

# REPORT

To the Honorable Mayor and City Council  
From the City Manager

June 6, 2005

## Subject

Bay Area Water Supply and Conservation Agency and San Francisco Bay Area Regional Water System Financing Authority

## Recommendation

By Motion, make four year appointments to the boards of directors of the Bay Area Water Supply and Conservation Agency (BAWSCA) and San Francisco Bay Area Regional Water System Financing Authority (RFA), commencing July 1, 2005

## Background

The City of Redwood City is a member of BAWSCA and the RFA.

On January 27, 2003, the Council, pursuant to SB 1870, appointed Council member Ira Ruskin to the office of Director of the RFA, established pursuant to California Water Code Section 81600 et seq. for the term determined as provided in the California Water Code Section 81631(b).

On March 10, 2003 the City Council adopted Resolution No. 14515, declaration of findings regarding formation of and membership in BAWSCA, pursuant to AB 2058. Mr. Ruskin was appointed to the BAWSCA board for a two-year term on that date.

On January 24, 2005, the City Council appointed Richard S. Claire to fill the balance of Mr. Ruskin's initial terms, which expire June 30, 2005.

These two entities empower the 29 wholesale customers of the San Francisco Hetch Hetchy regional water system to coordinate local water responsibilities and to provide an equitable share of the funding to help San Francisco fix the regional water system. They also provide powerful vehicles to strengthen our bargaining position with the city of San Francisco to protect the health, safety and economic interests of our residents and businesses. Until the formation of BAWSCA and the RFA, Redwood City historically had no formal voice in forming the policies or deciding if, when or how to invest ratepayer's money – public funds – to ensure the best regional solutions to our water supply and reliability issues. The San Francisco Public Utilities Commission (SFPUC) is not directly accountable to Redwood City in the same manner as are locally or regionally elected leaders, public officials and the officers of regulated utilities. While BAWSCA does not provide any agency a direct voice in the SFPUC's decisions, it enables Redwood City, with BAWSCA colleagues and staff, to address community and regional needs. As a governmental entity, BAWSCA is able to exert far more influence than its predecessor, the Bay Area Water Users Association.

BAWSCA's statutory authority has facilitated the agency to undertake activities such as the following:

- Monitor progress on the SFPUC's multi-billion dollar capital improvement program, adherence to agreements, and compliance with the various duties and deadlines established by state legislation (AB 1823).
- Provide a strong organization for water agencies in Alameda, San Mateo and Santa Clara Counties to negotiate effectively with San Francisco on a new supply contract and other water issues important to their customers, such as rationing during droughts.
- Assist general purpose agencies, such as cities and counties, in planning to cope with the community impact of an extended water outage following an earthquake.
- Represent its members' interests in the Legislature and before regulatory agencies, such as the California Department of Health Services, on regional issues not otherwise handled by the League of Cities or the Association of California Water Agencies.
- Seek out and secure new water supplies, including dry year water transfers.
- Coordinate and implement strategies for water conservation and the use of recycled water among member agencies, to avoid long-term water shortages.
- Prepare financing plans, and associated financing agreements with San Francisco, to build the projects needed to ensure reliable water supply and delivery.

With regard to the appointment of a director to the board of BAWSCA, AB 1058 requires:

- The appointment is to be made at a regular public meeting of the City Council, which has been properly agendized
- The appointment must be made by action of the entire City Council
- The appointment is for a four year term
- The action need not be memorialized in a resolution; a motion duly passed and recorded in the meeting minutes is sufficient

The Appointee must be a resident of, and registered voter in the City of Redwood City. He or she may, but not need be, a member of the City Council. Appointing one person to represent Redwood City on both boards of directors offers an advantage, in that while the two agencies have distinct roles, they are related. Familiarity with issues gained through service on one board will be useful in participating on the other, while assuring greater continuity in representing the city.

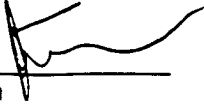
#### **Alternative**

The City Council of Redwood City could decline to make an appointment, and give up its voting rights on the two boards. This is not recommended.

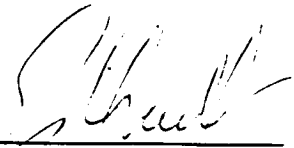
#### **Fiscal Impact**

No direct fiscal impact to Redwood City will occur immediately. The *Settlement Agreement and Master Water Sales Contract between the City and County of San Francisco and certain Suburban Purchasers* effective May 25, 1984 delineates the financial terms and conditions in which the SFPUC recovers approximately two-thirds of all capitalized system improvements costs via the wholesale water rates paid by BAWSCA agencies. As a result of this existing instrument and/or use of alternative financing via the RFA, future water rates for all water users in the Hetch Hetchy service area will increase. Staff estimates that the cost of wholesale water for Redwood City will increase nearly 300% in the next 15

years, as deferred repairs and seismic strengthening improvements are made to the Hetch Hetchy regional water system.



Peter Ingram  
Director, Public Works Services  
Redwood City Representative,  
BAWSCA Technical Advisory Committee



Ed Everett  
City Manager

**Attachment**  
(none)