

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BURLINGAME AUTHORIZING
AMENDMENTS TO THE WATER SUPPLY AGREEMENT BETWEEN THE CITY AND
COUNTY OF SAN FRANCISCO AND WHOLESALE CUSTOMERS IN ALAMEDA, SAN
MATEO, AND SANTA CLARA COUNTIES**

WHEREAS, Burlingame purchases potable water from the San Francisco Regional Water System and is one of the 26 member agencies of the Bay Area Water Supply and Conservation Agency (BAWSCA); and

WHEREAS, in 2009, the Burlingame City Council approved the Water Supply Agreement (WSA) between the City and County of San Francisco and the member agencies in Alameda County, San Mateo County, and Santa Clara County; and

WHEREAS, the Burlingame City Council approved Amendment No. 1 to the WSA in the spring of 2013, which prohibited changes to the Hetch Hetchy Reservoir unless there is an amendment to the WSA; and

WHEREAS, a number of amendments were needed to address substantive and important issues in 2018, and as a result, the Burlingame City Council adopted a resolution authorizing BAWSCA to negotiate with the San Francisco Public Utilities Commission (SFPUC) on several sections of the WSA; and

WHEREAS, BAWSCA and the SFPUC have recently identified seven amendments of the greatest importance to each agency as follows:

- 1) Require the SFPUC to adhere to a formal program to engage with BAWSCA on its 10-year CIP development.
- 2) Adjust the provisions of the Water Shortage Allocation Plan regarding the initial allocation of water during shortages between San Francisco Retail and Wholesale water customers.
- 3) Extend the December 31, 2018 deadline for the SFPUC to complete a water supply planning process and decide whether or not to (a) grant permanent customer status to the cities of San Jose and Santa Clara, dedicating a permanent share of the SFPUC water supply to these two wholesale customers, who currently have temporary, interruptible status; and (b) increase the 184 mgd (million gallons per day) Supply Assurance created as a permanent dedication of water supply in the 1984 "Settlement Agreement and Master Water Sales Contract" and carried forward into the 2009 Water Supply Agreement (collectively "the 2018 Decisions").

- 4) Change the classification of certain Hetch Hetchy Water and Power capital projects, adjusting the amount of capital funding to be provided towards these projects by the Parties and the SFPUC Power Enterprise through the term (June 30, 2034) of the Water Supply Agreement.
- 5) Modify provisions related to the SFPUC's administration of the Wholesale Capital Fund to more closely align with the historic rate of capital project spending by the SFPUC and prevent volatility in the annual determination of the Wholesale Revenue Requirement.
- 6) Extend the estimated timing of the completion of the Water System Improvement Program (WSIP) to reflect the currently adopted program completion date.
- 7) Clarify the cost allocation and water accounting provisions used for the Regional Water System's Groundwater Storage and Recovery Project.

WHEREAS, in addition to the above amendments to the WSA, the Amended and Restated Water Supply Agreement includes a number of subtle updates and "clean-up" revisions, as summarized below:

- Updated Attachment A, reflecting new and revised definitions.
- Updated Attachment C, reflecting recent Individual Supply Guarantee transfers.
- Updated Attachment K, reflecting the updated Wholesale Customers' share of Net Book Value of Existing Assets and share of Revenue-Funded Capital Expenditures.
- New section 3.18, reflecting the Hetch Hetchy Amendment approved in 2013.
- Revised section 8.04, reflecting the authority previously delegated by the Wholesale Customers to BAWSCA in 2014 to initiate, defend, and settle arbitration for matters subject to arbitration under the WSA.
- Updates reflecting Cal Water's acquisition of Skyline County Water District.
- Updates to the addresses for both BAWSCA and the SFPUC.

NOW, THEREFORE, BE IT RESOLVED:

- 1) The Burlingame City Council approves the modifications included in the attached Amended and Restated "Water Supply Agreement between the City and County of San Francisco and Wholesale Customers in Alameda County, San Mateo County, and Santa Clara County" dated November 2018.

- 2) The City Manager is authorized and directed to sign the Amended and Restated Water Supply Agreement, in the form previously approved by the San Francisco Public Utilities Commission and attached hereto.

Mayor

I, MEAGHAN HASSEL-SHEARER, City Clerk of the City of Burlingame, certify that the foregoing Resolution was introduced at a regular meeting of the City Council held on the 19TH day of February, 2019, and was adopted thereafter by the following vote:

AYES: COUNCILMEMBERS:

NOES: COUNCILMEMBERS:

ABSENT: COUNCILMEMBERS:

City Clerk