

SAN FRANCISCO PUBLIC UTILITIES COMMISSION

OFFICE OF THE GENERAL MANAGER
1155 Market Street, 11th Floor, San Francisco, CA 94103 • Tel. (415) 554-3155 • Fax (415) 554-3161 • TTY (415) 554.3488



April 9, 2010

Kevin O'Connell
General Manager
North Coast County Water District
2400 Francisco Blvd.
Pacifica, CA 94044

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ED HARRINGTON
GENERAL MANAGER

Dear Kevin:

In response to your letter dated April 2, 2010, I am writing to reaffirm the SFPUC's commitment to the Pacifica Recycled Water Project (Project).

The SFPUC supports your efforts to obtain grant funds for the Project, in accordance with the terms of our Agreement for the Construction and Operation of the Project, dated December 31, 2008. As you prepare to enter into an Assistance Agreement with the Bureau of Reclamation, please share updated project information including a current project schedule with SFPUC staff. We will continue to work with you toward the successful completion of the Project.

Please feel free to contact me or Steve Ritchie at (415) 934-5736 if you have any questions.

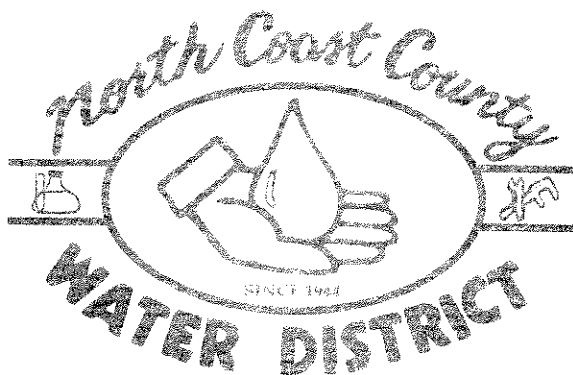
Sincerely,

Ed Harrington
General Manager

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ASSISTANT GENERAL MANAGER
-OPERATIONS

Phone (650) 355-3462
FAX (650) 355-0735

April 2, 2010

Edward Harrington, General Manager
San Francisco Public Utilities Commission
1155 Market Street, 11th floor
San Francisco, CA 94102

Re: Pacifica Recycled Water Project

Dear Mr. Harrington:

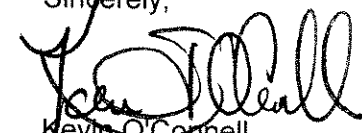
This Monday I was informed that the U.S. Department of the Interior, Bureau of Reclamation (Bureau) is requiring that NCCWD execute the Assistance Agreement by the end of April, 2010. In order to meet that schedule I need to present the Assistance Agreement to the NCCWD Board of Directors at its April 21 Regular Board Meeting. The Assistance Agreement requires that Project construction be completed by September 30, 2011 and, therefore, NCCWD must promptly advertise the construction of the Project in order to meet the deadline set forth in the Assistance Agreement. Failure to execute the agreement on time and meet the construction deadline would mean the loss of another \$2.5 million in grants.

As stated above, the Assistance Agreement requires that Project construction be completed by September 30, 2011 and prompt advertising for the construction is imperative to meet the deadline set forth in the Assistance Agreement, however, due to the issues involving the future of the Sharp Park Golf Course being raised and studied by the City of San Francisco and, more specifically, its Recreation and Parks Department, the Project has been "on hold" at the SFPUC's request since November 2009.

The project is now at a crossroads. NCCWD needs to be assured that the SFPUC will honor its agreement with the District for the Construction and Operation of the Pacifica Recycled Water Project assuring that the project can restart to meet the construction deadline.

Please feel free to contact me at (650) 355-3462. I look forward to hearing from you soon.

Sincerely,



Kevin O'Connell
General Manager

cc: Steve Ritchie, Assistant General Manager Water Enterprise

RECEIVED

APR 07 2010

AGM-WATER