

1 [Agreement Amendment - Santa Clara Valley Water District - Long-Term Operation and
2 Maintenance of Intertie Facility]

3 **Resolution approving the Second Amendment to the Agreement between the San**
4 **Francisco Public Utilities Commission (SFPUC) and Santa Clara Valley Water District**
5 **(District) for long-term operation and maintenance of the Intertie Facility located in**
6 **Milpitas pursuant to Charter, Section 9.118, to re-designate the District as the**
7 **Operation and Maintenance (O&M) Party of the Intertie Facility from July 1, 2024,**
8 **through June 30, 2029, with the SFPUC and the District meeting and conferring before**
9 **the end of the five-year period to determine, by mutual written agreement, which of**
10 **them shall be the O&M Party beyond June 30, 2029.**

11
12 WHEREAS, The San Francisco Public Utilities Commission (SFPUC) owns and
13 operates the Regional Water System that spans from Tuolumne County to the City and
14 County of San Francisco, and delivers potable water to wholesale and retail customers in the
15 East and South Bay and the Peninsula, as well as retail customers in San Francisco; and

16 WHEREAS, The Santa Clara Valley Water District (District) owns and operates a
17 wholesale water system in Santa Clara County that comes within a thousand feet of the
18 SFPUC's system in the City of Milpitas; and

19 WHEREAS, On January 25, 2000, by Resolution No. 00-0033, the SFPUC approved
20 two agreements between the SFPUC and the District to 1) develop an Intertie Facility that
21 would serve as an interconnection of the two water supply systems and 2) provide for the
22 long-term operation and maintenance of the Intertie Facility (O&M Agreement); and

23 WHEREAS, On July 24, 2000, by Resolution No. 641-00, the Board of Supervisors
24 approved both agreements pursuant to Charter, Section 9.118; and
25

1 WHEREAS, The Intertie Facility, completed in 2000, consists of a pump station,
2 interconnecting piping, and other ancillary systems capable of delivering up to 40 million
3 gallons a day of potable water in both directions; and

4 WHEREAS, Since its completion, the SFPUC and the District have used the Intertie
5 more than 30 times for emergencies or for planned work on critical facilities that would
6 otherwise be difficult to remove from service without the availability of an alternate water
7 supply; and

8 WHEREAS, The O&M Agreement, as originally approved, allowed either the SFPUC or
9 the District to operate the Intertie, and it designated the SFPUC as the party having primary
10 responsibility for routine maintenance, replacement, and repair of the Intertie; and

11 WHEREAS, On December 9, 2008, by Resolution No. 08-0223, the SFPUC approved
12 the First Amendment to the O&M Agreement (First Amendment), subject to Board of
13 Supervisors approval under Charter, Section 9.118; and

14 WHEREAS, On March 2, 2009, by Resolution No. 60-09, the Board of Supervisors
15 approved the First Amendment and authorized the General Manager of the SFPUC to
16 execute the Amendment pursuant to Charter, Section 9.118; and

17 WHEREAS, The First Amendment provided, in part, that the SFPUC and the District
18 would jointly designate one of them as the "O&M Party" with primary responsibility for routine
19 operation, maintenance, replacement, and repair of the Intertie, and it designated the District
20 as the O&M Party from March 2, 2009, until at least December 31, 2013; and

21 WHEREAS, The SFPUC and the District designated the District as the O&M Party
22 during this time period because the implementation of the SFPUC's Water System
23 Improvement Program (WSIP) placed high burdens on the SFPUC's operations and
24 maintenance staff while different parts of the Regional Water System were being taken out of
25 service for rehabilitation or replacement; and

1 WHEREAS, Before December 31, 2013, the SFPUC and the District agreed to
2 designate the SFPUC as the O&M Party starting on January 1, 2014, pursuant to the
3 Agreement, as amended, and the SFPUC has remained the O&M Party since that date; and

4 WHEREAS, The SFPUC and the District recognize that the Intertie may be more
5 efficiently operated and maintained by the District, given its proximity to the Intertie and the
6 impact of the Intertie's operation on the District's system; and

7 WHEREAS, The proposed Second Amendment to the O&M Agreement will re-
8 designate the District as the O&M Party from July 1, 2024, through June 30, 2029, with the
9 SFPUC and the District meeting and conferring before the end of this five-year period to
10 determine, by mutual written agreement, which of them shall be the O&M Party beyond
11 June 30, 2029; and

12 WHEREAS, The Second Amendment will also 1) designate the O&M Party with
13 primary responsibility for maintenance of operating permits and preparation of annual reports
14 or plans under Section 5 of the Agreement; 2) provide that all costs associated with the
15 operation of the Intertie to deliver "reimbursement water" shall be borne by the Party
16 delivering that water under Section 14 of the Agreement; and 3) revise the terms for the
17 annual reconciliation of water supplied through the Intertie under Section 17 of the
18 Agreement; and

19 WHEREAS, On February 27, 2024, by Resolution No. 24-0047, the SFPUC approved
20 the Second Amendment to the O&M Agreement, subject to Board of Supervisors approval
21 under Charter, Section 9.118; and

22 WHEREAS, Funds for this Agreement will continue to be available from the Water
23 Enterprise's operating budget as appropriated through the City and County of San Francisco's
24 budget process and subject to approval during the City's budget cycle and certification by the
25 Controller; now, therefore, be it

1 RESOLVED, That this Board of Supervisors hereby approves and authorizes the
2 General Manager of the SFPUC to execute the Second Amendment to the Agreement
3 between the San Francisco Public Utilities Commission and Santa Clara Valley Water District
4 for Long-Term Operation and Maintenance of the Intertie located in Milpitas; and, be it

5 FURTHER RESOLVED, That within 30 days of the execution of the Second
6 Amendment to the Agreement, the General Manager of the SFPUC shall provide the signed
7 Agreement, as amended, to the Clerk of the Board for inclusion in the official file.