

24. BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

The Bay Area Water Supply and Conservation Agency (BAWSCA) was formed in 2003 by a special act of the Legislature to represent the interests of the 26 cities and water districts, and two private utilities in Alameda, Santa Clara and San Mateo Counties that purchase water on a wholesale basis from the San Francisco Public Utilities Commission (SFPUC) regional water system. The Agency does not own or manage any infrastructure nor provide any water supply.

BAWSCA is not under the jurisdiction of LAFCO; therefore, no determinations have been included in this review. The information is provided in order to ensure a comprehensive review of Santa Clara County's water resources and related agencies. The Agency was last reviewed in 2005.

BAWSCA members in Santa Clara County include: 1) City of Milpitas, 2) City of Mountain View, 3) City of Palo Alto, 4) City of San Jose, 5) City of Santa Clara, 6) City of Sunnyvale, 7) Purissima Hills Water District, and 8) Stanford University.

TYPE AND EXTENT OF SERVICES

BAWSCA is the successor to the former Bay Area Water Users Association, formed in 1958. Each of the 26 wholesalers in Alameda, Santa Clara and San Mateo Counties receiving water from the SFPUC system is automatically eligible as a member of the agency. The total service area represented encompasses 460 square miles. BAWSCA's current programs include water contract administration, capital improvement program oversight, financial analyses, and water resources planning.

BAWSCA represents the SFPUC wholesalers' common interest, providing greater collaboration and efficiency in oversight of this source of supply, particularly at a policy level. In light of the ongoing concern regarding the status and progress of the SFPUC Regional CIP, BAWSCA contracted with an independent engineering consultant to review the SFPUC CIP budget and program expenditures.

All of SFPUC's wholesale contracts expired in 2009. BAWSCA renegotiated a master contract with SFPUC on behalf of its members and each of the wholesalers has an individual contract directly with SFPUC per the terms and conditions of the master agreement. One critical area in which BAWSCA has been instrumental is establishing an appropriate water supply allocation among the agencies during drought periods. The prior master agreement contained a default for water allocations during drought that did not encourage water conservation and was not in the best interests of the individual service areas in the region. BAWSCA successfully negotiated a new water shortage allocation

agreement that was approved by all the governing boards and provides greater reliability to the wholesalers and San Francisco.

Environmental compliance for the SFPUC Capital Improvements Program requires that a program EIR be prepared. As part of this analysis, detailed water use projections for each agency were prepared with the assistance of BAWSCA. The data has been published in three technical studies:

- 1) SFPUC Wholesale Customer Water Demand Projections;
- 2) SFPUC Wholesale Customer Water Conservation Potential; and
- 3) SFPUC Wholesale Customer Recycled Water Potential.

The combined results of these technical studies for the wholesale and retail service areas along with projected purchase estimates in 2030 are presented in a final technical report entitled "2030 Purchase Estimates Technical Memorandum."

The Agency also provides water conservation services for its member agencies. The services provided complement those of the SCVWD but do not duplicate activities or cost. The program is designed by BAWSCA's member agencies and is provided through contractors. The charge to the participating agencies covers the cost of the program as well as BAWSCA's administrative time.

ACCOUNTABILITY AND GOVERNANCE

BAWSCA is governed by a 26-member Board of Directors serving four-year terms. Twenty-four of the Directors are appointed by the governing bodies of the public agencies that are members of BAWSCA. In addition, the Santa Clara County Board of Supervisors appoints a Director from the Stanford University service area, and the San Mateo County Board of Supervisors appoints a Director from the California Water Service Company service area.

The Board meets bimonthly on the third Thursday at 7 in the evening in Foster City. Meeting notices and agendas are distributed by email, posted on BAWSCA's website, and circulated to the city clerks, clerks of the board and district secretaries for posting. BAWSCA also maintains a website that contains detailed information on the Agency and its current projects and programs.

In June 2004, the Board Policy Committee was formed to carry out the functions of advising the general manager and Board on matters of policy. Its composition fully reflects that of the Board—large and small water agencies, cities, water districts, private utilities, and the three counties.

MANAGEMENT AND STAFFING

The Agency operates with seven staff members—one executive/management and six professional/support personnel.

POPULATION AND PROJECTED GROWTH

The Agency serves about 1.7 million people, as well as businesses and community organizations in Alameda, Santa Clara and San Mateo Counties who depend on the San Francisco Bay Area regional water system.

FINANCING

BAWSCA is funded through assessments of each of its member agencies, based on a percentage proportionate to the amount of SFPUC water used in FY 00-01. Assessment rates are reviewed annually. In addition to assessment revenue, BAWSCA has been successful in pursuing grant funding in the past. The Agency was awarded a \$240,000 grant by the State Department of Water Resources in FY 03-04. The last independent audit was conducted in July 2010. The Agency's financial summary for FY 09-10 is shown in Figure 24-1.

Figure 24-1: Revenues and Expenditures FY 09-10

Agency revenues generally exceed expenditures in any given year. In FY 09-10, the Agency's net income was \$219,125. Net assets at the beginning of FY 09-10 were \$868,205 and grew to \$1,087,330 by the end of the same fiscal year. Unrestricted net assets at the end of FY 09-10 equated to almost six months of operating expenditures.

<i>Income/Expenses</i>	<i>FY 09-10</i>	
<i>Income</i>		
Assessments	\$2,516,816	99%
Other	\$37,645	1%
<i>Total Income</i>	<i>\$2,554,461</i>	<i>100%</i>
<i>Expenses</i>		
Expenses	\$2,329,844	99.8%
Capital Improvements	\$5,492	0.2%
<i>Total Expenses</i>	<i>\$2,335,336</i>	<i>100%</i>
<i>Net Income</i>	<i>\$219,125</i>	

BAWSCA does have the authority to issue bonds, however it currently has no long-term debt.

WATER SUPPLY

BAWSCA has the statutory authority to plan for and acquire supplemental water supplies and to encourage water conservation and use of recycled water supplies on a regional basis. Water supply reliability is one of BAWSCA's key goals.

The Interim Water Shortage Allocation Plan is an agreement between BAWSCA agencies and SFPUC to eliminate contractual penalties to conservation during times of drought. The plan clarifies how water is to be shared between SFPUC and BAWSCA entities, and how

water is shared among the BAWSCA agencies. It also allows for water banking by agencies that use less than their allowance, and allows transfer of banked water among the parties.

To ensure water supply reliability on the Tuolumne River, the primary source of water for the SFPUC regional water system, BAWSCA is a stakeholder in the Tuolumne River Technical Advisory Committee. The Committee is responsible for implementing river restoration projects on the Lower Tuolumne River to enhance habitat for spawning Chinook salmon.

WATER INFRASTRUCTURE AND FACILITIES

The Agency does not own or manage any infrastructure.

Shared facilities

BAWSCA is a party to several MOUs, including the Bay Area Water Agencies Coalition (BAWAC) and the Integrated Regional Water Management Plan. BAWSCA and six other agencies participate in the activities of BAWAC, which funds and conducts studies on various issues.

BAWSCA participates in the insurance pools offered by the California Special Districts Association, ACWA and CalPers.

BAWSCA provides administrative support for the San Francisco Bay Area Regional Water System Financing Authority created by SB 1870.¹²¹ The Authority can serve as the means to issue revenue bonds to finance the regional system improvements.

¹²¹ 2002 Water Code §81600 et seq.