water from the San Francisco Regional Water System (RWS) and is one of the 26 members of BAWSCA. In 2006, the BAWSCA member agencies delegated authority to BAWSCA to negotiate the Water Supply Agreement between San Francisco and the Wholesale Customers (WSA). The WSA was subsequently approved by CCWD. CCWD also approved Amendment No. 1 to the WSA, in Spring of 2013, which prohibited changes to Hetch Hetchy Reservoir unless there is an amendment to the WSA. In 2014, CCWD delegated authority to BAWSCA to initiate, defend and settle arbitration related to the WSA.

At this time, some sections of the WSA require amendment to address substantive and important issues that have arisen during implementation of the Agreement; however, these amendments do not diverge from the existing policies and spirit of the WSA. BAWSCA now requests that CCWD delegate to BAWSCA the authority to negotiate with San Francisco to amend the WSA. Before they become effective, any such amendments must be approved by each member agency and by San Francisco.

The requested delegation of authority will allow BAWSCA to negotiate amendments related to discrete but important items. The following items are of interest to San Francisco: 1) process for reviewing the Wholesale Capital Fund; 2) wholesale debt-coverage ratio for the rate-setting process; 3) extension of the WSIP completion date; and 4) description of the Regional Groundwater Storage and Recovery Project that is being built by San Francisco as part of the Water System Improvement Program. Additionally, the following four items are of

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interest to BAWSCA: 1) BAWSCA's oversight role over the San Francisco Public Utility Commission's (SFPUC) 10-year Capital Improvement Program; 2) the procedure to divide available water between the SFPUC and its Wholesale Customers during droughts; 3) extension of the deadline for a decision by San Francisco to make San Jose and Santa Clara permanent customers of the RWS and extend increased water supply to the other permanent Wholesale Customers; and 4) resolution of disputed SFPUC Regional Water System asset classifications.

Staff recommends that the Board of Directors approve the attached resolution authorizing BAWSCA to negotiate WSA amendments on the District's behalf.

Fiscal Impact:

None.

RESOLUTION NO. 2018-__

A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE COASTSIDE COUNTY WATER DISTRICT
AUTHORIZING THE BAY AREA WATER SUPPLY AND CONSERVATION AGENCY
TO NEGOTIATE WITH THE CITY AND COUNTY OF SAN FRANCISCO
TO AMEND THE WATER SUPPLY AGREEMENT

WHEREAS, in April 2003, the Coastside County Water District and other water suppliers in Alameda, San Mateo and Santa Clara counties established the Bay Area Water Supply and Conservation Agency (BAWSCA), as authorized by Water Code Section 81300 *et seq.* pursuant to State legislation enacted in 2002 (AB 2058); and

WHEREAS, the Coastside County Water District is represented on the BAWSCA Board of Directors; and

WHEREAS, the Coastside County Water District's Board of Directors has previously approved the Water Supply Agreement between the City and County of San Francisco and Wholesale Customers in Alameda County, San Mateo County, and Santa Clara County (Agreement); and

WHEREAS, BAWSCA has proposed to serve as the representative of its members in discussions and negotiations with San Francisco leading toward the resolution of a number of discrete, but important amendments to address substantive issues that have arisen during implementation of the Agreement; and

WHEREAS, BAWSCA has the capabilities required to serve in this capacity by virtue of Agency staff and consultants in relevant disciplines including civil engineering, water supply planning, finance, economics, accounting, and law; and

WHEREAS, BAWSCA's CEO/General Manager has met with the Coastsides County Water District's representatives to update them on the matters at issue in this negotiation.

NOW THEREFORE BE IT RESOLVED:

1. Coastsides County Water District appoints BAWSCA as its authorized representative in discussions and negotiations with San Francisco to amend the Agreement to address issues arising from implementation of the Agreement.
2. BAWSCA, through its CEO/General Manager, shall confer with and keep the Coastsides County Water District informed on the status of these discussions and negotiations.
3. This appointment shall continue unless and until revoked by the Coastsides County Water District's Board of Directors.
4. This resolution confers no authority on BAWSCA to enter into a contract with San Francisco or to make any commitments legally binding on the Coastsides County Water District. The authority to enter into any contracts is expressly reserved to the Coastsides County Water District Board of Directors

PASSED AND ADOPTED THIS 14th day of August 2018, by the following votes:

Ayes:

Noes:

Absent:

Robert C. Feldman, President
Board of Directors

ATTEST:

APPROVED AS TO FORM:

David R. Dickson, General Manager
Secretary of the District

Catherine J. Groves
Attorney