RECOMMENDATION

Staff recommends that the Council approve a resolution adopting the San Francisco Bay Area Integrated Regional Water Management Plan.

BACKGROUND

On September 12, 2005, Council approved and authorized the mayor to sign the Letter of Mutual Understandings (LOMU) for the development of a San Francisco Bay Area Integrated Regional Water Management Plan (IRWMP) [CMR:359:05]. The LOMU identified the goals of the IRWMP and outlined the working relationship to develop the IRWMP. Development of the Bay Area IRWMP involved a diverse group of water supply, water quality, wastewater, storm water, flood management, watershed and habitat agencies; local governments; environmental groups; business groups; and other interested parties. The LOMU partners include: Alameda County Flood Control and Water Conservation District, Alameda County Water District, Association of Bay Area Governments, Bay Area Clean Water Agencies Bay Area Water Supply and Conservation Agency, City of Napa, City of Palo Alto, Contra Costa Water District, Contra Costa County Flood Control and Water Conservation District, East Bay Municipal Utility District, Marin Municipal Water District, North Bay Watershed Association, San Francisco Estuary Project, San Francisco Public Utilities Commission, Santa Clara Basin Watershed Management Initiative, Santa Clara Valley Water District, Solano County Water Agency, Sonoma County Water Agency, State Coastal Conservancy, and Zone 7 Water Agency.

The goals of the IRWMP are to:

1. Foster coordination, collaboration and communication among Bay Area agencies responsible for water and habitat-related issues;
2. Achieve greater efficiencies and build public support for vital projects; and

3. Improve regional competitiveness for project funding.

The development of the IRWMP was a multi-stakeholder, nine-county effort to coordinate a strategic approach to regional water resources management. The timeline for completing the IRWMP was extremely tight as work began on January 1, 2006 and the plan was finalized on November 1, 2006. LOMU signatories and other interested supporters have until the end of 2006 to adopt the plan.

The Bay Area IRWMP document can be viewed on the Bay Area IRWMP website: http://www.bayareairwmp.net/. Since the document is so lengthy (615 pages plus 1,280 pages of appendices), the document is not attached to this report. Attachment 2 is the plan’s Executive Summary. Copies of the entire report are also available at Palo Alto’s Main and Mitchell Park libraries, the City Clerk’s office, and on the 3rd floor of City Hall in the Utilities Department.

Descriptions of the IRWMP and the process used to develop it are contained on the same website and are reproduced in Attachment 2 of this report.

DISCUSSION
The development of the Bay Area IRWMP is responsive to the state’s requirement that grant funds are only provided for projects included in an adopted integrated water management plan. The Bay Area IRWMP is a landmark effort to coordinate a strategic approach to regional water resources management in the nine-county Bay Area region.

To complete the IRWMP, the State Water Resources Control Board awarded grants totaling $838,000 to the California State Coastal Conservancy and Zone 7 Water Agency, which are administering the grants. The planning grant funds were used by the LOMU signatories to hire consultants to complete the IRWMP. As outlined in the LOMU, a Technical Coordinating Committee directed the work of the consultants.

The grant funds are available through Proposition 50, the statewide bond initiative passed by voters in 2002. Proposition 50 set aside $380 million for all IRWMP related grants. For the first funding cycle of $160 million, $12 million was designated for planning and $148 million for implementation. Cycle 1 is currently underway. Cycle 2 funding totals $220 million and is scheduled to be allocated in 2008.

A consolidated Bay Area proposal for $25 million of Proposition 50 implementation grant funding was submitted in Cycle 1 to the state in June 2006. The state is expected to make a funding decision on this proposal in late 2006 or early 2007. Projects that were included in this proposal were those that were deemed “ready to proceed” and included:

1. Region-wide conservation programs for high efficiency toilets, water use efficient product testing and labeling program (“WaterStar”), and a pilot program for a new business development guidebook;

2. Recycling projects in San Jose, Mountain View, Redwood City, East Bay Municipal Utility District, Pacifica, and North Marin Water District;
3. Ecosystem restoration projects in Sonoma and Alameda Counties;
4. Desalination, groundwater demineralization, and groundwater monitoring projects in Zone 7 Water Agency, Marin Municipal Water District, and Montara Water and Sanitary District; and
5. A regional intertie between Contra Costa Water District and East Bay Municipal Utility District.

Projects identified in the Bay Area IRWMP will become part of an implementation grant proposal for Proposition 50 Cycle 2 funding. If a project is not included in the IRWMP, it is unlikely to get state funding. In order to receive grant money from the state for a project in the IRWMP, an agency must adopt the IRWMP. The Bay Area IRWMP contains the following 3 projects that would benefit the City of Palo Alto:

1. Project #55 – Mountain View / Moffett Area Water Recycling Project, sponsored by City of Palo Alto and City of Mountain View. This is the project to construct a recycled water trunk line from the Palo Alto Regional Water Quality Control Plant (RWQCP) south to Mountain View to serve approximately 120 customers within the Mountain View and Moffett Field Area.
2. Project #64 – Palo Alto Recycling Project, sponsored by the City of Palo Alto. This project will serve recycled water produced at the RWQCP to the City of Palo Alto, focusing on customers located within a centralized area known as the Stanford Research Park area.
3. Project #65 – Palo Alto Regional Water Quality Control Plant Water Recycling Program - Phase 3 Expansion, sponsored by the City of Palo Alto. This project is an outcome of the long-term goals study, which is the RWQCP’s sustainability road map. The project is a multi-purpose project designed to address the RWQCP’s recycled water quality and salinity management quality issue, the effluent receiving water quality issues, and to expand the recycled water production, distribution, and use. The three components of the Project are: (1) replace existing chlorine disinfection with ultraviolet light, (2) install a desalter for advanced treatment of the recycled water; and (3) expand the recycled water distribution system in Palo Alto.

**RESOURCE IMPACT**
Adoption of the plan requires no financial commitment. Any project that the City of Palo Alto may participate in would require Council consideration, at which time the resources for such a commitment would be identified.

The IRWMP is a “living document” involving continued regional collaboration and coordination, and the yet unknown level of interest and commitment of the implementing agencies in light of funding uncertainties. So long as state grant funding exists as enticement, participating agencies and entities in the Bay Area IRWMP may expend some level of effort to maintain the IRWMP and planning process as prerequisites to future grants. As a participant in the IRWMP, and depending upon the status of the City’s projects in the IRWMP or in any construction grant application, the City will continue a low level staff involvement in monitoring the IRWMP implementation activities. Future updates of the IRWMP as well as the level of
effort involved in plan and projects implementation are contingent upon availability of dedicated resources from all the participating agencies and additional grant funds.

**POLICY IMPLICATIONS**
Adopting the Bay Area IRWMP is consistent with Council policy. The Council has supported this goal by its approval of the Water Integrated Resources Plan (WIRP) Guidelines in December 2003 [CMR:547:03], specifically, WIRP Guideline #3: Actively participate in development of cost-effective regional recycled water plans.

The City’s Comprehensive Plan’s vision for the Natural Environment also supports the goals of the IRWMP in its statement that “Palo Alto will meet today’s needs without compromising the needs of future generations. Palo Alto will respect and manage natural resources in a way that sustains the natural environment… The city will…change in a way that minimizes exposure to hazards like fire, flood, and earthquakes.”

**ENVIRONMENTAL REVIEW**
The Bay Area IRWMP is exempt from the California Environmental Quality Act pursuant to CEQA Guidelines §15262 and § 15306 because the IRWMP consists of basic data collection that would not result in the disturbance of any environmental resource and involves planning studies for possible actions that the participating agencies have not yet approved.

Furthermore, adoption of the Bay Area IRWMP does not entail a direct commitment of resources and implementation of each project will be the responsibility of the project proponent and any applicable project partners and there is no joint commitment or responsibility by the Bay Area IRWMP participants to implement any or all of the projects.

Any project that is identified in the plan that the City of Palo Alto may participate in may require environmental review. At the time that such a project is being developed, environmental review will be conducted.

**NEXT STEPS**
Projects in the Bay Area IRWMP may be selected to compete for state construction grant funding. Staff will assist in the preparation of these grant applications for any projects that involve Palo Alto. Grant application timing may depend upon availability of state funds and any rules or requirements that are tied to the potential funding.

**ATTACHMENTS**
2. Executive Summary of the San Francisco Bay Area Integrated Regional Water Management Plan.