TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER

DEPARTMENT: UTILITIES & PUBLIC WORKS

DATE: SEPTEMBER 12, 2005

SUBJECT: APPROVAL OF LETTER OF MUTUAL UNDERSTANDINGS FOR COORDINATION AND DEVELOPMENT OF AN INTEGRATED REGIONAL WATER MANAGEMENT PLAN FOR THE SAN FRANCISCO BAY AREA

RECOMMENDATION
Staff recommends that the City Council approve and authorize the mayor to sign the Letter of Mutual Understandings for the development of a San Francisco Bay Area Integrated Regional Water Management Plan.

BACKGROUND
In order to effectively compete for state and federal grant programs for water conservation, water supply alternatives such as recycled water and ecosystem and habitat restoration projects, regional cooperation, increased coordination and mutual planning is required. Information from state funding agencies indicates that a “regionally integrated plan” of some nature is necessary in order to secure grant funds and comply with Integrated Regional Water Management Planning Act of 2002; 2003 State budget language; and Section 9, Chapter 8 of Proposition 50. Agencies proposing to receive grant funds for a particular project need to present their project as part of an integrated, regional effort. Projects that are not part of an integrated, regional plan are less likely to received grant funding (if at all).

In February 2002, the Bay Area Water Agencies Coalition (BAWAC) was formed to ensure regional water planning was conducted by or received direction from the large agencies that are responsible to customers that would be affected by the planning effort. BAWAC is a group of seven major Bay Area water districts: Alameda County Water District, Contra Costa Water District, East Bay Municipal Utility District, San Francisco Public Utilities Commission, Santa Clara Valley Water District, Zone 7 Water Agency and the Bay Area Water Supply and Conservation Agency (BAWSCA). The City of Palo Alto is represented on BAWAC through its membership in BAWSCA.
**DISCUSSION**

In response to the need for regional integration, BAWAC worked with other relevant groups including the Bay Area Stormwater Management Agencies Association (BASMAA), the Bay Area Clean Water Association (BACWA), and other organizations to create an integrated compilation of proposed projects for funding that would meet the state and federal grant program requirements. The working relationship for developing the Bay Area Integrated Regional Water Management Plan (IRWMP) is outlined in the Letter of Mutual Understandings (LOMU) between the participating agencies.

The goals of the IRWMP are:

1. To facilitate regional cooperation in providing water supply reliability, water recycling, water conservation, water quality improvement, storm water capture and management, flood management, recreation and public access, wetlands enhancement and creation, and environmental and habitat protection and improvement;
2. To foster coordination, collaboration and communication between Bay Area agencies responsible for water-related issues and to achieve greater efficiencies, enhance public services, and build public support for vital plans and projects; and
3. To improve regional competitiveness for state and federal grant funding.

The LOMU outlines the working relationship to develop the IRWMP. The “mutual understandings” in the LOMU include:

1. There is a need for a San Francisco Bay Area IRWMP
2. The IRWMP scope will include water supply, water quality, wastewater, recycled water, water conservation, storm water/flood control, watershed planning and aquatic habitat protection and restoration.
3. The geographical scope of the IRWMP includes the nine Bay Area counties.
4. The approach to developing the IRWMP is: 1) develop subject area technical coordinating committees (TCCs) whose members work together to compile their individual management plans to see where cooperative efforts could be employed; 2) designate an overall TCC to place all the plans into one integrated document; and 3) seek consensus decision-making.
5. The IRWMP is not subject to approval by any one agency, group, organization or entity.
6. Participation in this IRWMP effort is non-binding.
7. The IRWMP effort will not suggest any prioritization of project development or funding.
8. It is expected that agencies will contribute the personnel and financial resources necessary to develop the IRWMP.

The IRWMP will have four functional areas, or chapters: 1) water supply and water quality; 2) wastewater and recycled water; 3) flood protection and storm water management; and 4) watershed management and habitat protection and restoration. The IRWMP Technical Coordinating Committee submitted two complementary and coordinated applications for planning grants to fund the development of an Integrated Regional Water Management Plan (IRWMP). Zone 7 Water Agency was the lead agency to submit the water supply/water quality and wastewater/water recycling components of the integrated plan. The State Coastal Commission was the lead agency submitting the storm water/flood protection and watershed/ecosystem components. In addition, in July, a Step 1 Implementation Grant Application (under Chapter 8 of Proposition 50) was submitted, containing a long list of Bay...
Area projects which includes the Recycled water Pipeline to Mountain View’s Shoreline Regional Park Community. If this project is selected by the State for Step 2 application submittal, more information would be submitted to Council at that time. The Mountain View project allows for future use by Palo Alto and is therefore partially funded by Palo Alto.

As of August 1, 2005, the following agencies have signed the LOMU:

1. Alameda County Water District
2. Bay Area Water Supply and Conservation Agency
3. Contra Costa Water District
4. East Bay Municipal Utility District
5. San Francisco Public Utilities Commission
6. Santa Clara Valley Water District
7. Sonoma County Water Agency
8. Zone 7 Water Agency
9. Association of Bay Area Governments
10. Bay Area Clean Water Agencies
11. Solano County Water Agency
12. Marin Municipal Water District
13. Contra Costa County Flood Control and Water Conservation District
14. Santa Clara Basin Watershed Management Initiative
15. North Bay Watershed Association
16. City of Napa
17. State Coastal Conservancy

If the City of Palo Alto signs the LOMU, it will signal its support for its objectives and integrated regional water planning in general.

**RESOURCE IMPACT**
Palo Alto staff will spend a limited number of staff hours reviewing drafts of the IRWMP.

**POLICY IMPLICATIONS**
Signing the LOMU does not represent a change in existing City policies.

**ENVIRONMENTAL REVIEW**
Signing the LOMU does not constitute a project under the California Environmental Quality Act, therefore, no environmental assessment is required.

**ATTACHMENT**
Letter of Mutual Understandings

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Director of Utilities

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