

REPORT

To the Honorable Mayor and City Council
From the City Manager

July 9, 2007

SUBJECT

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

RECOMMENDATION

Approve by motion commencing July 1, 2007; appoint Mayor Barbara Pierce 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) to fill the balance of Richard S. Claire's initial term of office which expires on June 30, 2009.

BACKGROUND

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

On June 6, 2005, the Council, pursuant to SB 1870, appointed Richard S. Claire to the Office of Directors of BAWSCA and 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 June 15, 2007, Richard S. Claire regrettably resigned as the city representative on BAWSCA and RFA because of additional responsibilities due to his recent appointment to the Port Commission.

These two entities (BAWSCA and RFA), 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 financial 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 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.

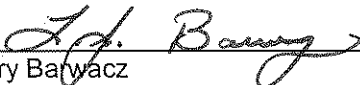
ALTERNATIVES

- The City Council could decline to make an appointment, and give up its voting rights on the two boards. This is not recommended.
- The City Council could make a different appointment than the recommended one.


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.



Larry Barwacz
Public Works Services Director



Ed Everett
City Manager

ATTACHMENTS

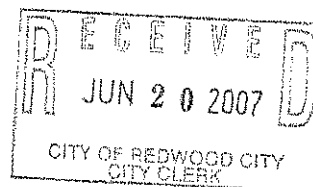
Resignation Letter

RELATED DOCUMENTS IN CITY CLERK'S OFFICE

None

Richard S. Claire
244 Alameda de Las Pulgas
Redwood City CA 94062

6/15/2007



Mayor Barbara Pierce
1017 Middlefield Rd
Redwood City CA 94063

Dear Mayor Pierce:

I regret to inform that I am resigning as the city's representative to the Bay Area Water Supply & Conservation Agency effective immediately. I will not be able to attend the next meeting of the agency because I will be out of the country and since I have been appointed as a port commissioner, I do not feel that I would have the time to be able to represent the city in the way I would like to. In addition, the Charter states that a Port Commissioner can not hold any other city appointed positions. While I do not think that I have a serious problem in representing the city as a BAWSCA board member, I would rather not have a potential controversy regarding my appointment to the Port Commission and still holding another city appointed position.

I have enjoyed my work at the agency and want to thank the council for my appointment. I also want to thank the Executive Director of BAWSCA Art Jensen and his staff for their help over the last few years. We are indeed fortunate as a city to have such a qualified team working in our behalf for securing an adequate and reliable water supply. I am looking forward to my new challenge as a Port Commissioner.

Sincerely,

A handwritten signature in cursive script that reads "Richard S. Claire".

Richard S. Claire

City Council	_____
City Manager	_____
City Attorney	_____
City Clerk	_____ ✓
Community Dev	_____
Finance Dept	_____
Fire Dept.	_____
Public Works Dept	_____
Human Res. Dept	_____
Library Dept	_____
Parks & Rec Dept	_____
Police Dept	_____
Port of RWC	_____
Planning	_____
Redevelopment	_____
Housing	_____