

BAWSCA

Bay Area Water Supply & Conservation Agency

BOARD POLICY COMMITTEE

BAWSCA Offices, 155 Bovet Road San Mateo, 1st Floor Conference Room
(Directions and Parking Information on page 2)

December 8, 2010
1:30 p.m.

AGENDA

- 1:30** **1. Call To Order, and Roll Call** **(O’Connell)**
 Roster of Committee members (*Attachment*)
- 1:35** **2. Comments by Chair** **(O’Connell)**
- 1:40** **3. Public Comment** **(O’Connell)**
 Members of the public may address the committee on any issues not listed on the agenda that are within the purview of the committee. Comments on matters that are listed on the agenda may be made at the time the committee is considering each item. Each speaker is allowed a maximum of three (3) minutes.
- 1:45** **4. Consent Calendar** **(O’Connell)**
 A. Approval of Minutes from the August 11, 2010 meeting (*Attachment*)
- 1:50** **5. Reports and Discussion** **(Jensen)**
 A. Notes from the October 13, 2010 meeting that did not take place due to lack of a quorum
 B. Board Policy Calendar (*Attachment*)
- 2:00** **C. Mid-Year 2010-11 Work Plan and Budget Review (*Attachment*)** **(Jensen)**
 Issue: What adjustments are needed to complete planned and necessary work within the current year’s budget?
 Information to Committee: Memo and oral presentation on budget status, including recommended budget realignments and actions needed to implement the recommended adjustments.
 Committee Action Requested: Discussion of policy implications, alternatives and recommended actions.
- 2:20** **D. Human Resources Needs - Water Conservation (*Attachment*)** **(Jensen)**
 Issue: How should long-term human resource limitations be addressed?
 Information to Committee: Memo and oral presentation
 Committee Action Requested: Discussion of future resource needs, alternatives for addressing staff limitations and the timing for addressing the current needs.

- 2:40** E. Fiscal Year 2011-12 Work Plan and Budget Preparation (*Attachment*) **(Jensen)**
Issue: What needs to be achieved next year and what resources will be required?
Information to Committee: Oral report on the major issues that BAWSCA must address next fiscal year and how the CEO intends to address them during budget development next Spring.
Committee Action Requested: Discussion of issues that must be addressed during FY 2011-12
- 3:00** F. Follow-up to Long-Term Reliable Water Supply Strategy Policy **(O’Connell/Jensen)**
 Discussion from November Board meeting
- 3:15** **6. Special Reports** **(Jensen/Sandkulla)**
 A. BAWSCA Water Supply Management
 A. SFPUC Interim Supply Allocation
 B. Long-Term Reliable Water Supply Strategy – Progress Report
- 3:30** **7. Comments by Committee Members** **(O’Connell)**
- 3:35** **8. Adjournment to the next meeting on February 9, 2011 at 1:30pm in the 1st floor conference room of the BAWSCA office building, at 155 Bovet Road, San Mateo.**

*Upon request, the Board Policy Committee of the Bay Area Water Supply and Conservation Agency (BAWSCA) will provide for written agenda materials in appropriate alternative formats, or disability-related modification or accommodation, including auxiliary aids or services, to enable individuals with disabilities to participate in public meetings. Please send a written request, including your name, mailing address, phone number and brief description of the requested materials and the preferred alternative format or auxiliary aid or service at least two (2) days before the meeting. Requests should be sent to: **Bay Area Water Supply & Conservation Agency, 155 Bovet Road, Suite 302, San Mateo, CA 94402** or by e-mail at bawasca@bawasca.org*

*All public records that relate to an open session item of a meeting of the Board Policy Committee that are distributed to a majority of the Committee less than 72 hours before the meeting, excluding records that are exempt from disclosure pursuant to the California Public Records Act, will be available for inspection at **BAWSCA, 155 Bovet Road, Suite 302, San Mateo, CA 94402** at the same time that those records are distributed or made available to a majority of the Committee.*

Directions to BAWSCA

From 101: Take Hwy.92 Westbound towards Half Moon Bay. Exit at El Camino Northbound (move into the far left Lane) Left at the 1st stop light which is Bovet Road (Chase Building will be at the corner of Bovet and El Camino). Proceed West on Bovet Road past Albertson’s to two tall buildings to your left. Turn left into the driveway between the two buildings and left again at the end of the driveway to the “Visitor” parking spaces in front of the parking structure.

From 92: Exit at El Camino Northbound and follow the same directions shown above.



BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD POLICY COMMITTEE

Committee Roster:

Irene O'Connell, City of San Bruno (Chair)

Rob Guzzetta, California Water Service Company (Vice Chair)

Ruben Abrica, City of East Palo Alto

Robert Craig, Westborough Water District

John Fannon, Town of Hillsborough (BAWSCA Chair)

Kelly Fergusson, Menlo Park

Matt Pear, City of Mountain View

Barbara Pierce, Redwood City (BAWSCA Vice Chair)

Bill Quirk, City of Hayward

Ron Swegles, City of Sunnyvale

Rick Wykoff, Estero Municipal Improvement District

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY
BOARD POLICY COMMITTEE**

**August 11, 2010 – 1:30 p.m.
155 Bovet Road, 1st Floor Conference Room**

MINUTES

1. Call to Order: 1:30 p.m.

Committee Chair Irene O’Connell called the meeting to order at 1:30. Ten (10) members of the committee were present, constituting a quorum. A list of the directors present (10) and absent (1), and members of the community attending is attached.

2. Public Comments: There were no public comments.

3. Reports:

A. Comments by Chair and Committee Members: Committee Chair Irene O’Connell stated that she was proud of the Board’s action approving the Long-Term Reliable Water Supply Strategy (Strategy) at the July 16th Board meeting. She emphasized the regional role of the BAWSCA directors.

Water management activities continue and committee members were urged to make comments and pose questions to help staff clarify issues and their presentation to the Board.

B. Reports by the Chief Executive and General Manager:

Board Policy Calendar: Mr. Jensen presented a modified Board Policy Calendar reflecting the completion of the CEO/General Manager’s performance review and Board consideration of the Committee’s compensation recommendation at the September meeting, and an overview of policy issues for the Water Supply Strategy in November. Scheduled reports for the September Board meeting include BAWSCA’s assessment of the SFPUC’s Annual Progress Report on the Water System Improvement Program (WSIP), a report on the first year administration of the new Water Sales Agreement between the SFPUC and the wholesale customers, and a status report on the Water Supply Strategy. Mr. Jensen noted Anona Dutton’s significant contributions toward finalizing the Strategy’s scope of work for Phase IIA.

Director Fergusson commented that the League of California Cities’ annual conference on September 15th through 17th may conflict with the September 16th BAWSCA Board meeting. The committee advised the CEO/General Manager to take a poll on the Board members’ availability to meet in September to ensure a quorum.

Pending Legislation Updates: Mr. Jensen reported that changes were made to the scope of AB2483 (Coto). The bill no longer repeals Santa Clara Valley Water District’s (SCVWD) charter legislation, but sets forth specific authorities and protocol. Mr. Jensen reported that

he has spoken with SCVWD's legal counsel and is satisfied with the language. BAWSCA's authorities remain unaffected by the bill.

BAWSCA Water Supply Management Activities:

- a. Interim Supply Allocations for Each Agency Being Prepared by San Francisco: Ms. Sandkulla provided the committee background information on why San Francisco will establish an Interim Supply Allocation (ISA) for each BAWSCA agency. The ISA was the result of San Francisco's unilateral decision to limit water supply when the SFPUC approved its Water System Improvement Program (WSIP) in 2008. That action imposed an Interim Water Supply Limitation of 184 mgd on Wholesale Customers' purchases from SFPUC water in 2018. The SFPUC action also resulted in a limit of 81 mgd on San Francisco retail customers in 2018.

To manage the limitations on sales, the SFPUC will establish an Interim Supply Allocation for each agency by December 31, 2010, and will impose a financial incentive to avoid going over the limitation. The size of the financial incentive will be determined by the SFPUC in Spring 2011.

As part of its Water Supply Management activities, BAWSCA worked with Water Supply Management Representatives appointed by each member agency to provide input to San Francisco in setting the ISA numbers. BAWSCA produced examples of how ISA's could be set. The agencies were unable to reach consensus on a single method, but agreed that the examples should be shared with San Francisco.

BAWSCA presented the examples to SFPUC General Manager Ed Harrington and his staff on July 2, 2010. The SFPUC met with the Water Supply Management Representatives on August 5th and agreed to provide BAWSCA a schedule on which it will prepare agency allocations for the San Francisco Public Utilities Commission's consideration.

The SFPUC committed to provide BAWSCA agencies with opportunities to review and comment on the allocations prior to the Commission's action on December 14th. Mr. Jensen noted that the meeting on December 14th may be a meeting agency staff members and elected officials may want to attend.

In response to Director Fergusson, Mr. Jensen stated that SFPUC activities will continue through the Fall. It is possible that the SFPUC staff might brief the Commission in November, prior to Commission consideration and action scheduled for December 14th. Director Pierce asked for the Board to be informed of the SFPUC's November meeting if that is the case.

Mr. Jensen emphasized that the duration of the ISA is the foundational basis for BAWSCA's Water Supply Strategy. By December 2018, San Francisco is to decide whether its long-term supplies are adequate to provide more than 184 mgd to the Wholesale Customers. However, it remains uncertain how much, if any, additional water the SFPUC might provide beyond 2018. BAWSCA's Strategy will provide agencies greater certainty for future planning, but does not undermine their claim that the SFPUC should provide additional water in the future.

Mr. Jensen emphasized that agencies need to address how they will meet the future water supply needs of their communities. Director Wykoff concurred and reiterated that the uncertainty with how future water supplies will be allocated beyond 2018 reinforces the need to move forward with the Strategy so that alternative sources of water supply in addition to the Regional Water System can be identified.

Director Abrica inquired if San Francisco had been asked if they will provide more water after 2018. Mr. Jensen responded that San Francisco is unable to say at this time what they will do in the future.

Legal Counsel, Ray McDevitt added that the Federal Energy Regulatory Commission (FERC) re-licensing of New Don Pedro Reservoir, which is owned jointly by the Turlock and Modesto Irrigation Districts, begins in 2011 and may affect the SFPUC's future water supply.

Director Pear asked how much water is available from water rights bestowed by the Raker Act. Mr. McDevitt responded that the federal Raker Act provided the right to construct and operate facilities on the federal lands. Water rights are a matter under State law. The number historically associated with San Francisco's water rights is 400 mgd.

Director Pear asked what groups are participating in that re-licensing process. Mr. McDevitt responded that the irrigation districts are the primary agencies, as they own the dam and hydroelectric facilities that are subject to the license. In prior related activities the SFPUC, BAWSCA, BAWSCA's predecessor and various environmental and other groups have taken an interest in or participated in the process.

Chair O'Connell asked if there were any public comments. Mr. Peter Drekmeier, with the Tuolumne River Trust, stated the Trust will be involved with the FERC re-licensing of New Don Pedro Reservoir. He stated that their position is that more water must be made available to protect the dwindling fish populations in the Tuolumne River. He said he thought the Bay Area was doing a good job of conserving water and that additional flows should come from the irrigation districts.

- b. Member Agencies' Desire for Subscription Lawn Replacement Program: Staff of BAWSCA's member agencies asked BAWSCA to help develop a Lawn Replacement Program. The program goal would be to create an incentive for water customers to reduce their outdoor water use by replacing irrigated turf with low-water using plants. Other water agencies have used rebates to create the desired incentive. Agency staff envisioned a regional subscription-based program to replicate the consistency and cost savings associated with other BAWSCA programs.

A pilot rebate program is being developed to specify how such a program would function and to determine agency interest.

Ms. Sandkulla stated that such a program would support implementation of agency outdoor water use efficiency ordinances and help agencies comply with SB7, passed in 2009.

BAWSCA's potential is still being investigated, as well as the possible rebate amounts, and specific program guidelines and procedures.

In response to committee members' questions, Ms. Sandkulla reported that the rebate amount would typically be uniform across the participating agencies, and would be offered to both commercial and residential properties. Similar to existing successful programs elsewhere, the program would require replacement of irrigated turf in the front yard, and would require a certain percentage of hardscape and permeable surface.

Chair O'Connell noted that she first heard about lawn replacement programs in Arizona several years ago, which is evidence that such programs have been around for a long time and seem to be successful.

Director Quirk noted that replacement of front yards would be an effective way to make people aware of the program.

Ms. Sandkulla reported that the program is currently not included in the workplan for FY 2010-11 and, if pursued, would have to be brought back to the BPC and the Board in the Winter as a modification to the workplan. BAWSCA will review the successes and challenges of other agencies in its process to develop a program that best meets the BAWSCA member agencies' needs.

Program details can be expected in the Winter of 2010 with the possible launch of the program in the Spring of 2011.

Update on Additional Credits to be returned to agencies through SFPUC Wholesale Water Rates: Mr. Jensen reported that the contract compliance audits are currently being reviewed or prepared for FY 2007-08, 2008-09, and 2009-10. Adjustments identified to date are in the member agencies' favor. While the amount of money involved is significant, it will not have a large impact on SFPUC Wholesale Water Rates

5. Discussion Item:

Status of Agencies Reaching Agreement on Drought Implementation Plan (DRIP): Ms. Sandkulla reported that the existing Drought Allocation Plan expired in June 2009, and that the completion of a new one is targeted for the Fall of 2010.

BAWSCA's role in this effort is to be the facilitator that provides structure and analyses so that the 26 member agencies can make decisions based on fact, analyses and practicality. The new Water Supply Agreement requires unanimous agreement among all 26 agencies. If unanimity is not reached, the BAWSCA Board of Directors was given authority to adopt a formula. If the agencies fail to reach unanimous agreement and the BAWSCA Board does not adopt a formula, the SFPUC has the authority to decide how to allocate water among the agencies during a drought.

Tier I of the Drought Implementation Plan, which is contained in the new Water Supply Agreement, divides the available water supply between San Francisco and the collective 26 wholesale customers. BAWSCA's efforts with the member agencies focus on Tier II which allocates a fixed amount of water supply among the 26 agencies during a water shortage emergency.

Regular meetings have been held between BAWSCA and agency appointed Water Supply Representatives since Fall 2009. Over 20 different analytical alternatives have been analyzed. Appointed agency representatives must reach unanimous agreement on the same exact

language for allocating water during an emergency that they will bring forward to their governing bodies for adoption.

Director Pear asked why consensus has not been reached at this point. Ms. Sandkulla stated that there are differences of opinions, and currently, there are a few agencies with individual concerns that BAWSCA is addressing. However, the agencies are very close to reaching an agreement and Ms. Sandkulla stated that she is confident to reach a positive outcome at the August 25th meeting with the Water Supply Management Representatives.

BAWSCA has encouraged appointed Water Supply Management Representatives to keep their governing bodies apprised of the issue.

Agency representatives will receive final analyses in advance of the August 25th meeting, and will be asked to come prepared to state which alternative they will recommend to their governing body. The unanimous support for an alternative will initiate the effort to have the Drought Implementation Plan adopted by each of the member agency's governing body. If no agreement is reached among the agencies on August 25th, the process for making a recommendation to the Board for consideration will be initiated, and BAWSCA's role will change.

Announcement of Different Location for October 13, 2010 BPC Meeting: Mr. Jensen stated that the committee meeting on October 13th will be held in a different location. The address, directions and parking information will be provided accordingly for committee members and members of the public to have.

6. Action Calendar:

Authorization for the CEO/General Manager to Negotiate and Execute a Professional Services Agreement for Technical Assistance to Develop a Preliminary Assessment of Regional SB7x7 Targets and Water Savings Requirements for the BAWSCA Agencies on an Individual, Sub-Regional, and Regional Basis: Ms. Sandkulla reported that SB7 adopted on October 2009 requires urban retail water suppliers (URWS) to help achieve a 20% reduction in statewide water-use by 2020; 10% by 2015 and 20% by 2020.

Agencies are required to establish and achieve a specific target using one of four required methods, and may do so individually or collectively. Agencies must also perform required analyses and submit targets to the State with their Urban Water Management Plans in June 2011.

The Preliminary Regional SB7 Analysis will help agencies address whether they want to pursue compliance with SB7 individually or as part of a regional or sub-regional alliance. The analysis will also help agencies in the development of their 2010 Urban Water Management Plans.

A review of the most recent State guidelines indicates that there is an advantage to several BAWSCA member agencies to comply with SB7 on a regional basis through BAWSCA. Ms. Sandkulla noted that funding for this effort is included in BAWSCA's adopted operating budget and workplan for FY 2010-11.

In response to Director Quirk's question, Ms. Sandkulla reported that the Department of Water Resources (DWR) will develop the fourth method by December 31, 2010. Ms. Sandkulla

stated that method 2 is complex and would not be a beneficial method to use for all the agencies combined. Methods 1 and 3 appear to be most beneficial for the agencies.

The committee voted unanimously to recommend Board authorization of the CEO/General Manager to negotiate and execute a contract for technical services to support the development of a Preliminary Regional SB7 Analysis on behalf of the BAWSCA agencies for a not-to-exceed amount of \$20,000.

9. Consent Calendar:

M/S/C (Pierce/Swegles/Unanimous) that the Committee:

- a. Approve the minutes from the meeting of June 9, 2010 with corrections to reflect that Committee Chair Irene O'Connell chaired the meeting; and**
- b. Voted unanimously to recommend that the Board approve by resolution, the amended Conflict of Interest Code, direct the CEO/General Manager to forward a copy of the Code to the Fair Political Practices Commission (FPPC), and authorize him to take any other steps necessary to implement the resolution.**

10. Comments by Committee Members: Ms. Sandkulla and Ms. Dutton will follow up with Director Fergusson about the outdoor ordinance's restriction on redwood trees due to their high-water consumption.

11. Adjournment: The meeting was adjourned at 2:50pm to the next regularly scheduled meeting on October 13, 2010 at 1:30 p.m. which will be held at 1300 South El Camino Real, San Mateo, Suite #100

Respectfully submitted,

Arthur R. Jensen, Chief Executive Officer/General
Manager and Secretary

ARJ/le

Attachments: 1) Attendance Roster

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY
Board Policy Committee
August 11, 2010**

Attendance Roster

Committee Members Present:

Irene O'Connell (Chair)	City of San Bruno
Rob Guzzetta (Vice Chair)	California Water Service Company
Ruben Abrica	City of East Palo Alto
John Fannon	Town of Hillsborough
Kelly Fergusson, Chair	City of Menlo Park
Matt Pear	City of Mountain View
Barbara Pierce	City of Redwood City
Bill Quirk, Vice-Chair	City of Hayward
Ron Swegles	City of Sunnyvale
Rick Wykoff	Estero Municipal Improvement District

Committee Members Absent:

Robert Craig	Westborough Water District
--------------	----------------------------

BAWSCA Staff Members Present:

Arthur Jensen	Chief Executive Officer/General Manager
Nicole Sandkulla	Sr. Water Resources Engineer
Anona Dutton	Water Resources Planner
Lourdes Enriquez	Assistant to the CEO/General Manager
Ray McDevitt	Legal Counsel, Hanson Bridget, LLP.

Guests:

Bob Anderson	Purissima Hills Water District
Peter Drekmeier	Tuolumne River Trust
Marilyn Mosher	City of Hayward
Nico Procos	City Of Palo Alto
Sharyn Saslafsky	SFPUC

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY
BOARD POLICY COMMITTEE**

**October 13, 2010 – 1:30 p.m.
1000 South El Camino Real, Suite #100, San Mateo**

MINUTES

1. Call to Order:

A quorum was not present at the call-to-order and the BPC Chair noted that no action could be taken without a quorum. The roster of Committee members and public attendees present is attached.

With the guidance of legal counsel, copies of the handouts prepared for the meeting were distributed to those who arrived for the meeting and a brief presentation was made without discussion. Copies of the handouts were distributed to committee members who were not present.

2. Public Comments: There were no public comments.

3. Consent Calendar:

The approval of the minutes from the meeting of August 11, 2010 will be rescheduled to the next meeting on December 8, 2010.

4. Action Calendar:

Recommendation to authorize the CEO/General Manager to Negotiate and Execute a contract with PG&E, subject to legal counsel's review, for rebate processing services through June 30, 2012 associated with implementation of the Washing Machine Rebate Program from January 1 through December 31, 2011, and offer participation in the program to BAWSCA member agencies through December 31, 2011:

No action was taken. The item for the Committee's consideration to recommend to the Board will go forward to the Board of Directors in November without a Committee recommendation

5. Reports:

New Agenda Format: Mr. Jensen explained that the modified agenda format is based on board member input on how information can be better presented to the committee and board during its meetings.

The format focuses on policy decisions and status of achieving results. Decision items are in the beginning with clarification of the policy issues and presentation of honest alternatives. There will be clear policy basis for status reports given, and discussions can focus on whether policy issues are clearly stated, policy alternatives are well formed and compared, and whether additional alternatives should be considered.

BAWSCA Water Supply Management:

Annual Water Conservation Report: The report is in draft, and will be finalized and distributed to the board in November.

SFPUC Interim Supply Allocations: A schedule of the SFPUC's meetings on establishing the Interim Supply Allocations for wholesale customers was included in the committee's agenda packet. BAWSCA staff will circulate the schedule and related materials to the Board and agency appointed Water Supply Management Representatives.

Long-Term Reliable Water Supply Strategy (Strategy) – Policy Issues: The handout presentation included the chart of the Water Supply Management Program and the timeline for the phases of the Strategy.

Mr. Jensen stated that a variety of policy issues must be articulated, alternatives evaluated, and recommendations presented for consideration and action. The back and forth process with the board will evolve over the next 18th months.

Presentations will be made to the board to provide technical basics, public policy implications and the advantages and disadvantages of alternatives. Directors will have the opportunity to ask questions and request more information from staff, discuss policy implications with their colleagues, and request information from their appointing agency staff. Mr. Jensen noted that the objective of the process is not to make the board technical experts, but to provide a clear informational foundation upon which the Board can make policy decisions.

Mr. Jensen's presentation included examples of policy issues based on future water supply needs and drought reliability.

Mr. Jensen stated that the examples are preliminary and incomplete. They were presented to the committee as a helpful introduction to what must be addressed to implement the Strategy, and to clarify that the 18-month schedule provides time to formulate the policy issues and support them with cost and other information.

Director Fergusson asked how the 18-month schedule was formulated. Mr. Jensen stated that the 18-month schedule was driven by the technical information.

Director Pierce asked if there are other organizations that have addressed similar issues and whether their experience is relevant or helpful. Mr. Jensen answered that such experience is available and that BAWSCA's consultant has specific experience in this area.

SFPUC Water System Improvement Program: Mr. Jensen reported that the ground breaking for the Bay Division Tunnel Project was held on September 24th. BAWSCA sent a letter to the SFPUC and the Joint Legislative Audit Committee (JLAC), California Seismic Safety Commission (CSSC), and Department of Public Health (DPH) to provide its comments on the SFPUC's Annual Report to the State. BAWSCA's letter lists its assessment of the program's progress, and contains specific recommendations.

Lower Crystal Springs Dam Improvement Project: Mr. Jensen reported that The SFPUC will have a hearing on the Final Environmental Impact Report (FEIR) for the Lower Crystal Springs Dam Improvement (LCSDI) Project on October 15th. BAWSCA will be providing testimony regarding unmet water supply objectives in the FEIR.

Mr. Jensen explained that the SFPUC's negotiated fish releases below the Calaveras and Lower Crystal Springs Reservoirs would impact the SFPUC's ability to meet its water supply goals and contractual obligations to its wholesale customers. A reduction of water supply for the regional water system of 7.4 mgd would result from the proposed fish flow.

Mr. Jensen reported that the SFPUC has not identified new water supplies to meet the Levels of Service Goals for normal and drought years, and that the SFPUC does not plan on modifying the LOS goals. In addition, the information on the Lower Crystal Springs FEIR was not shared with BAWSCA in a timely manner.

Mr. Jensen reported that a letter was submitted to the San Francisco Planning Commission on October 6, 2010. A letter is being prepared for the SFPUC, and a testimony will be delivered at the SFPUC's October 15th meeting where the Commission will consider adopting the final project EIR. BAWSCA will ask the Commission to amend the draft resolution to address BAWSCA's concerns by a specific date. Mr. Jensen asked for agency support at the meeting.

9. **Adjournment:** Mr. Jensen finished his presentation at 2:30pm.

Respectfully submitted,

Arthur R. Jensen, Chief Executive Officer/General
Manager and Secretary

ARJ/le

Attachments: 1) Attendance Roster

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY
Board Policy Committee
October 13, 2010**

Attendance Roster

Committee Members Present:

Irene O'Connell (Chair)	City of San Bruno
Kelly Fergusson	City of Menlo Park
Matt Pear	City of Mountain View
Barbara Pierce (BAWSCA Vice Chair)	City of Redwood City
Rick Wykoff	Estero Municipal Improvement District

Committee Members Absent:

Robert Craig	Westborough Water District
Rob Guzzetta (Vice Chair)	California Water Service Company
Ruben Abrica	City of East Palo Alto
John Fannon (BAWSCA Chair)	Town of Hillsborough
Bill Quirk, Vice-Chair	City of Hayward
Ron Swegles	City of Sunnyvale

BAWSCA Staff Members Present:

Arthur Jensen	Chief Executive Officer/General Manager
Nicole Sandkulla	Water Resources Planning Manager
John Ummel	Sr. Administrative Analyst
Lourdes Enriquez	Assistant to the CEO/General Manager
Allison Schutte	Legal Counsel, Hanson Bridget, LLP.

Guests:

Bob Anderson	Purissima Hills Water District
Peter Drekmeier	Tuolumne River Trust
Nico Procos	City Of Palo Alto
Sharyn Saslafsky	SFPUC

Board Policy Calendar for FY 2010-11

Board Meeting	Purpose	Issue or Topic
July	D	Water Supply Strategy – Evaluation criteria
	D&A	Water Supply Strategy – Scope, contracts and funding
	D&A	Regional Financing Authority (RFA) – Budget adoption
September	S&D	SF WSIP - Annual Progress Report and Compliance with AB 1823
	S&D	Water Supply Agreement – Report on first year admin
	D&A	BAWSCA Conflict of Interest Code revisions
	D	Completion of CEO performance review
November	D	Water Supply Strategy – Policy issues overview
	D	Water Supply Strategy – Drought protection goals (Part 1)
January	D&A	BAWSCA Mid-year progress and budget review
	D&A	Resource Needs – Analysis and recommendations
	S&D	Water Supply Strategy progress report
	D	Discussion of results to be achieved during FY 2011-12
March	D	Discussion of preliminary workplan and budget for FY 2011-12
	D	Water Supply Strategy progress report – Policy decision schedule
	S&D	Water Supply Agreement - Annual audit results
May	D&A	Adoption of workplan and budget for FY 2011-12
	D&A	Approval of contracts for FY 2011-12
	D	Water Supply Strategy – Drought protection goals (Part 2)

Key: D = Discussion, A = Action, S = Status report

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD POLICY COMMITTEE MEETING

Agenda Title: **Mid-Year 2010-11 Work Plan and Budget Review**

Summary:

Anticipated work through the end of this fiscal year can be accomplished within the existing budget, provided the Board of Directors approves modest reallocations within the approved budget. This action recommends Board authorization to make specific reallocation of funds within the approved budget. No additional funds are needed or anticipated at this time.

Fiscal Impact:

No change to the total approved budget for FY 2010-11.

Recommended Committee Action:

That the Committee recommend Board approval of the following adjustments resulting from the mid-year review of workplan and budget:

- Reallocate \$35,000 in the approved budget from professional fishery consultation.
- Amend the existing professional services contract with Brown & Caldwell to support the implementation and ongoing support of the water conservation data base.

Discussion:

Anticipated work through the end of this fiscal year can be accomplished within the existing budget, provided the Board of Directors approves modest reallocations within the approved budget.

Overall Status of Results to be Achieved During FY2010-11. Table 1 presents the Board-approved workplan of results to be achieved during FY2010-11. All of the tasks are on schedule as of December 1, 2010, although work in some areas needs to be re-prioritized and re-scheduled.

Workplan Modifications and Proposed Budget Revisions. As noted during preparation of the work plan and budget for FY 2010-11, existing staff resources are insufficient to complete the workplan as envisioned. The shortage of staff is in the area of water conservation activities and the Long-Term Reliable Water Supply Strategy. The following workplan modifications and staff re-assignments respond to these limitations:

1. Postpone Tuolumne River fishery work. The approved work plan included tracking technical work associated with Tuolumne River fishery restoration under the existing FERC agreement. While this is an important long-term issue for ensuring the reliability of the SFPUC water supply, the work being performed this fiscal year is not as high a priority as other water supply and water conservation work. Cost savings will occur from not hiring a fisheries consultant. The approved budget contained \$35,000 for a professional fishery consultant. The priority and schedule for this work will be re-assessed when developing the budget for FY2011-12. Staff will continue to monitor monthly reports by the Tuolumne River Technical Advisory Committee.
2. Extend consultant support to cover work previously assigned to staff. Staff time was unavailable to fully support the launch and ongoing implementation of the data base for tracking agency water conservation efforts. The necessary support can be

provided by Brown & Caldwell, who developed the data base and trained agency staff in its use, if the professional services contract is amended to cover the additional tasks and costs. The estimated additional cost for the firm to provide these services is \$35,000. The existing contract with Brown & Caldwell is for \$85,000. Board approval of a contract amendment would be needed to proceed with this recommended solution to the staff limitation. The alternative to the recommended solution would be to suspend implementation of the data base or to take staff time away from other higher priority work. Funding for the contract amendment is available from savings in other consultant expenses.

3. Temporarily re-assign existing staff to support water conservation programs. The Assistant to the CEO has been temporarily assigned to assist in the scheduling, contracting and logistics for the successful and highly-demanded water-efficient landscape classes.
4. Limit the effort associated with regional public outreach to support water conservation programs. Agencies have expressed a strong desire for BAWSCA to provide centralized regional outreach for BAWSCA's water conservation programs, citing the difficulties associated with managing consistent, ongoing outreach as individual agencies. Providing coordinated and consistent messaging will be important over the long-term, but a lower level of effort can be accommodated this year. Water use remains lower than projections and limited staff resources have been devoted to the Long-Term Reliable Water Supply Strategy. Limited amounts of time have been assigned to the Assistant to the CEO to update conservation marketing materials, maintain the water conservation portion of the BAWSCA web site and other support activities.
5. Develop plan for new subscription water conservation program desired by agencies. During this year agencies expressed a strong desire for a lawn replacement incentive program administered by BAWSCA. Other water agencies in the region and state implement such programs. To determine what a successful program might entail, BAWSCA has examined the successes and pitfalls other agencies have encountered. A small contract within the CEO's spending authority has been signed with a technical consultant to provide some necessary documents to support the implementation of such a program. Based on the continued desire of member agencies to participate in this program on a subscription basis, the program could be initiated in time for this coming spring planting season.
6. Limited funds needed for reviewing Water System Improvement Program project designs. We currently anticipate significant savings in the budget for professional technical review of SFPUC project designs. Professional services for tracking construction progress and spending will be expended. These changes reflect the status of SFPUC projects passing from design into construction.

The FY 2010-11 workplan also included a task for the CEO to articulate future staffing needs, evaluate alternative ways to provide the necessary resources and prepare any position descriptions, cost information and recommendations. This item will be reported separately.

As always, if new, unanticipated issues arise during the spring, they will be brought to the attention of the Committee and Board with recommendations to further reallocate and/or add to existing budget resources, if necessary.

Table 1. Results to be Achieved in FY 2010-11

(Approved by the Board on May 20, 2010)

<u>RELIABLE SUPPLY -- WATER SUPPLY MANAGEMENT PROGRAM</u>	<u>Status: On schedule?</u>
<p>1. <u>Long-Term Supply Solutions: Reliable Water Supply Strategy</u> Prepare the Long-Term Reliable Water Supply Strategy to provide reliable supplies of water when and where needed through the year 2035.</p>	Yes
<p>2. <u>Near-term Supply Solutions: Water Conservation</u> a. <u>Implement Core Water Conservation Programs</u> - Programs that benefit all customers. b. <u>Implement Subscription Water Conservation Programs</u> - Rebate and other programs that benefit, and are paid for by, agencies that subscribe for these services.</p>	Yes
<p>3. <u>Facility Reliability: Monitor SFPUC Water System Improvement Program</u> Monitor scope, cost and schedule as San Francisco completes EIR and design work and enters an aggressive five-year construction schedule. Press the SFPUC and the city's political leadership to meet the city's adopted schedule, meet the requirements of AB 1823 and respond promptly to BAWSCA's reasonable requests.</p>	Yes
<p>4. <u>Protect Members' Water Supply Interests in FERC Re-licensing of New Don Pedro Res.</u></p>	Priority lowered
<p>5. <u>Support Preparation of Urban Water Management Plans (UWMPs)</u> Produce consistent language for sections common to all BAWSCA UWMPs. Provide guidance and analyses for agencies' compliance with new State law (20 x 2020). Prepare and submit updated water demand projections to SFPUC in compliance with Water Supply Agreement.</p>	Yes
<p>6. <u>Pursue Grant Opportunities Independently and in Coordination with Regional Efforts</u></p>	Action pending
<u>FAIR PRICE</u>	
<p>7. <u>1984 Contract</u> Manage close-out of the 1984 contract in a collaborative relationship with San Francisco to protect members' and their customers' interests in a fair price for water purchased from San Francisco.</p>	Yes
<p>8. <u>2009 Water Supply Agreement</u> Administer the Agreement in a collaborative relationship with San Francisco to protect members' and their customers' interests in a fair price for water purchased from San Francisco.</p>	Yes
<u>HIGH QUALITY WATER</u>	
<p>9. Coordinate member agency participation in Water Quality Committee established by the 2009 Water Supply Agreement to ensure it addresses Wholesale Customer needs.</p>	Yes
<u>AGENCY EFFECTIVENESS:</u>	
<p>10. <u>Maintain Allies and Contacts with Environmental Interests</u> Maintain close relationships with BAWSCA's powerful allies (state legislators, business, labor, local government, water customers, and the media) and activate them if necessary to safeguard the health, safety and economic well-being of residents and communities. Maintain a dialogue with responsible environmental and other groups, who will participate in the project permitting and approval process for rebuilding the system.</p>	Yes
<p>11. <u>Manage the activities professionally and efficiently.</u></p>	Yes

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD POLICY COMMITTEE MEETING

Agenda Title: Human Resources Needs - Water Conservation

Summary:

When the FY2010-11 workplan and budget was presented last spring, existing human resources were insufficient to achieve the necessary results. The board was informed that this would be a long-term problem and that issue would be analyzed this fall with recommendations presented to the Board for consideration.

This memorandum addresses the causes and magnitude of additional human resource needs, alternatives for addressing the imbalance, and a specific recommendation.

Fiscal Impact:

The potential impact on the annual operating budget would depend on the manner in which additional resources were provided (e.g., employee, temporary employee, consultant), and the percentage of costs borne by participants in subscription-based water conservation programs.

Recommended Committee Action:

Discussion of resource needs for water management activities, alternatives for addressing resource limitations and the timing for addressing these needs.

Discussion:

The FY2010-11 workplan approved by the Board on May 20, 2010 stated, “Projected workloads over the next six to ten years exceed what can be accomplished by existing staff and demonstrate that another staff position will be required to support anticipated water supply management activities”.

The workplan also includes a task for the CEO to articulate future staffing needs, evaluate alternative ways to provide the necessary resources and prepare any position descriptions, cost information and recommendations.

The Reason for the Additional Human Resources Needs

Additional human resources are needed to achieve necessary results in the area of Water Resource Management. This area of work performed by BAWSCA includes implementation of regional water conservation programs and development of the Long-Term Reliable Water Supply Strategy (Strategy).

The water conservation work consists of the Subscription Program, presented in Table 1, and the Core Program, presented in Table 2.

Table 1: BAWSCA's FY 2010-11 Subscription Conservation Program

BAWSCA's Subscription Program: Conservation measures implemented by BAWSCA and fully funded by the individual agencies that elect to participate in the program based on their participation level to implement conservation measures and benefits realized specific to local jurisdictions:

- High-Efficiency Toilet (HET) Rebate Program
- High-Efficiency Residential Washing Machine Rebate Program (WMRP)
- Water-Wise School Education Kits
- EarthCapades School Assembly Program
- Large Landscape Audit Program

Table 2: BAWSCA's FY 2010-11 Core Conservation Program

BAWSCA's Core Program: Conservation measures implemented by BAWSCA that are funded through the annual BAWSCA budget and containing those conservation measures that benefit from regional implementation and that provide regional benefit, irrespective of individual agency jurisdiction:

- Water Efficient Landscape Education Classes
- *Water-Wise Gardening in the Bay Area* Landscape Educational Tool
- Native Garden Tours and Symposiums
- Development and Implementation of Water Conservation Database

The Subscription and Core Programs are offered to support individual agency commitments for water conservation and the Water Conservation Implementation Plan goals. The desire for subscription-based water conservation programs by member agencies has increased in several respects: agencies desire centralized implementation of a greater number of programs; the number of agencies participating in BAWSCA programs continues to increase, and the number of end-use customers taking advantage of rebate and other programs increases the volume of administrative work. Existing staff resources are insufficient to sustain these services, even though the cost of staff time devoted to the programs is paid for by the participating agencies.

In addition, beginning FY2010-11, the amount of staff and consultant work associated with the Strategy is increasing to address technical, policy and implementation issues. This work load level will continue to rise in the upcoming year with the overall increased work load continuing for several years.

The Magnitude of the Resource Imbalance

Historically, two positions have performed this work with assistance from outside consultants and contractors. Those positions are the Water Resource Manager and the Water Resource Engineer/Planner.

As the Board was informed at the time, the work plan approved by the Board in May 2010 contained more work than two full time employees could perform. Deducting vacation time from a full work year, the work load for these positions was equivalent to 188% and 188% of available hours (1920 hours), respectively.

Following a commitment to the Board in May, a re-examination of work assignments, priorities and workloads was performed this fall. After assigning some work to other staff members, greater use of outside professional services and postponing lower priority work, the resulting work loading for these two positions was 140% and 155%, respectively.

While this is an improvement, the work load is not yet in balance. Additional resources or adjustments would be needed to balance work load in the current year.

The imbalance is not expected to decrease over the next five to eight years.

Alternative Solutions

The required work is to perform the bulk of work associated with implementation of existing and expanding water conservation programs, plus the development and implementation of new conservation programs.

Several alternatives should be considered to address the imbalance between workload and resources.

The following are alternatives for balancing resource needs:

1. Reduce the scope of water conservation activities,
2. Extend the timeline for completing the Long-Term Reliable Water Supply Strategy,
3. Fill the need by hiring temporary employees,
4. Fill the need by contracting with outside consultants, and
5. Create and fill a new position.

The following table (Table 3) characterizes each alternative over four criteria.

Table 3: Comparison of Alternatives for Balancing Resource Needs

	Alternative	Flexibility to Meeting Needs of Agency	Ability to Direct Work and Manage Performance	Respond to Changes in Workload and Priorities	Impact on Annual Operating Budget¹
1	Reduce water conservation efforts	Prevents achieving reliable water savings.	NA	NA	None
2	Extend Long-Term Supply Solutions	Postpones date by which agencies can count on reliable supplies or supply options.	NA	NA	None
3	Hire temporary employees	Avoids long-term agency commitment to additional staff. Limits hours available.	Cannot work on site. Would require more than one temp employee.	Less efficient response to changes in daily or weekly needs.	Comparable to new hire for equivalent number of hours.
4	Hire consultants	Avoids long-term agency commitment to additional staff.	Person would work offsite. Primarily beholden to corporate performance evaluation.	Less able to respond to changes in priorities, schedules due to task-based assignments and competition with other clients.	Pay direct salaries, plus overhead, plus profit.
5	Create and fill new position	At-will employee can be dismissed if workload diminishes.	Direct report to Water Resources Planning Manager	Duties and responsibilities could be modified as needed to meet agency needs.	Top-step salary = \$93,276/yr. Benefits = \$21,000 to \$36,000/yr.

¹ The cost of work supporting subscription-based water conservation programs would be billed to participating agencies.

Cost Impact

The potential impact on the operating budget depends on the alternative under consideration. The cost of additional resources, however provided, is mitigated by charging participating agencies for all time spent supporting subscription-based water conservation programs. Based on historical records, for a new employee or a temporary employee, at

least 50% of the cost of salary would be charged to subscription programs. Costs for consultant support of subscription-based programs would be charged to those programs.

Implementation

Projected savings in the FY2010-11 budget are sufficient to support moving ahead immediately with any of the options. The cost impact would be proportionally less than the annual cost figures shown in the table above.

A position description was drafted so that comparable compensation information could be developed for this analysis. A copy of the position description is attached (Attachment 1).

BAY AREA WATER SUPPLY & CONSERVATION AGENCY

POSITION TITLE: WATER CONSERVATION ADMINISTRATOR

SALARY RANGE: \$74,621 - \$93,276

Definition:

Under the general direction of the Water Resources Planning Manager, organizes, develops and administers regional water use efficiency programs and activities that increase water supply reliability within the BAWSCA service area. Performs both routine and complex assignments, including new program development, selection and management of consultants, budget preparation and tracking, report preparation and analysis, marketing plan development, and program coordination with BAWSCA member agencies as well as local and state agencies. This job requires the ability to follow direction, and use of initiative and independent judgment, and individual accountability for successfully completing assigned projects

In addition, BAWSCA's General Manager or the Water Resources Planning Manager may assign other work.

Principal Duties and Responsibilities:

- Provides assistance to the Water Resources Planning Manager.
- Assists in the development and implementation of water resources goals, objectives, policies and priorities.
- As a specialist on water use efficiency, research, evaluate, and design new regional water conservation programs; develop and implement program work plans; prepare reports and analyses or program operations and evaluation; and communicate programs to the membership to promote acceptance.
- Coordinate program administration with member agencies, other local agencies, and state agencies
- Develop and execute program marketing plans including reviewing, proposing, and developing program literature and outreach materials.
- Administer BAWSCA's web-based water conservation tracking program – the Water Conservation Database Program.
- Gathers, analyzes, and interprets data and information related to water use; develops information resources on water conservation; writes technical reports and publications; assists in the preparation of brochures; and coordinates contact with member agencies, SFPUC, and other agencies.
- Monitor and evaluate developments in water conservation technologies and techniques; maintain awareness of new developments in the field of water conservation; incorporate new developments as appropriate into programs.
- Assist in the preparation of request for proposals and administer consultant contracts.
- Assists in grant funding procurement and implementation.
- Provides technical support on water conservation issues.

- Plan, coordinate, and staff special events, workshops, and professional seminars; speak to community and other groups.
- Represents BAWSCA in regional forums specific to work areas including but not limited to Bay Area Water Agency Coalition, Bay Area Regional Water Recycling Program, Bay Area Integrated Regional Water Management Plan, and Bay Area Water Conservation Coordinators.
- Performs related duties as assigned.

Knowledge of water conservation in general as well as water conservation technologies and practices is necessary as well as solid program administration experience, demonstrated project management skills, strong budgeting experiences, excellent computer and writing skills, a confident and professional demeanor, the ability to work independently and to be accountable for all assigned tasks and projects, as well as establish and maintain effective working relationships with a wide variety of people.

Education and Experience:

Any combination of education experience that would likely provide the required knowledge, skills, and abilities is qualifying. A typical way to obtain the knowledge, skills, and abilities would be the equivalent of:

Education: Equivalent to a Bachelor's degree from an accredited college or university with major course work in public administration, environmental studies, marketing, public relations, engineering, or a related field.

Experience: One year experience in administering and implementing water conservation programs. Four years of increasingly responsible experience in program administration and management in public relations, marketing, environmental studies, engineering, or related fields.

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD POLICY COMMITTEE MEETING

Agenda Title: **Fiscal Year 2011-12 Work Plan and Budget Preparation**

Summary:

The preliminary work plan for next fiscal year began by compiling a list of major challenges that BAWSCA, its member agencies, and their water customers will face over the next six to eight years. This long-term perspective helps anticipate and identify the results that must be achieved during FY2011-12.

As in prior years, the preliminary budget will be developed to provide the resources needed to achieve necessary results. Emphasis is placed on the most vital results that need to be achieved in order to provide reliability and high quality water at a fair price. Activities that are secondary to those goals may be noted but are not incorporated into the budget.

A similar presentation will be provided to the Board of Directors at the January meeting, in preparation for budget discussions later this Spring.