Regional Sewer Contract Negotiations

February 2015
## Issues

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Guiding Principles

• Goal is to develop a contract that supports:

  • A strong, open, collaborative partnership between WTD and contract agencies

  • Environmental and financial stewardship

  • Regulatory compliance

  • Proactive work to understand system relationships and maximize benefits to all

  • Certainty as well as capacity to be flexible for future and opportunities
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Governance

- Governance discussions to date:
  - Create a board representing WTD and contract agencies
  - Representation on board has not been determined yet
  - Major policy direction would be memorialized in the contract
  - Board would not be a policy making board
  - Board would serve more of an operational role with WTD in (examples, not fully developed as a concept yet):
    - Capital planning and projects
    - Reclaimed water projects
    - Determination of valuation of assets to transfer to/from regional system
    - Determination of valuation to buy in or out of system
  - Completion of governance discussion will occur later in the process
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Our Waters

• Development and ongoing management of the program performed in a spirit of partnership

• Contract will provide clarity, consistency, and certainty

• Create a water quality benefit to wastewater service area and ratepayers
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Reclaimed Water

• Support for Reclaimed Water for addressing environmental and water supply goals consistent with principles.

• Decisions with Board Input

• Cost Allocations Based on Benefits

• Address Stranded Costs for Water Utilities
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Innovation

• Encourage innovation, but done in a way that protects the financial and operational integrity of the system

• Pursuit of innovation should occur at both the planning and project level

• Support partnerships, both public and private, to leverage new technologies

• Consider opportunities to conduct studies and pilot programs to further our understanding of technologies and alternative approaches
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Capital Projects and Planning

• Increase transparency and accountability through partnership between WTD and contract agencies

• Board will have a role in:
  • Capital program development
  • Capital project planning
  • Project delivery

• Level of involvement will be proportionate to scale of project

• Other concepts to be applied as appropriate in capital program:
  • Value engineering
  • Innovation
  • Asset management
  • Joint projects and agreements that provide cost-effective benefits to regional system
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Local vs. Regional

- Define regional facility

- Transfers from Local Agencies to the Regional System are voluntary

- WTD shall accept transfer from a local agency facilities that meet regional definition, subject to an assessment and approval by board

- Local agencies shall accept transfer of WTD facilities that don’t meet regional definition, subject to an assessment and approval by board

- When facilities transfer there will be an agreement between WTD and the local agency that addresses financial, operational, maintenance, liability and other responsibilities of the transfer
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Service Area Expansion and Contraction

• Defines Expansion and Contraction

• Ensure any proposed expansion or contraction accounts for all costs and protects interests and investments of WTD and it’s contract agency partners

• Establishes minimum conditions for requests to expand or contract to protect the financial and operational integrity of the regional system
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Next Steps

• Complete principles and Term Sheet for all issues by end of August, 2015

• Develop draft contract language Sept – Dec 2015

• Regional review, finalize contract language 1st Quarter 2016

• City, District and County decision making on new contract in 2016