SWEETWATER SPRINGS WATER DISTRICT

TO: Board of Directors **AGENDA NO. V-A**

FROM: Steve Mack, General Manager

Meeting Date : October 7, 2010

SUBJECT: DISCUSSION/ACTION RE APPROVAL OF RESOLUTION 10-19 APPROVING AN AGREEMENT WITH SONOMA COUNTY WATER AGENCY (SCWA) IN WHICH SWEEWATER SPRINGS WATER DISTRICT WILL PARTICIPATE IN CALIFORNIA URBAN WATER CONSERVATION COALITION (CUWCC) MOU REGARDING WATER CONSERVATION (MOU) IN RETURN FOR SCWA ASSISTANCE

RECOMMENDED ACTION: Approve Resolution 10-19 which authorizes the General Manager to execute an agreement with Russian River County Sanitation District (RRCSD) in which the District will join the CUWCC Memorandum of Understanding (MOU) in return for RRCSD paying for District membership for 10 years, $10,000 for toilet and appliance rebates for five years, and assistance with the District's participation in the MOU for 10 years and in the water conservation elements of the of the 2010, 2015 and 2020 Urban Water Management Plans, and directs the General Manager to apply for membership in the CUWCC.

FISCAL IMPACT: The District will be getting up to $85,000 to cover costs of MOU participation and for rebates. There should be no negative financial impact to the District.

DISCUSSION:

At the September meeting Tim Anderson of Sonoma County Water Agency (SCWA) gave a presentation requesting that the District participate in the CUWCC MOU Regarding Urban Water Conservation because it is a condition on a low cost loan SCWA is pursuing for improvements to the RRCSD Guerneville Wastewater Treatment Facility. SCWA is the parent governmental agency for RRCSD and provides staffing for RRCSD. The County of Sonoma Board of Supervisors acts as the Board of Directors for both agencies. Acquiring the loan will save RRCSD ratepayers almost $200,000 per year when compared to conventional financing. In return for the District joining the MOU, SCWA has agreed to pay for the District's participation costs for 10 years, provide $10,000 per year for conservation rebates, and provide SCWA staff assistance in participating in the MOU for 10 years, and in preparation of the water conservation elements of the 2010, 2015, and 2020 Urban Water Management Plans (UWMP) required by the California Department of Water Resources.

The MOU is a collaborative statewide effort to develop conservations standards for urban water purveyors. It started as a way to show that urban water purveyors were doing the appropriate amount of effort toward water conservation while requesting water supply improvements. The MOU has grown to become representative for water

conservations standards for many purposes and apparently has become a requirement for loans reviewed by the State Water Resources Control Board.

The CUWCC currently has 389 members (according to its website). Direction for the CUWCC is from a Board of Directors comprised of eight Group 1 (water suppliers) members and eight Group 2 (environmental organizations) members, both with voting privileges, plus four Group 3 (others, mainly water industry consultants and suppliers) and an ad hoc representative from the Department of Water Resources and the Bureau of Reclamation. Representatives from Group 1 and Group 2 alternate annually in holding the leadership office. A representative from Group 3 acts as Secretary-Treasurer.

I have reviewed the requirements of the MOU, have discussed the MOU with CUWCC staff, SCWA staff and staff from the City of Santa Barbara where I previously worked.

The MOU has a two tiered approach to water conservation best management practices (BMP's):

The first tier are what are called Foundational BMP's. They include:

- Metered Water Rates
- Water Loss Prevention
- Meter Replacement Program
- Education
- Water Conservation Coordinator

On its face the water rates BMP is the most worrisome because it calls for a goal of 70% of revenue to be achieved via metered water use rates. Currently the District achieves approximately 35% through metered water use with the remainder in various fixed charges. The District recently went through a water rate revision and we don't want to do that again any time soon; plus the District has a large number of nonresident customers and changing the rates would benefit these part-time customers for whom the District has to maintain substantial infrastructure whether or not they are here.

However, this 70% revenue goal is very ambitious and my understanding is that few water agencies meet it, nor have any plans for revising their rates to meet it (as we know, revising rates is not a task water agencies welcome). In addition, the District for its metered water use rates has a steeply inclining block rate; more so than most water agencies and the cost-of-water signal is being sent by this structure. The District is more in compliance with the spirit of this BMP than most California water agencies. The MOU allows for exemptions for a number of reasons, one of which is having a rate structure that is "at least as effective as" the target stated in the MOU. SCWA staff can assist the District in getting an exemption for this BMP using the "at least as effective" approach.

Meeting the other foundational BMP's are not a problem for the District. The District is not close to the water loss prevention BMP, but we recognize that as our principal distribution system issue and have an aggressive CIP designed to reduce the amount of water losses, and that is what the BMP requires. The District has no documented meter replacement program; but we do have meter replacement practices – replacement as part of main replacement and upon notice of meter issues by the meter reader. Documentation of our practices will become the program. SCWA's water conservation education program can be applied in the District, and the General Manager can be designated as the Conservation Coordinator.

The second tier, Programmatic BMP's, can be a more complicated set of BMP's, or can be met by demonstrating results. The District currently meets the year 2018 gallons per capita per day goal of the MOU. All we will need to do is document our meeting this goal to comply with the second tier Programmatic BMP's.

It is not clear to me that there are any enforceable obligations associated with the MOU. The MOU clearly states there are no contractual obligations intended: Section 7.7 - "This MOU is intended to embody general principles agreed upon between and among the signatories and is not intended to create contractual relationships, rights, obligations, duties or remedies in a court of law between or among the signatories." The only obligations I can find are paying annual dues and reporting every two years.

District staff negotiated with SCWA staff to develop an agreement that fits both agencies needs. Key points of the agreement:

- District agrees to participate in CUWCC MOU.
- RRCSD (SCWA) agrees to pay for District costs in participating in MOU up to $4,000 per year (current annual fee is estimated at $2950) and a total of $35,000 for ten years.
- RRCSD agrees to fund fixture and rebate program for District at $10,000 for five years.
- RRCSD agrees to provide up to 15 days of staff support per year for application and reporting for MOU for 10 years, and to provide staff support for water conservation elements of 2010, 2015 and 2020 Urban Water Management Plans.

Approving the negotiated agreement will have no known negative financial effect on the District. RRCSD will reimburse the District for CUWCC dues and will provide $10,000 per year for fixture and appliance rebates. SCWA staff will assist with reporting and will extend its water conservation education program into the District (which is should be doing anyway).

Approval of the agreement apparently is critical for the RRCSD to achieve a loan to make needed improvements. This will save Guerneville system residents who receive sewer service from RRCSD almost $200,000 per year.

Staff recommends approval of Resolution 10-19 which approves the agreement with RRCSD and directs the General Manager to apply for membership in the CUWCC.

Resolution No. 10-19

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SWEETWATER SPRINGS WATER DISTRICT APPROVING RESOLUTION 10-19 WHICH AUTHORIZES THE GENERAL MANAGER TO EXECUTE AN AGREEMENT WITH RUSSIAN RIVER COUNTY SANITATION DISTRICT (RRCSD) IN WHICH THE DISTRICT WILL JOIN THE CALIFORNIA URBAN WATER CONSERVATION COUNCIL (CUWCC) IN RETURN FOR RRCSD CONSIDERATIONS AND ASSISTANCE, AND DIRECTS THE GENERAL MANAGER TO APPLY FOR MEMBERSHIP IN THE CUWCC.

WHEREAS, RRCSD has received a regulatory order to make costly improvements to the Guerneville Wastewater Treatment Plant and has applied for a low cost loan from the State Revolving Loan Fund (SRF); and

WHEREAS, State Water Resources Control Board, which administers the SRF, requires that Sweetwater Springs Water District (SSWD) have an approved water conservation program as a condition of approval for the loan application submitted by RRCSD; and

WHEREAS, State Water Resources Control Board indicates that implementation of California Urban Water Conservation Council (CUWCC) Memorandum of Understanding (MOU) by SSWD joining the CUWCC would fulfill the requirement for a water conservation program; and

WHEREAS, Approval of the loan from the State Water Resources Control Board will reduce financing costs for the RRCSD for installation of a new wastewater disinfection system; and

WHEREAS, SSWD is willing to join the CUWCC to enable the RRCSD to obtain low cost financing from the State Water Resources Control Board; and

WHEREAS, Sonoma County Water Agency (SCWA) has personnel experienced with working with the CUWCC MOU and can provide assistance to SSWD in compliance with the MOU and the conservation-related aspects of the 2010, 2015, and 2020 Urban Water Management Plans.; and

WHEREAS, RRCSD is willing to reimburse certain of SSWD's costs of complying with the CUWCC MOU to make participation in the MOU have no effect on SSWD water rates, while achieving substantial cost savings for RRCSD; and

WHEREAS, SSWD staff have investigated the implications of joining the CUWCC and affirm that this can be done with no impact on SSWD water rates under the terms of this agreement.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Sweetwater Springs Water District authorizes the General Manager to execute the agreement with RRCSD attached hereto as Exhibit 1.

BE IT FURTHER RESOLVED that the Board of Directors of the Sweetwater Springs Water District directs the General Manager to apply for membership in the CUWCC.

I hereby certify that the foregoing is a full, true, and correct copy of a Resolution duly and regularly adopted and passed by the Board of Directors of the SWEETWATER SPRINGS WATER DISTRICT, Sonoma County, California, at a meeting held on October 7, 2010, by the following vote.

Director	Aye	No
Sukey Robb-Wilder	_____	_____
Jim Quigley	_____	_____
Wanda Smith	_____	_____
Gaylord Schaap	_____	_____
Victoria Wikle	_____	_____

_____
Jim Quigley
President of the Board of Directors

_____
Attest: Julie A. Kenny
Clerk of the Board of Directors