

Public Comment to Sweetwater Authority Board of Directors  
August 28, 2019

Good evening. My name is Dave Schlesinger. I am a Board Member of the Sweetwater Authority Ratepayers Association (SARPA). I am here to address you tonight on behalf of our 5 SARPA Board Members. I would like speak to you on your Agenda Item 8B.

First SARPA strongly supports the many initiatives proposed by your Board members to reduce the financial burden on the 190,000 residential, commercial and public sector rate payers served by the Authority. Secondly SARPA strongly supports Goal #3 of your Strategic Plan to “Ensure long term financial viability of the agency through best practices, operational efficiency, and maximizing assets.”

Agenda Item 8B calls for an “exploratory market analysis”. It is not clear what this “analysis” means. SARPA believes SWA should go much farther to investigate a Desiltation Project for the Sweetwater and Loveland Reservoirs. A project was proposed 35 years ago to desilt the Sweetwater Reservoir. This would have resulted in a removal of 14 million CY of silt resulting in an expansion of the reservoir by 7000 AF (2.3 million gallons). This concept could be conducted thru a contractual process known as a Public Private Partnership or P3. The P3 process is a cooperative agreement between a public agency and a private entity. P3 contracts have been increasingly common in the U.S. and public agencies world-wide. It is based on the concept of “shared risk”. Each partner takes on the risk that it is best able to address. The result is a long term contract that benefits both parties. In the case of the Desiltation Project the risks might be assigned as follows:

Risks to the Private Contractor

- Accept all the costs for the removal of silt (capital, O&M, construction, safety, traffic, etc)
- Finance the Project over a long term (20+ years) for periodic silt removal
- Unknown amount of sand that can be sold for a profit
- Market price of sand that is available over a long term period (20+ years)
- Engineering costs and coordination with SWA and adjacent homeowners
- Approval of land reclamation disposal for the silt component that cannot be marketed

Risks to SWA Public Partner

- Obtaining Environmental Permits (RWQCB, SWRCB, SDAPCD, CEQA, etc)
- Adverse Public Perception (P3 is a new initiative for SWA)
- Staff costs to complete a P3 (Note: the process may be terminated at any time if not viable)
- State/Federal regulation changes (Note: this may be a shared risk in the Project Agreement)
- No guarantee of royalties from sale of sand

The process to engage in a P3 will be new to the SWA staff but has been well codified over the past 20+ years in the U.S. It includes the following:

- Request for Expressions of Interest (RFEI)
- Industry Forum/Site Visit
- Request for Statement of Qualifications (RFSQ)
- Short Listing of 3 qualified firms
- Request for Proposals (RFP) including a draft project agreement (DPA)
- Interviews and selection of winning firm
- Negotiation of Project Agreement
- Contract award
- Administration of P3 partnership

SARPA has had extensive experience in P3 projects as proponents for the public sector partner. We are willing to share with the SWA Board, SWA Staff, or Citizen Advisory Committee any questions they may have as they make recommendations to the Authority in the near future.

Thank you