

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY  
BOARD OF DIRECTORS MEETING**

**San Mateo Main Library – 55 W. 3<sup>rd</sup> Ave., San Mateo  
Oak Room**

*(Directions on Page 3)*

*(Some members of the Board may participate in this meeting by Teleconference. Locales shall be: Marriott Riverwalk, Milam Meeting Room, 2<sup>nd</sup> Flr. 889 East Market St., San Antonio TX 78205, 633 Bonita Ave., Millbrae, CA 94030, 50 Park Place, Room 131, Brisbane, CA 94005, and 55 W. 3rd Ave., San Mateo, Oak Room. If any member of the board participates by teleconference, all votes taken at this meeting will be by roll call vote.)*

**Thursday, November 21, 2019**

**6:30 P.M.**

**AGENDA**

<b><u>Agenda Item</u></b>	<b><u>Presenter</u></b>	<b><u>Page #</u></b>
<b>1. Call to Order/Roll Call/Salute to Flag</b>	<b>(Pierce)</b>	
<b>2. Comments by the Chair</b>	<b>(Pierce)</b>	
<b>3. Board Policy Committee Report</b> <i>(Attachment)</i>	<b>(Zigterman)</b>	<i>Pg 5</i>
<b>4. Public Comments</b> <i>Members of the public may address the Board on any issues not listed on the agenda that are within the purview of the Agency. Comments on matters that are listed on the agenda may be made at the time the Board is considering each item. Each speaker is allowed a maximum of three (3) minutes.</i>	<b>(Pierce)</b>	
<b>5. Special Report</b>	<b>(Pierce)</b>	
A. Youth United for Community Action		
<b>6. SFPUC Report</b>	<b>(Ritchie)</b>	
<b>7. Consent Calendar</b>	<b>(Pierce)</b>	
A. Approve Minutes of the September 19, 2019 Meeting <i>(Attachment)</i>		<i>Pg 15</i>
B. Receive and File Budget Status Report – As of Sept. 30, 2019 <i>(Attachment)</i>		<i>Pg 19</i>
C. Receive and File Annual Audit Report for BAWSCA and Compilation Report for BAWUA for FY 2018-19 <i>(Under Separate Cover)</i>		<i>Pg 21</i>
D. Receive and File Directors' Reimbursement Report – As of Sept. 30, 2019 <i>(Attachment)</i>		<i>Pg 23</i>
E. Receive and File Investment Report – As of Sept. 30, 2019 <i>(Attachment)</i>		<i>Pg 25</i>
F. Authorize Execution of an Agreement with the M&M Backflow and Meter Maintenance to Implement a Customer Water Meter Accuracy Testing Program <i>The Committee voted unanimously to recommend approval of the proposed Board action.</i>		<i>Pg 27</i>
G. Adopt Resolution 2019-02 Approving the Extension of the Tier 2 Drought Allocation Plan <i>(Attachment)</i> <i>The Committee voted unanimously to recommend approval of the proposed Board action.</i>		<i>Pg 33</i>

**8. CLOSED SESSION #1**

- A. Conference with Legal Counsel – Existing Litigation pursuant to** (Schutte)  
Paragraph (1) of subdivision (d) of Government Code Section 54956.9  
*Federal Energy Regulatory Commission Final License Application Proceedings for Don Pedro Hydroelectric Project, P-2299-082, and La Grange Hydroelectric Project, P-14581-002.*
- B. Conference with Legal Counsel – Existing Litigation pursuant to** (Schutte)  
Paragraph (1) of subdivision (d) of Government Code Section 54956.9 *San Joaquin Tributaries Authority, et al. v. California State Water Resources Control Board (Tuolumne County Superior Court Case No. CV62094).*
- C. Conference With Legal Counsel – Anticipated Litigation.** Significant (Schutte)  
exposure to litigation pursuant to Paragraph (2) of subdivision (d) of Government Code Section 54956.9. (One potential case.)

**9. Action Calendar**

- A. Approve BAWSCA's Pilot Water Transfer and Authorize Execution of Agreements with Amador Water Agency, the East Bay Municipal Utility District, the City of Hayward, and the San Francisco Public Utilities Commission Necessary to Implement the Pilot Water Transfer (*Attachment*) Pg 39  
*The Committee voted unanimously to recommend approval of the proposed Board action.*

**10. Reports**

(Sandkulla)

- A. Water Supply Update
- B. Bay Delta Plan Update
- C. CEO/General Manager's Letter (*Attachment*) Pg 69
- D. Board of Directors Policy Calendar (*Attachment*) Pg 85
- E. Correspondence Packet ([Under Separate Cover](#))

**11. CLOSED SESSION #2**

- A. Conference with Labor Negotiator** (Under Separate Cover) (Pierce)  
Closed Session Pursuant to Government Code Section 54957.6  
Agency designated representative: Chair Pierce  
Unrepresented Employee: CEO/General Manager

**12. Report from Closed Session**

(Schutte)

**13. Break for Negotiation with Agency Labor Negotiator**

(Pierce)

**14. Reconvene Following Labor Negotiations**

(Pierce)

**15. Action Item Following Closed Session**

(Pierce)

- A. Compensation Adjustment for CEO/General Manager for FY 2019-20 (*Under Separate Cover*)

**16. Directors' Discussion: Comments, Questions and Agenda Requests**

(Pierce)

**17. Date, Time and Location of Future Meetings**  
(See attached schedule of meetings)

(Pierce) Pg 87

**18. Adjourn to next regularly scheduled meeting on January 16, 2020 at 6:30pm (Pierce)**

*Upon request, the Bay Area Water Supply and Conservation Agency 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 650, San Mateo, CA 94402** or by e-mail at [bawsca@bawsca.org](mailto:bawsca@bawsca.org)*

*All public records that relate to an open session item of a meeting of the BAWSCA Board that are distributed to a majority of the Board 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 650, San Mateo, CA 94402** at the same time that those records are distributed or made available to a majority of the Committee.*

**Directions to San Mateo Main Library San Mateo – 55 W. 3<sup>rd</sup> Avenue**

**From San Jose via Hwy. 280 Northbound**, Exit Hwy-92 East towards San Mateo/Hayward. Exit 12B onto Ca-82 N/S El Camino Real. Turn Left on 3<sup>rd</sup> Ave. The Library is on your left. Street parking and underground parking are available. The Oak Room is on the main floor to the left of the main Library entrance.

**From San Francisco via Hwy 280 Southbound**, Exit Hwy-92 East towards San Mateo/Hayward. Exit 12B onto CA-82 N/S El Camino Real. Merge onto CA-82, turn Left on W. 3<sup>rd</sup> Ave. The Library is on your left. Street parking and underground parking are available. The Oak Room is on the main floor to the left of the main Library entrance.

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# **BAWSCA**

**Bay Area Water Supply & Conservation Agency**

155 Bovet Road, Suite 650  
San Mateo, California 94402  
(650) 349-3000 tel. (650) 349-8395 fax

## **MEMORANDUM**

TO: BAWSCA Board Members  
FROM: Nicole Sandkulla, Chief Executive Officer/General Manager  
DATE: November 15, 2019  
SUBJECT: Summary of Board Policy Committee meeting held October 9, 2019

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1. **Call to Order:** Committee Chair, Tom Zigterman, called the meeting to order at 1:30 pm. A list of Committee members who were present (8), absent (1) and other attendees is attached.

The Committee took the following action and discussed the following topics:

2. **Comments by Committee Chair:** Committee Chair Zigterman cited the correspondence packet and the high number of articles associated with water policy. He encouraged members of the Committee to reach out to Nicole for any questions.

The order of the agenda items will be moved in the interest of allowing a committee member to participate in Closed Session.

3. **Public Comments:** Public comments were made by Peter Drekmeier regarding the Bay-Delta Plan.

4. **Consent Calendar:** Approval of Minutes from the June 12, 2019 meeting.

**Director Larsson made a motion, seconded by Director Chambers, that the minutes of the June 12, 2019 Board Policy Committee meeting be approved.**

**The motion carried. Director Zigterman abstained.**

5. **Action Calendar:**

- B. **Implementation of BAWSCA's Pilot Water Transfer:** Tom Francis, Water Resources Manager, presented an update on BAWSCA's pilot water transfer.

BAWSCA will purchase the transfer water for the pilot from Amador Water Agency (AWA), which gets water from the Mokelumne River. East Bay Municipal Utility District (EBMUD) will wheel the water through its distribution system, and the City of Hayward will receive the water through the Hayward Intertie. The Hayward Intertie was built as part of the seismic upgrade

of the San Francisco Regional Water System (SF RWS) through the Water System Improvement Program (WSIP). It connects EBMUD with the SFRWS and runs through Hayward.

A total of 1,000 acre feet (AF) of water will be purchased. Approximately 800 AF will be delivered through the intertie with an anticipated 20% system loss. The delivery rate is estimated at 15 million gallons per day (mgd) within a 21-day period. Some flow will continue past Hayward into the SFRWS, depending on Hayward's demand. Implementation of the transfer is expected to occur in January 2020.

Mr. Francis noted that during the pilot transfer, water will flow through the Hayward water distribution system from north to south, which is opposite of Hayward's normal flow of south to north when it receives water from the SFRWS. Furthermore, Mr. Francis explained that the use of the Hayward Intertie will require operation of two pumping facilities to meet the pressure needs of the Intertie's 30 mgd capacity. Typically, San Francisco's system pressure is enough to push water through Hayward's distribution system.

In addition to AWA, EBMUD, Hayward, and SFPUC, other entities that will have some level of involvement in BAWSCA's pilot water transfer include PG&E and the State Water Resources Control Board (SWRCB). Because PG&E operates dams along the Mokelumne River, AWA will need to coordinate with PG&E in setting release rates needed to move water for the transfer. SWRCB – Division of Drinking Water will also be involved in coordinating with the City of Hayward regarding water Hayward will receive from Mokelumne River for the transfer. Mr. Francis explained that Mokelumne River is a water source Hayward is not regularly permitted to receive water from.

BAWSCA will be entering into four agreements which will be brought to the BAWSCA Board for its consideration and approval at its meeting in November. They include an agreement between AWA and BAWSCA for the purchase of the water, a wheeling agreement between BAWSCA and EBMUD to move and treat the transfer water, an agreement between BAWSCA and SFPUC to allow BAWSCA's use of the SF RWS for the transfer, and a pilot transfer agreement between BAWSCA and Hayward for the City of Hayward to take delivery of the transfer water.

Mr. Francis went over additional agreements that, while outside of BAWSCA's purview, BAWSCA is tracking and supporting as needed. He explained that the Hayward Intertie is a facility owned by the SFPUC and EBMUD, and operated by the City of Hayward. It was built and permitted for emergency use only. Because the pilot water transfer is not within the realm of the intertie's intended use, there will need to be a side-agreement to allow the use of the facility for the one-time transfer.

Additionally, Hayward's current agreement with the SFPUC does not allow it to receive water from sources other than Hetch Hetchy. The SFPUC will be preparing a letter of agreement that would allow Hayward to receive water from Mokelumne River for the purpose of the one-time pilot water transfer.

Finally, both EBMUD and AWA have water rights to the Mokelumne River. They are both very protective of their water rights, including how those rights should be used in the future. Some form of an agreement, perhaps a one-time agreement for the purpose of the transfer, needs to be in place to address the agencies' sensitivities. The agencies, however, have

identified that the water rights concern is a potential issue that goes beyond the pilot water transfer, and one that may take some time to sort through. Because water rights matters can be contentious, Mr. Francis noted that reaching agreement on said matters can be tricky and work remains in resolving this issue for the pilot water transfer.

Several supplemental documents are needed in addition to the agreements.

Hayward, EBMUD and the SFPUC are developing an operations plan, in terms of staffing, that would detail how they would operate the intertie and move water from EBMUD to Hayward during the pilot.

Hayward is also coordinating with EBMUD on water quality data that Hayward must receive in advance of the transfer process to allow for the time required to issue proper notification of water quality changes to both residential and commercial customers. Mr. Francis noted that in BAWSCA's agreement with EBMUD and commitment to Hayward, BAWSCA is working with EBMUD to ensure that the water quality data is provided to Hayward in advance of the transfer.

Specific correspondence with the SWRCB includes the SFPUC and Hayward informing the Division of Drinking Water about a change in Hayward's water source for the purpose of the pilot water transfer. Another document that must be filed with the SWRCB is an annual "Statement of Diversion and Use" of water. PG&E prepares that report each year for their Mokelumne facilities, and the report references AWA's water diversions as well as PG&E's. The report prepared for 2020 would need to indicate that a portion of AWA's diversions was delivered to BAWSCA for the pilot water transfer.

AWA will provide a release schedule to document that water will be delivered on a daily basis at the required rate during the pilot water transfer.

Finally, during the transfer, primary points of contacts for each agency involved will be listed and documented as reference.

BAWSCA will be the lead agency for CEQA. At its November meeting, the Board will be asked to approve BAWSCA's Notice of Exemptions (NOE). Mr. Francis explained that because the pilot water transfer will use existing facilities, no construction will be involved nor will there be environmental impacts anticipated, and the concept called "Existing Facilities" common sense exemption will apply.

BAWSCA will file the NOE following the Board's action in November. There will be a 35-day comment period. BAWSCA has met with a key environmental group active in AWA's service area and does not anticipate major comments, but will be prepared to respond to and address any concerns that arise.

BAWSCA will file in the eight counties that are in the path of the transfer water. They include Amador, Calaveras, San Joaquin, Contra Costa, Alameda, Santa Clara, San Mateo, and San Francisco.

Because BAWSCA is the lead agency for the transfer, there is no need for the other agencies involved to file, unless they choose to. BAWSCA is in discussions with the SFPUC on their

intentions to file. AWA, EBMUD, and Hayward have indicated their intention to file as responsible parties.

No new permits are needed to conduct the pilot. All permits required are in place.

Total estimated cost for the pilot water transfer is \$1.2M. The cost includes the purchase of the water; wheeling the water which requires treatment, staffing, and power costs; and delivery of the water, which will require Hayward to modify its water system operations and incur costs to the resources needed for the modifications.

The use of the Balancing Account is the recommended funding source for the pilot water transfer.

Most of the cost are on a per acre-ft basis, which means that BAWSCA will only pay for the water delivered. Mr. Francis explained that while the total water to be purchased is 1,000 AF, if for some reason the transfer process is shut down after a few days, BAWSCA will only pay for the amount of water that was moved. There will be upfront costs that will need to be paid, but the primary costs will be based on a per acre-ft basis. A few outstanding cost items are still being negotiated but are not anticipated to change the estimated cost of \$1.2M

BAWSCA and the participating agencies are scheduled to bring the agreements to their governing bodies in November for approvals. The pilot water transfer is expected to start in January of 2020. The process will begin with the flushing of the Hayward Intertie, and the pilot water transfer is anticipated to run from January 13<sup>th</sup> through February 3<sup>rd</sup>.

This schedule aligns with the SFPUC's Hetch Hetchy system shutdown to accommodate work on Mountain Tunnel, as per BAWSCA's agreement with Hayward.

The purpose of the pilot water transfer is to validate BAWSCA member agencies' ability to act collectively and independently of the SFPUC to secure a reliable supply of water. It is an effort under BAWSCA's Long-Term Reliable Water Supply Strategy (LTRWSS) that the BAWSCA Board guided and approved staff to pursue.

The pilot water transfer will provide lessons learned about the processes (finding water sellers, negotiating agreements, identifying CEQA needs, recognizing pitfalls, etc.) required to conduct water transfers in the region. Specifically, the use of the Hayward Intertie is unique for the one-time pilot water transfer. Since it was intended for emergency use only, it's use is disruptive to Hayward's normal system operations, and is not practical under normal circumstances. The pilot water transfer will demonstrate if and how changes to normal operation impact Hayward's distribution system. Those results are expected to prove useful for evaluating how other water systems may or may not experience similar disruptions when and if future transfers were conducted.

The pilot has provided information on the processes of acquiring institutional approvals and performing environmental review. It has also provided information on how much water transfer costs might be. However, Mr. Francis noted that the costs for the pilot water transfer cannot serve as a hard and fast number that can be applied in future transfers simply because the pilot water transfer partner agencies have reduced, absorbed, and/or omitted some of the typical charges associated with water transfers.



Mr. Francis noted that environmental groups as well as the State have indicated strong support for water transfers as a way to meet water supply needs during dry years. BAWSCA's pilot water transfer will demonstrate how water transfers compare against other water supply alternatives such as potable use and desalination.

BAWSCA is addressing and mitigating potential risks through the agreements between the agencies. Specifically, BAWSCA is committing to purchase limited insurance coverage of Hayward's water system for the period of the pilot water transfer since there could be potential damage to Hayward's distribution system as a result of change in water flow during the period of the pilot water transfer.

Additionally, in case of a natural disaster, such as an earthquake, or poor water quality event takes place that will require the pilot water transfer to be halted, as stated previously, it has been negotiated that the majority of the costs are on a unit basis, and only the water that is moved will be paid for.

Following implementation of the pilot water transfer, BAWSCA will put together a document that will detail the efforts from start to finish and outline lessons learned to inform future decision-making.

In response to Director Cormack's questions of how will BAWSCA measure the success of the pilot water transfer, Mr. Francis stated that the ability to move water from an alternative source through the system into the BAWSCA region is a demonstration of BAWSCA member agencies' ability to address it's own water needs during a drought. That is success. But success is having knowledge. If the pilot water transfer process does not work, knowing why the pilot couldn't be executed will prove useful. Also, gaining the knowledge of what risks would be encountered if a pilot water transfer were to occur and how could those risks be mitigated will prove useful and hence gaining that knowledge is a success.

The 20% water loss estimate was based on EBMUD's 2017 water loss data of 14% in their service area. Water loss reports are required by the State under the new law associated with "Making Conservation a California Way of Life". Because of the distance the transfer water has to travel between AWA to EBMUD's service area, an additional 6% was added by EBMUD to represent the overall water loss along the wheeling route.

The payment to Hayward of up to \$ 190,000 is for staffing and electricity costs associated with their water system operation modifications, as well as for addressing water quality issues that may come up during the transfer.

In terms of water quality being a measure of success, Mr. Francis noted that EBMUD's Mokelumne River is a high-quality supply and certainly the water quality from the pilot water transfer will meet state standards. Hetch Hetchy water delivered by the SF RWS is of high quality. Whether the transfer water will be of equal quality remains to be seen, and will depend on various factors for future transfers.

In response to Director Hindi, Mr. Francis stated that if there are CEQA challenges, the consensus among the partnering agencies is to walk away from the project since CEQA challenges can be very expensive.

Director Kuta appreciated the ongoing efforts and acknowledged the risks to Hayward's facilities. He asked if there are limitations on what claims could be put forward in the insurance.

Dr. Carr stated that the insurance coverage is facility related and is focused on pipes, pumps and tanks. Expenses incurred from outreach costs due to water quality issues are included in the costs BAWSCA is paying Hayward, and are outside the insurance coverage. She added that if there are significant water quality issues that arise from the pilot water transfer, Hayward, according to the agreement with BAWSCA, has the capacity to suspend the pilot.

Mr. Francis reported that Hayward provided BAWSCA the cost maximum to set the insurance coverage. The insurance mitigates any risks to BAWSCA should there be significant damage to Hayward's facilities as a result of the transfer.

Mr. Francis reported that the pilot water transfer will be metered at the Hayward Intertie which will read 15 mgd. It will also meter at the end of Hayward's system where it connects into the regional water system so that Hayward is only billed for water they use.

Director Mendall expressed his appreciation for everyone's efforts on the pilot water transfer over the past seven years. It has been a lot more complicated than originally perceived and getting this far is a success. BAWSCA has gained institutional knowledge and now has a better sense of the complexities involved in such an endeavor.

He stated that Hayward does not view this agreement as a template or model for future long-term transfers. It was mentioned that there is a price one has to pay to meet the demand during a drought, and that is accurate. Given the way that this pilot water transfer is set up, all of the price, in terms of water quality and risks, are paid for by Hayward, and no one else.

He cautioned against assuming that the pilot water transfer, and everything it has in place, can be duplicated the next time there is a drought.

Hayward's biggest concern is with the risk to the physical infrastructure brought on by the switch from having the highest pressure in the South and lowest in the North, to having the highest pressure in the North and lowest in the South. There is a non-trivial risk to potential damage in the infrastructure which is what the insurance is for.

Peter Drekmeier, Tuolumne River Trust, provided public comments. Offering the concept of purchasing water from TID and MID, following land and paying farmers a comparable pay they would have earned from their crops. The State could pass legislation to have this happen. Perhaps BAWSCA could mobilize its legislators to pass legislation to make this happen and remove the risks of design drought.

**Director Pierce made a motion, seconded by Director Cormack, that the Committee recommend the Board:**

- 1. Approve the Pilot Water Transfer Project, determine that the pilot water transfer is exempt from the California Environmental Quality Act (CEQA) under Guidelines sections 15301(b) and 15061, and authorize the CEO/General Manager to file a notice of exemption under CEQA;**

2. **Authorize the CEO/General Manager to negotiate and execute the four agreements necessary to implement the Pilot Water Transfer Project; and**
3. **Authorize the CEO/General Manager to direct SFPUC to transfer up to \$1,200,000 from the 2009 Water Supply Agreement Balancing Account, in accordance with Section 6.05.B.2.a of the 2009 Water Supply Agreement, for water supply projects administered by BAWSCA.**

**The motion carried unanimously.**

6. **Closed Session:** The meeting adjourned to Closed Session at 2:25pm
7. **Open Session:** The meeting re-convened to Open Session at 3:30pm. Legal Counsel, Allison Schutte, reported that no action was taken for Items A and B of the Closed Session. For Item C, directions were given to the Labor Negotiator. No action was taken.

Committee Vice-Chair convened the remainder of the meeting.

**5. Action Calendar:**

- A. **Tier 2 Drought Implementation Plan Extension:** BAWSCA's discussions with agency appointed Water Management Representatives are reflected in the staff memo. The Committee was presented with the recommendations for the Tier 2 Plan.

Director Mendall noted that the action is a formality, and moved the item.

**Director Mendall made a motion, seconded by Director Cormack, that the Committee recommend the Board adopt Resolution 2019-02 adopting the Tier 2 Plan drought allocation methodology for the year January 1, 2020 through December 31, 2020.**

Director Pierce commented that she is pleased that BAWSCA responded to concerns expressed by the WMRs to reach their comfort level with the current plan.

**The motion carried unanimously.**

- B. **Authorization to Enter into an Agreement with the Selected Contractor to Implement a Customer Water Meter Accuracy Testing Program:** Ms. Sandkulla presented the recommended action and opened the floor for Committee member questions.

In response to questions, Ms. Johnson stated that BAWSCA will select the service provider that best demonstrates efficiency and cost-effectiveness.

BAWSCA has a contract with Water Systems Optimization (WSO) for the Water Loss Management Program. They have assisted in the RFP process, but they do not specifically perform the customer meter testing.

The goal of the program is to get better data to determine apparent losses and support BAWSCA agencies in preparing annual water audits required by the State (SB 555).

Director Mendall made a motion, seconded by Director Cormack, that the Committee recommend the Board adopt authorize the CEO/General Manager to:

1. **Negotiate and execute a contract with the selected contractor(s), subject to legal counsel review, to implement the Customer Water Meter Accuracy Testing Program; and**
2. **Offer participation in the program to interested BAWSCA agencies on a subscription basis.**

**The motion carried unanimously.**

**6. Reports:**

- A. Water Supply Update: Ms. Sandkulla reported that potable water use continues to track closely to 2018 water use. BAWSCA will continue to monitor water use trends.

Ms. Sandkulla noted that the Regional Water System anticipates no issues with PG&E's power shutdowns. The system operates through gravity, and most importantly, the system has redundancy and emergency plans in place at all critical locations as a result of the WSIP and other efforts. BAWSCA, through the WSIP process, was very adamant about the system's ability to operate through unforeseen emergency circumstances, such as what PG&E is having to deal with.

In response to Director Kuta, Nicole stated that SFPUC power does not serve the BAWSCA service area, with the exception of the Tesla facility, because of its location.

The first draft of the Demand Study will be brought to the Board in April or May. Information on the pre-conservation results will be available in November.

- 10. Comments by Committee Members:** Appreciation for the email from Tom Francis to the member agencies regarding the potential impacts to the SFRWS from a PG&E shutdown was expressed. Such an email gives agencies comfort that BAWSCA pays attention to developments.
- 11. Adjournment:** The meeting was adjourned at 3:37 pm. The next meeting is December 11, 2019.

**Bay Area Water Supply and Conservation Agency**

**Board Policy Committee Meeting  
Attendance Roster**

Agency	Director	Oct. 9, 2019	Aug. 14, 2019	Jun. 12, 2019	Apr. 10, 2019	Feb. 13, 2019	Dec. 12, 2018	Oct. 10, 2018	Aug. 8, 2018
Stanford	Zigterman, Tom (Chair)	✓	M T G  C A N C E L L E D		✓	✓	✓	✓	M T G  C A N C E L L E D
Westborough	Chambers, Tom (VChair)	✓		✓	✓	✓	n/a	n/a	
Palo Alto	Alison Cormack	✓		✓	✓	n/a	n/a	n/a	
Foster City	Hindi, Sam	✓		✓			n/a	n/a	
Cal Water	Kuta, Rob	✓		✓	✓☎	✓		✓	
Sunnyvale	Larsson, Gustav	✓		✓	✓		✓	✓	
Hayward	Mendall, Al	✓		✓	✓	✓	✓	✓	
Redwood City	Pierce, Barbara	✓		✓	✓	✓	✓		
Brisbane	Wood, Sepi			✓	✓	✓	n/a	n/a	

✓: present

☎ : Teleconference

**October 9, 2019 Meeting Attendance**

**BAWSCA Staff:**

Nicole Sandkulla CEO/General Manager  
 Tom Francis Water Resources Manager  
 Adrienne Carr Sr. Water Resources Specialist  
 Andree Johnson Sr. Water Resources Specialist  
 Christina Tang Finance Manager  
 Lourdes Enriquez Assistant to the CEO/General Manager  
 Allison Schutte Legal Counsel, Hanson Bridgett, LLP  
 Nathan Metcalf Legal Counsel, Hanson Bridgett, LLP  
 Nicole Witt Legal Counsel, Hanson Bridgett, LLP

**Public Attendees:**

Michelle Novotny SFPUC  
 Jan Lee Hayward  
 Peter Drekmeier Tuolumne River Trust  
 Susan Rouinhi Self  
 Drew Self

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**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY  
BOARD OF DIRECTORS MEETING**

**September 19, 2019 – 6:30 p.m.  
Foster City Community Building – 1000 E. Hillsdale Blvd.  
Wind Room**

<b>MINUTES</b>
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**1. Call to Order/Pledge of Allegiance/Roll Call – 6:35 pm**

BAWSCA Chair, Barbara Pierce, called the meeting to order and led the salute to the flag. Nicole Sandkulla called the roll. Twenty-one (21) members of the Board were present at roll call. Two Directors arrived after roll call. A list of Directors present (23) and absent (3) is attached.

- 2. Comments by the Chair:** Chair Pierce reported that Ms. Sandkulla addressed the Commissioners of the SFPUC in June and again in August about future dry-year supply for BAWSCA member agencies and their customers. Her statement urged the Commission to follow California law AB 1823 and identify progress in finding new supplemental sources of water to augment existing supplies during dry-years. The need stems from the future potential implementation of the Bay Delta Plan adopted by the State Water Resources Control Board in December 2018. BAWSCA supports a Voluntary Agreement to resolve the Bay Delta issue, and the Governor's efforts to negotiate a settlement. Ms. Sandkulla asked the Commissioners and SFPUC staff to address the challenge as it did the \$4.8 billion Water System Improvement Program (WSIP) to rebuild the Regional Water System infrastructure, with a dedicated staff and a major budget. BAWSCA will participate in this effort as it did with the WSIP, including State oversight and participation from the Governor's office, until adequate new supplies are developed.

Chair Pierce introduced Dr. Negin Ashoori as BAWSCA's new Water Resources Specialist.

- 3. Public Comments:** There were no public comments.
- 4. SFPUC Report:** SFPUC Assistant General Manager for Water Enterprise, Steve Ritchie, provided an update on SFPUC's Capital Improvement Program.
- 5. Consent Calendar:** Nicole noted corrections on the attendance table included in the July 18, 2019 meeting minutes. The corrections clarify previous meeting attendance of a predecessor board member with an asterisk (\*).

**Director Larson made a motion, seconded by Director Manalo, to approve the Minutes of the June 18, 2019 meeting with the noted corrections; and receive and file the Pre-Audit Budget Status Report, the Investment Report, the Directors' Reimbursement Report as of June 30, 2019, and the Bond Surcharge Collection, Account Balance and Payment Report for Fiscal Year ending June 30, 2019.**

**The motion carried unanimously.**

**6. Action Calendar:**

**Director Zigterman made a motion, seconded by Director Keith, to adopt Resolution 2019-01 approving the reappointment of Arthur Jensen to the temporary position of Special Counsel to the CEO/GM, and making associated findings in support of such an appointment.**

**The motion carried unanimously by roll call vote.**

**7. Special Reports on Bay Delta Plan:** Reports were provided by Peter Drekmeier, Tuolumne River Trust Policy Director; Steve Ritchie, SFPUC Assistant General Manager for Water Enterprise; and Nicole Sandkulla, BAWSCA CEO/General Manager.

**8. Reports:** Ms. Sandkulla provided an update on water supply conditions and Ms. Tang, Finance Manager, provided an update on BAWSCA's CERBT Fund.

**9. Closed Session:** The meeting adjourned to Closed Session at 7:36pm

**10. Report After Closed Session:** Legal Counsel, Allison Schutte, reported that no action was taken for Items 8A and 8B under Closed Session.

Chair Pierce reported that the Board discussed the CEO performance evaluation and determined that her overall performance is superior. Chair Pierce will continue to work with the sub-committee on a recommendation for the CEO's compensation to be brought back to the Board at its November meeting.

Chair Pierce presented the recommendation to the Board.

**Director O'Connell made a motion, seconded by Director Larsson, that the Board approve the Board's performance evaluation of the CEO, and for the Board Chair to continue evaluating the CEO's compensation and benefits with the sub-committee for consideration by the Board at its November meeting.**

**The motion carried unanimously.**

**11. Directors' Discussion: Comments, Questions and Agenda Requests:** Director Moody made an agenda request for an East Palo Alto grassroot youth organization called Youth United for Community Action (YUCA) based on its work on informing the community on issues associated with water. Director Moody asked that YUCA have an opportunity to present to the Board, including the showing of a video produced by YUCA on water.

**12. Date, Time and Location of Next Meeting:** The next meeting is scheduled on November 21, 2019 at 6:30pm, in the Oak Room of the San Mateo Main Library.

**13. Adjournment:** The meeting adjourned at 8:31pm.

Respectfully submitted,

Nicole M. Sandkulla  
Chief Executive Officer/General Manager

NMS/le

Attachments: 1) Attendance Roster



## Bay Area Water Supply and Conservation Agency

### Board of Directors Meeting Attendance Roster

Director	Agency	Sept. 19, 2019	July 18, 2019	May 16, 2019	Mar. 21, 2019	Jan. 17 2019	Nov. 15 2018
Benton, Jay	Hillsborough	✓		✓		✓	✓
Breault, Randy	Guadalupe	✓		✓		✓	✓
Chambers, Tom	Westborough	✓	✓	✓	✓	✓	✓
Cormack, Alison	Palo Alto	✓		✓	✓	✓*	✓*
Davis, Debi	Santa Clara	✓			✓	vacant	✓*
Hindi, Sam	Foster City	✓			✓	✓	*
Jordan, Steve	Purissima	✓	✓	✓	✓	✓*	✓*
Keith, Kirsten	Menlo Park	✓	✓	✓			
Kuta, Rob	Cal Water	✓	✓	✓	✓	✓	✓
Larsson, Gustav	Sunnyvale	✓	✓	✓	✓	✓	
Liccardo, Sam	San Jose						
Manalo, Juslyn	Daly City	✓	✓		✓		
Matichak, Lisa	Mountain View	✓	✓	✓*	✓*	*	✓*
Mendall, Al	Hayward	✓	✓	✓	✓	✓	✓
Mickelsen, Chris	Coastside		✓		✓	✓	
Montano, Carmen	Milpitas	✓	✓	✓	✓	*	*
Moody, Larry	East Palo Alto	✓	✓	✓	✓		✓
O'Connell, Irene	San Bruno	✓	✓	✓	✓	✓	✓
O'Mahony, Rosalie	Burlingame	✓	✓	✓		✓	✓
Piccolotti, Tom	North Coast			✓	✓		✓
Pierce, Barbara	Redwood City	✓	✓	✓	✓	✓	✓
Quigg, Dan	Millbrae	✓		✓		✓	✓
Vella, Lou	Mid-Peninsula		✓		✓	✓	
Weed, John	ACWD	✓	✓	✓	✓	✓	✓
Wood, Sepi	Brisbane	✓	✓	✓	✓	✓	✓
Zigterman, Tom	Stanford	✓	✓	✓	✓		✓

✓ : Present

\* : Predecessor

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# BAWSCA

## Bay Area Water Supply & Conservation Agency

155 Bovet Road, Suite 650  
San Mateo, California 94402  
(650) 349-3000 tel. (650) 349-8395 fax

**TO:** Nicole Sandkulla, CEO/General Manager

**FROM:** Deborah Grimes, Office Manager

**DATE:** November 12, 2019

**SUBJECT:** Budget Status Report as of September 30, 2019

This memorandum shows fiscal year budget status for FY 2019-20. It includes major areas of spending, provides an assessment of the overall budget, and summarizes reserve fund balances. This report covers the budget and expenses for BAWSCA. The BAWSCA budget includes necessary resources for the RFA and BAWUA.

### Operating Budget Summary:

For the three-month period ending September 30, 2019, 25 percent into the fiscal year, total expenditures were \$1,041,523 or 23 percent of the total budget of \$4,569,750.

**Table 1. Operating Budget Summary as of September 30, 2019**

Cost Category	Year-To-Date		
	Budget	Expenses	Percent
<b>Consultants /Direct Expenditures</b>			
Reliability	1,797,550	331,624	18%
Fair Pricing	233,000	46,454	20%
Administration	110,000	55,906	51%
<b>Subtotal</b>	<b>2,140,550</b>	<b>433,984</b>	<b>20%</b>
<b>Administration and General</b>			
Salary & Benefits	1,975,500	519,569	26%
<b>Other Expenses</b>			
BAWSCA	390,500	87,111	22%
BAWUA	1,050	0	0%
<b>Subtotal</b>	<b>4,507,600</b>	<b>1,040,665</b>	<b>23%</b>
<b>Capital Expenses</b>	3,000	0	0%
<b>Budgeted Contingency</b>	57,500	0	0%
<b>Regional Financing Authority</b>	1,650	858	52%
<b>Grand Total</b>	<b>4,569,750</b>	<b>1,041,523</b>	<b>23%</b>

**Overview:**

Overall expenditures for FY 2019-20 are tracking within budget.

**Consultants**

The \$115,000 budget for technical review and tracking of the SFPUC's Water System Improvement Program was 13 percent expended. The Operating Budget allocation of \$150,000 for strategic counsel was 22 percent expended. The Operating Budget allocation of \$799,500 budget for legal counsel was 26 percent expended. The \$193,800 budget for water management and conservation-related activities was 7 percent expended.

**Administration and Other Expenses**

Budgets for salaries and other expenses were 26 percent and 22 percent expended respectively.

**Use of CEO's Discretionary Spending Authority:**

No use of CEO discretionary spending authority occurred during this period.

**Use of Reserve and Reserve Fund Balance:**

Expenditures in FY 2018-19 were within the approved budget. However, revenue realized by June 30, 2019, was less than actual expenses, in accordance with the Board approved funding of the FY 2018-19 budget with 16 percent coming from the General Reserve. The net result is such that no funds are available to deposit into the General Reserve with the close of FY 2018-19. This information became available upon completion of BAWSCA's audited financials for FY 2018-19.

**Table 2. General Reserve Fund Balance**

<b>Fund</b>	<b>Account Balance (As of 06/30/19)</b>	<b>Account Balance (As of 09/30/19)</b>
General Reserve	\$1,115,848	\$1,115,848

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY**

**BOARD OF DIRECTORS MEETING**

**Agenda Title:**           **Receive and File Annual Audit Report for BAWSCA and  
Compilation Report for BAWUA for FY 2018-19**

**Summary:**

An independent auditor report for BAWSCA and a compilation report for Bay Area Water Users Association (BAWUA) have been completed for the year ending June 30, 2019. An audit of BAWSCA accounts is required by Division 31, Section 81426 of the Water Code. The compilation of BAWUA accounts is prepared in accordance with its bylaws, Article 8, Section 8.2. The reports are enclosed, under separate cover, for your review. A financial audit of the Regional Finance Authority is not required at this time.

**Fiscal Impact:**

None

**Board Policy Committee Action:**

None. The reports became available on November 4th for staff review, allowing their inclusion in the BAWSCA board meeting agenda.

**Recommendation:**

**That the Board receive and file the independent auditor’s report for BAWSCA and the compilation report for BAWUA for the year ending June 30, 2019.**

**Discussion:**

BAWSCA’s and BAWUA’s financial statements have been audited and compiled by the independent auditing firm of Chavan & Associates, LLP. The goal of an independent audit is to provide reasonable assurance that the financial statements are free from material misstatement.

Based on their review of the financial statements, the auditors have concluded that the financial statements are in conformance with generally accepted accounting principles, and fairly present, in all material respects, the financial position of both BAWSCA and BAWUA and the changes in financial position and cash flow for FY 2018-19.

As demonstrated by the statements, schedules and notes included in the auditor’s reports, BAWSCA and BAWUA are meeting the requirements for sound financial management.

Enclosed under separate cover:

1. BAWSCA FY 2018-19 Audit Report
2. BAWUA FY 2018-19 Compilation Report

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# **BAWSCA**

## **Bay Area Water Supply & Conservation Agency**

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155 Bovet Road, Suite 650  
San Mateo, California 94402  
(650) 349-3000 tel. (650) 349-8395 fax

### MEMORANDUM

**TO: Nicole Sandkulla, CEO/General Manager**

**FROM: Deborah Grimes, Office Manager**

**DATE: November 12, 2019**

**SUBJECT: Directors' Reimbursement Quarterly Report for the Period Ending  
September 30, 2019**

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In March 2006, the board adopted a directors' expense reimbursement policy consistent with the Government Code that requires a quarterly report on the Agency's reimbursement of directors' expenses. This report shall show the amount of expenses reimbursed to each director during the preceding three months.

There were no director expenses reimbursed for the quarter ending September 30, 2019.

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# **BAWSCA**

## **Bay Area Water Supply & Conservation Agency**

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155 Bovet Road, Suite 650  
San Mateo, California 94402  
(650) 349-3000 tel. (650) 349-8395 fax

### MEMORANDUM

**TO: Nicole Sandkulla, CEO/General Manager**

**FROM: Deborah Grimes, Office Manager**

**DATE: November 12, 2019**

**SUBJECT: Investment Report – As of September 30, 2019**

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In February 2004, the Board originally adopted an investment policy consistent with the Government Code that requires a report on the Agency's investments be provided to the Board. This report presents fund management in compliance with the current investment policy. The Board most recently reviewed and re-affirmed the investment policy at the January 17, 2019 board meeting. No changes were recommended or adopted as part of that review.

Funds in excess of \$250,000 are deposited in the BAWSCA Local Agency Investment Fund (LAIF) account throughout the year to ensure compliance with BAWSCA's investment policy.

BAWSCA's prior and current period LAIF account balances are shown below:

<u>06/30/19</u>	<u>09/30/19</u>
\$2,100,262	\$2,919,788

Of the total in the BAWSCA LAIF account as of September 30, 2019, \$1,115,848 represents BAWSCA's General Reserve Fund, equivalent to approximately 24 percent of FY 2019-20 Operating Budget. The remaining amount consists of Subscription Conservation Program funds and unrestricted funds.

Recent historical quarterly interest rates for LAIF deposits are shown below:

<u>06/30/19</u>	<u>09/30/19</u>
2.57%	2.45%

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**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY**

**BOARD OF DIRECTORS MEETING**

**Agenda Title:**           **Authorize Execution of an Agreement with the M&M Backflow and Meter Maintenance to Implement a Customer Water Meter Accuracy Testing Program**

**Summary:**

BAWSCA is seeking to implement a Customer Water Meter Accuracy Testing Program (Program). The Program, which would be implemented as a new Subscription Program as part of the BAWSCA's Water Loss Management Program, will provide volumetric customer water meter accuracy testing services. The goal of the program is to support BAWSCA agencies in preparing annual water audits, which are required by SB 555, and to support the design of effective water loss management programs for participating BAWSCA agencies. It is estimated that 3 to 10 BAWSCA member agencies will participate in the program in the first year

BAWSCA issued a Request for Proposals (RFP) for the Program on September 3, 2019. The RFP was sent to five consulting firms with known experience in meter testing and was also posted on the BAWSCA web site. Proposals were due on October 1, 2019 and were reviewed by a panel consisting of BAWSCA staff, BAWSCA agency representatives, and an outside expert. The panel unanimously recommended award of the contract to M&M Backflow and Meter Maintenance.

**Fiscal Impact:**

The Program will be offered on a subscription basis, and only those agencies that elect to participate in the program will pay the cost of the selected outside service provider as well as budgeted BAWSCA staff time.

**Board Policy Committee Action:**

The Committee voted unanimously to recommend approval of the proposed Board action. At the time of Committee action, proposal review was in progress and a contractor recommendation was not yet available.

**Recommendation:**

**That the Board authorize the CEO/General Manager to:**

- 1) Negotiate and execute a contract with M&M Backflow and Meter Maintenance, subject to legal counsel review, to implement the Customer Water Meter Accuracy Testing Program; and**
- 2) Offer participation in the Program to interested BAWSCA agencies on a subscription basis.**

**Discussion:**

In 2018, BAWSCA implemented a Water Loss Management Program to support the participating BAWSCA agencies in reducing water losses to an economically optimized level and in complying with new water loss requirements implemented by the State of California as part of SB 555. The customer meter testing effort is a component of a broader regional Water Loss Control Program.

During the fall of 2018, participating BAWSCA member agencies completed validated AWWA-methodology water audits to assess distribution system losses and fulfill auditing requirements stipulated by Senate Bill 555. The water auditing process revealed that many BAWSCA member agencies are not equipped to estimate their volumes of apparent losses resulting from customer metering inaccuracies. An understanding of the accuracy of the customer meter stock is required for accurate water auditing and effective water loss control program design.

The water auditing and water loss control program is in part guided by Water Systems Optimization Inc. (WSO), the firm that BAWSCA has contracted with to provide technical assistance with water audits, component analysis of real and apparent losses, and leak detection. WSO and participating BAWSCA member agencies are collaborating to design random and representative small meter test samples, and to identify key large meters for testing. BAWSCA intends to hire a meter testing firm(s) to test the meters selected by WSO and Participating Agencies. Testing performed will adhere to meter test methods outlined in AWWA Manual M6: Water Meters – Selection, Installation, Testing, and Maintenance.

This Meter Testing Program will be implemented as a Subscription Program, funded by the individual agencies that elect to participate and implemented for their respective service areas. It is estimated that 3 to 10 BAWSCA member agencies will participate in the program in the first year.

#### Contractor Selection Process

BAWSCA issued a Request for Proposals (RFP) for the Program on September 3, 2019. The RFP was sent to five consulting firms with known experience in meter testing and was also posted on the RWA web site. Proposals were due on October 1, 2019.

BAWSCA received two (2) proposals, which were reviewed and scored by a selection panel consisting of BAWSCA staff, BAWSCA agency representatives, and an outside expert. The Committee unanimously recommended contracted with M&M Backflow and Meter Maintenance given its responsiveness to the RFP, competitive pricing, and strong references for similar projects.

#### Scope of Work

The Scope of Work, as included in the RFP, is provided in Attachment A. The Program has four main tasks:

1. Project Management: Contractor will provide administrative services, oversee the day to day implementation of the Project, and prepare monthly invoices, status, and budget updates.
2. Meetings: Contractor will meet in-person with BAWSCA, Participating Agencies, and WSO staff to confirm the alignment of meter test protocols with desired best-practice methodology.
3. Coordinate meter testing schedule and logistics: Contractor will schedule with Participating Agency to comply with safety and notification standards and permit the Participating Agency to maintain standard operations.
4. Test small meters and large meters: Contractor will conduct meter testing, adhere to the testing schedule, and document test results.

5. Meet with BAWSCA and WSO to evaluate the meter testing program: Contractor will meet with WSO and BAWSCA to evaluate the meter testing program and will produce a report that documents the regional Water Loss Control Program meter testing effort.

**Schedule**

BAWSCA anticipates that Program implementation will begin in November 2019 and be offered to interested BAWSCA member agencies as a subscription conservation program through June 30, 2020. Ideally, the first round of meter testing will be completed by January 2020 so that Participating Agencies can use the test data to meet the state’s 2020 reporting requirements. An estimated schedule is provided in Table A.

**Table A: Project Schedule**

<b>Milestone</b>	<b>Date</b>
Release of RFP	September 3, 2019
Proposal Due Date	October 1, 2019
Applicant Interviews ( <i>tentative, if needed</i> )	October 8, 2019
Contractor Selection Committee Consideration Board Consideration	October 9, 2019 November 21, 2019
Contract Execution	November 2019
Task 2	December – January 2020
Task 3	January 2020 & as needed
Task 4	February - March 2020
Task 5	April – May 2020

**Attachment A  
DRAFT Scope of Services: Customer Water Meter Accuracy Testing Services**

BAWSCA proposes to hire a firm or firms (there may be more than one – the term “Contractor” used in this request for proposals should be interpreted to be both singular and plural) that will provide volumetric customer meter testing services concordant with AWWA best-practice methodology to up to 26 BAWSCA member agencies. Some BAWSCA member agencies are well-versed in customer meter testing programs, as they have engaged in customer meter testing in the past. Others are less familiar with customer meter testing and do not have meter testing equipment.

Meter testing services will need to encompass small meters (3” and smaller) and large meters (4” and larger). Small meters will be removed and placed on a mobile test bench or transported to a testing facility. Large meters will be tested in-situ.

Both small meters and large meters will be tested at a minimum of three flow rates that represent a low flow rate, an intermediate flow rate, and a high flow rate. Small meter flow rates will be drawn from AWWA Manual M6: Water Meters – Selection, Installation, Testing, and Maintenance. Small meter tests must be conducted for a duration sufficient to ensure a quantity of throughput that minimizes test uncertainty. Large meter test flow rates will be selected based on each meter’s consumption history and flow distribution profile. In the absence of this information, large meter test flow rates will be drawn from Manual M6. Large meter tests must also be conducted for a duration sufficient to ensure a quantity of throughput that minimizes test uncertainty.

Test results must be reported to each Participating Agency in the standardized format prescribed by WSO. Test results will be documented in Excel spreadsheets and capture the following information at a minimum for each meter tested, though additional reporting requirements may be established:

- Date of test
- Staff conducting test
- Meter serial number
- Meter location (e.g. address)
- Meter size
- Meter manufacturer
- Meter model or type
- For each flow rate test (low flow rate, intermediate flow rate, and high flow rate):
- Flow rate
- Tested meter register/totalizer start value
- Tested meter register/totalizer stop value
- Reference meter register/totalizer start value (if reference meter used)
- Reference meter register/totalizer stop value (if reference meter used)
- Volume of throughput (if no reference meter used)
- Reference meter accuracy or throughput adjustment (if applicable)
- Test duration
- Miscellaneous notes

Furthermore, test results must be recorded to as many significant figures as are available given test instrumentation.

**Task 1 - Project Management**

Contractor will provide administrative services to oversee the day to day implementation of the Project. To keep the work on schedule and budget, Contractor must provide BAWSCA with monthly status and budget updates by task and by participating agency. The information can be shared via phone or email in combination with updated Excel spreadsheets detailing budget and schedule status.

Contractor will periodically meet with BAWSCA project manager and WSO, either via phone or in person, to discuss Project goals, progress, and outcomes.

**Task 2 – Meetings**

Contractor will meet in-person with BAWSCA, Participating Agencies, and WSO staff to confirm the alignment of meter test protocols with desired best-practice methodology. Contractor's main contact team, timeline, exact procedure, template for results reporting, and workflow will be agreed upon.

**Deliverables for Task 2:**

- Meeting attendance
- Verbal agreement about test program structure and procedures
- Documents enumerating the test procedures for small and large meters

**Task 3 – Coordinate meter testing schedule and logistics**

Contractor will connect with relevant staff at each Participating Agency to establish a working relationship and schedule meter tests. Each Participating Agency will furnish a list of meters to be tested that includes meter sizes, types, and locations. The Contractor must coordinate the meter test effort with each agency to comply with safety and notification standards, permit the Participating Agency to maintain standard operations, and meet testing program deadlines agreed upon in Task 1.

**Deliverables for Task 3:**

- Written schedule of testing for each Participating Agency

**Task 4 – Test small meters and large meters**

Participating Agencies that contract for meter testing services have the option of random and representative small meter testing, targeted large meter testing, or both small and large meter testing. Based on the schedule and meter selection agreed upon in Task 2, the Contractor will conduct meter testing and adhere to the testing schedule.

Participating Agencies will pull the meters to be tested from the field and deliver them to the meter testing firm with the agreed upon identification labeling. However, a few Participating Agencies may prefer that the meter testing firm pull the meters from the field for testing.

Test results must be documented using the template supplied by WSO and capture all requested information. Test results should be delivered at least once per week to the participating agency and, if authorized by the participating agency, to WSO, via email.

Deliverables for Task 4:

- Spreadsheets that record test results as specified by WSO, delivered weekly to the Participating Agency and BAWSCA.
- Brief weekly summaries of difficulties or unexpected situations encountered during the course of testing, delivered weekly to the Participating Agency and BAWSCA.

**Task 5 – Meet with BAWSCA and WSO to evaluate the meter testing program**

WSO, BAWSCA, and the Contractor will meet in-person to evaluate the meter testing program and produce a report that documents the regional Water Loss Control Program meter testing effort. WSO will author the report and will require both verbal and written input from the Contractor.

Deliverables for Task 5:

- Meeting attendance and discussion of meter testing program successes, challenges, and commonalities.
- Provision of any written material requested by WSO to inform the final meter testing program report.

**Project Schedule**

BAWSCA anticipates commencing work in November 2019. Work will be contracted on a fiscal year basis, with Phase 1 to be completed by June 30, 2020. Ideally, the first round of meter testing is completed by January 2020 so that Participating Agencies can use the test data toward their 2020 reporting requirements.

Proposals must include a detailed schedule demonstrating Contractor’s proposed approach for completing each task. An estimated schedule is provided in Table A.

**Table A: Project Schedule**

<b>Milestone</b>	<b>Date</b>
Release of RFP	September 3, 2019
Proposal Due Date	October 1, 2019
Applicant Interviews ( <i>tentative, if needed</i> )	October 8, 2019
Contractor Selection Committee Consideration	October 9, 2019
Board Consideration	November 21, 2019
Contract Execution	November 2019
Task 2	December – January 2020
Task 3	January 2020 & as needed
Task 4	February - March 2020
Task 5	April – May 2020

All solicitation dates are subject to change at the sole discretion of BAWSCA.



**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY**

**BOARD OF DIRECTORS MEETING**

**Agenda Title:**        **Adopt Resolution 2019-02 Approving the Extension of the Tier 2 Drought Allocation Plan**

**Summary:**

The Tier 2 Drought Implementation Plan (Tier 2 Plan) allocates the collective Wholesale Customer share of the water made available by the San Francisco Public Utilities Commission (SFPUC) during shortages caused by drought to individual Wholesale Customer.

The original Tier 2 Plan was adopted by each Wholesale Customer in the winter/spring of 2011 pursuant to Section 3.11.C of the July 2009 Water Supply Agreement between the City and County of San Francisco and the Wholesale Customers (WSA). That Tier 2 Plan, which initially expired on December 31, 2018, was extended through December 31, 2019 by the Board's adoption of Resolution 2018-01.

In light of uncertainties surrounding new statewide water use efficiency requirements, it is recommended that the Board extend the present Tier 2 Plan for one more calendar year to December 31, 2020.

**Board Policy Committee Action:**

The Committee voted unanimously to recommend approval of the proposed Board action.

**Recommendation:**

That the Board adopt Resolution 2019-02 which keeps the present Tier 2 Plan drought allocation methodology in place for the upcoming year from January 1, 2020 through December 31, 2020.

**Discussion:**

The Tier 2 Plan describes the method for allocating the water made available by the San Francisco Public Utilities Commission (SFPUC) among the Wholesale Customers during shortages caused by drought.

A Tier 2 Plan was adopted by each Wholesale Customer pursuant to Section 3.11.C of the July 2009 Water Supply Agreement between the City and County of San Francisco and the Wholesale Customers (WSA) in the winter/spring of 2011. That original Tier 2 Plan, which initially expired on December 31, 2018, was extended through December 31, 2019 through action by the BAWSCA Board in 2018.

In 2018, legislation was passed to implement the new statewide water use efficiency requirements, which will substantially impact the normal year and drought year water use within the BAWSCA member agencies' service areas. Until the impacts of implementation of these requirements in each member agency's service area is clear, it is not recommended that BAWSCA or the member agencies develop a new Tier 2 methodology.

The WSA provides that the SFPUC will honor allocations of water among the Wholesale Customers provided by BAWSCA, or if unanimously agreed to by all Wholesale Customers. Legal Counsel has determined that the Board may rely on the water allocations included in the present Tier 2 Plan and provide those to the SFPUC in accordance with Section 3.11.C.3 of the WSA.

**Proposal to Extend the Present Tier 2 Plan for One Year**

Given that the WSA has a provision that gives the BAWSCA Board the authority to set an allocation method, BAWSCA staff proposes that the Board authorize the SFPUC follow the present Tier 2 Plan method for an additional year, thereby effectively extending the term of the Tier 2 Plan such that it expires on December 31, 2020.

This extension provides BAWSCA and the Wholesale Customers with the opportunity to review new state requirements next year, as additional information becomes available, and to interpret how best to apply those new requirements into an updated Tier 2 Plan.

**Feedback from Water Management Representatives**

Beginning in July 2019, BAWSCA's CEO held three workshops with Water Management Representatives appointed by their respective BAWSCA member agencies to discuss the potential development of an updated Tier 2 Plan. The workshops have included the following topics:

1. Review of the present Tier 2 plan, including plan history and policy principles.
2. Analysis of projected allocations to each BAWSCA agency for a variety of past and future drought scenarios using the present plan.
3. Analysis of potential modifications to the present plan and associated potential allocations to each BAWSCA agency.

The WMRs provided the following feedback to the CEO:

1. Overall, the present Tier 2 Plan continues to meet the policy principles upon which the plan is based, and these policy principles are still appropriate.
2. Future changes to the Tier 2 Plan may be appropriate, in particular as additional information becomes available on the long-term water use efficiency targets.
3. An annual review of the Tier 2 plan to evaluate its continued effectiveness would be beneficial.
4. Additional information on the process for water transfers between BAWSCA agencies would be helpful to agencies in preparing for potential Tier 2 Plan implementation.

Agency representatives present did not voice opposition to keeping the present Tier 2 Plan for the upcoming calendar year. There were some minor misgivings from agencies that were concerned about the difficulty of reducing water use to Tier 2 levels in a drought. However, the commitment by the CEO to review this topic again next year helped to dampen those misgivings.

Consistent with the feedback received, BAWSCA intends to conduct annual workshops with the Water Management Representatives to review the Tier 2 Plan and consider the need for modifications. Feedback provided to the CEO will be shared with the BAWSCA Board prior to consideration of any future extensions to the Tier 2 Plan.

**Background:**

The WSA with San Francisco includes a Tier 1 Plan, which divides the available water supply between San Francisco retail customers and the collective Wholesale Customers during a drought. The WSA also provides that the SFPUC will honor allocation of water among the Wholesale Customers provided by BAWSCA, or unanimously agreed to by the Wholesale Customers. In 2011, the Wholesale Customers adopted the original Tier 2 Plan, which takes that collective Wholesale Customer allocation and further divides it among each Wholesale Customer. The Tier 2 Plan details the methodology used to divide the available supply during a drought. That methodology used in the original Tier 2 Plan has not been modified to date.

The Tier 2 Plan applies when, and only when, the SFPUC determines that a system-wide water shortage of 20 percent or less exists, as set forth in a declaration of water shortage emergency adopted by the SFPUC pursuant to California Water Code Sections 350 *et seq.* The Tier 2 Plan applies only to water acquired and distributed by the SFPUC to the Wholesale Customers and has no effect on water obtained by a Wholesale Customer from any source other than the SFPUC.

The original Tier 2 Plan established December 31, 2018 as an interim expiration deadline in order to allow for the consideration of matters such as the inclusion of the cities of San Jose and Santa Clara as permanent customers and to allow for the development of a new Tier 2 Plan. In May 2019, the Tier 2 Plan was extended by the Board's adoption of Resolution 2018-01 to provide formal drought allocations to the SFPUC through December 31, 2019.

During the most recent drought, the SFPUC did not declare a water shortage emergency and the Tier 1 and Tier 2 Plans were not implemented. Rather, the State Water Resources Control Board (SWRCB) imposed water use reductions based on separate criteria unrelated to the drought allocation plans for the Regional Water System.

**Existing Tier 2 Plan Methodology**

The existing Tier 2 Plan's methodology consists of a stepwise process that is followed to determine each Wholesale Customer's allocation. More specifically, a seven-step allocation process is followed which takes into account factors such as: volume of water purchased by each agency in most recent non-drought year(s); seasonal demand fluctuations; Individual Supply Guarantee (ISG) allocations; minimum and maximum cutback levels; and the public health and safety needs of East Palo Alto.

The estimation process is iterative, in that if following one "round" of calculations, if one or more agencies has a proposed cutback of less than 10% of their normal supply or if a proposed cutback for a particular agency is quite severe, adjustments are made to the calculation procedure and a revised estimate is developed.

The above discussion is brief in that it does not go into the complexity and nuances of the estimation process. The estimate takes time to perform and a firm understanding of member agency water use specifics.

**BAWSCA's Role in the Tier 2 Plan**

The Tier 1 Plan identifies BAWSCA as the party to perform the Tier 2 Plan calculations. The Tier 1 Plan requires SFPUC to allocate water to each Wholesale Customer in accordance with

BAWSCA's calculations. By adopting the WSA and the Tier 2 Plan, each Wholesale Customer thereby authorized BAWSCA to perform the allocation calculations. BAWSCA interacts with both the SFPUC and the Wholesale Customers to obtain needed input data.

BAWSCA's role in developing the existing Tier 2 Plan was as follows:

- Assist agencies in agreeing on a formula that could be accepted unanimously;
- Providing the structure for the discussion and analyses to support decision making;
- Encouraging decisions regarding the adoption of a proposed method based on fact, analyses, and practicality; and
- Supporting agencies in the adoption process.

When a new Tier 2 Plan is proposed, if the allocation method incorporated into the Plan is not unanimously adopted by the BAWSCA member agencies, the WSA provides that the BAWSCA Board has the authority to set an allocation method. If the BAWSCA Board does not set an allocation method, the SFPUC retains final authority to allocate water to its wholesale customers during a drought.

#### **Complicating Factors**

In 2016, Governor Brown issued Executive Order B-37-16 which included several directives related to "Making Water Conservation a California Way of Life". These directives included the implementation of new, long-term water use efficiency targets for urban water suppliers in California. This requirement, if implemented, would have long-term impacts on the BAWSCA member agencies' water use patterns and ability to further reduce water use during times of shortage. Legislation to adopt these new requirements has been proposed but has not yet been adopted. Given the potential impacts of these requirements, BAWSCA staff is recommending the revisions to the Tier 2 Plan be postponed until the requirements have been finalized so their impacts on water use can be fully understood.

#### **Attachments:**

1. Resolution 2019-02 Approving the Extension of the Tier 2 Drought Implementation Plan

**RESOLUTION NO. 2019 – 02  
BY THE BOARD OF DIRECTORS OF THE  
BAY AREA WATER SUPPLY AND CONSERVATION AGENCY**

**APPROVING THE EXTENSION OF  
THE TIER 2 DROUGHT IMPLEMENTATION PLAN**

**WHEREAS**, the Bay Area Water Supply and Conservation Agency ("BAWSCA") is organized and established pursuant to the Bay Area Water Supply and Conservation Agency Act, Water Code section 81300, et seq. (the "Act"); and

**WHEREAS**, the July 2009 Water Supply Agreement between the City and County of San Francisco and the Wholesale Customers in Alameda County, San Mateo County and Santa Clara County (WSA) sets forth the terms for ensuring the Wholesale Customers receive a reliable supply of high quality water at a fair price; and

**WHEREAS**, section 3.11(C)(1) of the WSA established the Water Shortage Allocation Plan (Tier 1 Shortage Plan) to allocate water from the Regional Water System between Retail and Wholesale Customers during system-wide shortages of 20% or less; and

**WHEREAS**, pursuant to section 3.11(C)(2) of the WSA and section 5.5 of the Tier 1 Shortage Plan, the Tier 1 Shortage Plan will remain in effect for the term of the WSA; and

**WHEREAS**, subsequent to the Tier 1 Shortage Plan, the Wholesale Customers adopted the Tier 2 Drought Implementation Plan (Tier 2 Plan), to document the method of allocating, among the Wholesale Customers, the collective Wholesale Customer share of the water made available by the San Francisco Public Utilities Commission (SFPUC); and

**WHEREAS**, the Tier 2 Plan was adopted in the Winter and Spring of 2011 by the governing bodies of each Wholesale Customer; and

**WHEREAS**, the current Tier 2 Plan established December 31, 2018 as an interim expiration deadline in order to allow for the consideration of matters such as the inclusion of the cities of San Jose and Santa Clara as permanent customers and to allow for the development of a new Tier 2 Plan; and

**WHEREAS**, in 2015, the State Water Resources Control Board implemented water conservation targets for each BAWSCA member agency that effectively negated the implementation of the Tier 2 Plan during the most recent drought; and

**WHEREAS**, in May 2018, the BAWSCA Board of Directors adopted Resolution 2018-01 extending the Tier 2 Plan for one year until December 31, 2019; and

**WHEREAS**, in 2018, the California Legislature adopted Senate Bill 606 and Assembly Bill 1668 which established a process for developing and implementing long-term water use efficiency targets for urban water suppliers; and

**WHEREAS**, the BAWSCA member agencies have determined that an extension of the allocation method in the current Tier 2 Plan is appropriate at this time so that BAWSCA and the Wholesale Customers have adequate time to consider the new state water use efficiency

requirements in developing a new Tier 2 Plan and to complete consideration of the inclusion of additional permanent customers; and

**WHEREAS**, section 3.11(C)(3) of the WSA provides that the SFPUC will honor allocations of water among the Wholesale Customers provided by BAWSCA or if unanimously agreed to by all Wholesale Customers; and

**WHEREAS**, pursuant to section 3.11(C)(3) of the WSA, BAWSCA is authorized to provide the SFPUC with the allocations set forth in the Tier 2 Plan; and

**WHEREAS**, the BAWSCA Board of Directors desires to continue to rely on the allocation methodology set forth in the Tier 2 Plan for one year, thereby effectively extending the Tier 2 Plan for one year until December 31, 2020.

**BE IT RESOLVED**, that the Board of Directors of the Bay Area Water Supply and Conservation Agency will rely on the methodology provided in the Tier 2 Drought Implementation Plan for one additional year, through December 31, 2020, and requests the CEO/General Manager to transmit the methodology to the San Francisco Public Utilities Commission for drought planning purposes.

**PASSED AND ADOPTED** this \_\_\_\_ day of \_\_\_\_\_, 2019, by the following vote:

AYES:

NOES:

ABSENT:

\_\_\_\_\_  
Chair, Board of Directors

ATTEST:

\_\_\_\_\_  
Secretary

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY**

**BOARD OF DIRECTORS MEETING**

**Agenda Title:**        **Approve BAWSCA's Pilot Water Transfer and Authorize Execution of Agreements with the Amador Water Agency, the East Bay Municipal Utility District, the City of Hayward, and the San Francisco Public Utilities Commission to Implement the Pilot Water Transfer**

**Summary:**

Implementation of a one-time Pilot Water Transfer is a key recommended action identified in BAWSCA's *Long-Term Reliable Water Supply Strategy – Strategy Phase II Final Report* (Strategy Report, February 2015). BAWSCA's goal for conducting a Pilot Water Transfer is to evaluate the feasibility of delivering supplemental water supplies to BAWSCA member agencies in times of future supply interruptions or water shortages. As identified in Section 6.3.2.1 of the Strategy Report, this one-time temporary transfer of up to 1,000 acre-feet of water from Amador Water Agency (AWA) would (1) test the viability of using, and impacts to, the existing infrastructure; (2) identify and verify the necessary elements of the multiple institutional approvals and agreements required to deliver transfer supplies that BAWSCA is evaluating as a part of other potential projects; and (3) serve as a tool to inform BAWSCA about the potential challenges, risks, and benefits associated with water transfers as part of a drought or long-term water supply.

**Fiscal Impact:**

Total costs for implementing the Pilot Water Transfer Project are estimated to be up to \$1,200,000 to purchase the water and deliver it to BAWSCA. Funding for the Pilot Water Transfer was deliberately not included in the adopted FY 2019-20 Operating Budget given the level of uncertainty regarding the total cost. Rather, funding the Pilot Water Transfer via a transfer from the Balancing Account between San Francisco and its Wholesale Customers established in the Water Supply Agreement (WSA) is recommended. Specifically, the WSA states that the "Wholesale Customers shall, through BAWSCA, direct that the positive balance be applied to one or more of the following. ....(d) water conservation or water supply projects administered by or through BAWSCA." (WSA, Section 6.05.B.2.a). Based on SFPUC's latest Statement of Changes in the Balancing Account as of June 30, 2018 (and prior to BAWSCA's previous request for \$805K to fund the FY 2019-20 Annual Operating Budget), the balance in the Balancing Account was \$62.1M.

Funds would be requested from the Balancing Account after expenditures are incurred for the Pilot Water Transfer. Most of the Pilot Water Transfer costs will be billed to BAWSCA on a unit basis, so the total cost will depend on the total water delivered during the Pilot Water Transfer. Total cost for the Pilot Water Transfer could be up to \$1,200,000, but the total cost could be lower if the Pilot Water Transfer is canceled prior to delivery of the entire quantity of water.

**Board Policy Committee Action:**

The Committee voted unanimously to recommend approval of the proposed Board action.

**Recommendation:**

**That the Board, contingent on final Legal Counsel review:**

- 1. Approve the Pilot Water Transfer Project, determine that the Pilot Water Transfer is exempt from the California Environmental Quality Act (CEQA) under Guidelines sections 15301(b) and 15061, and authorize the CEO/General Manager to file a Notice of Exemption under CEQA;**
- 2. Authorize the CEO/General Manager to negotiate and execute the four agreements necessary to implement the Pilot Water Transfer Project, in a form approved by Legal Counsel; and**
- 3. Authorize the CEO/General Manager to direct SFPUC to transfer up to \$1,200,000 from the 2009 Water Supply Agreement Balancing Account, in accordance with Section 6.05.B.2.a of the 2009 Water Supply Agreement, for water supply projects administered by BAWSCA.**

**Discussion:**

BAWSCA has been in discussions with AWA to purchase up to 1,000 acre-feet of water for a one-time Pilot Water Transfer. AWA would make the transfer water available to BAWSCA at the Electra Powerhouse on the Mokelumne River. From there, the pilot transfer water would flow downstream to East Bay Municipal Utility District's (EBMUD) Pardee Reservoir on the Mokelumne River. EBMUD would use its facilities to wheel and treat the water, delivering it to BAWSCA, via the Hayward Intertie, for ultimate use primarily within the City of Hayward, a BAWSCA member agency. The Hayward Intertie is jointly owned by EBMUD and the San Francisco Public Utilities Commission (SFPUC) and is operated by the City of Hayward.

During the Pilot Water Transfer, the City of Hayward would agree to switch its water supply source and modify operation of its water system to take delivery of the pilot transfer water through the Hayward Intertie. Under normal operating conditions, the City of Hayward receives water from two turnouts off SFPUC's Bay Division Pipelines in the southern part of the City and delivers water primarily by gravity to its customers. During the Pilot Transfer, the City of Hayward has agreed to accept delivery of the pilot transfer water through the Intertie, which relies entirely on pump stations and has the potential to change water pressures at various locations throughout the City. Transfer water in excess of the City of Hayward's demands would be pumped into the Regional Water System (RWS) using the City of Hayward-owned Hesperian Pump Station and delivered to other BAWSCA member agencies. Attachment 1 presents a map showing the path of the Pilot Water Transfer and some key facilities.

The goal of this Pilot Water Transfer is to evaluate the feasibility of delivering alternative water supplies to BAWSCA member agencies in times of future supply interruptions or water shortages. This Pilot Transfer will (1) test the viability of using, and potential impacts to, the existing infrastructure described above; (2) identify the necessary elements of the multiple institutional approvals and agreements required to deliver transfer supplies that BAWSCA is evaluating as a part of other potential projects; and (3) serve as a tool to inform BAWSCA about the potential challenges, risks, and benefits associated with water transfers.

The Pilot Water Transfer is planned to occur in January 2020. The pilot would be timed to coincide with a temporary shutdown of the Hetch Hetchy conveyance portion of the RWS, at which time the Hayward Intertie was already intended by SFPUC to be prepared for potential use during the planned shutdown.

BAWSCA has negotiated agreements with agencies to implement this one-time Pilot Water Transfer under a narrow set of conditions. As currently permitted, the Hayward Intertie can only



be used during emergencies and planned critical maintenance. The parties have agreed to allow BAWSCA a one-time use of the Hayward Intertie during the upcoming 2019-2020 Hetch Hetchy shutdown to conduct the Pilot Water Transfer. In addition, to accomplish this transfer, the City of Hayward has agreed to switch its water supply and re-operate the Hayward water system to receive water from the EBMUD instead of the SFPUC.

After the conclusion of the Pilot Water Transfer, BAWSCA intends to write a report detailing the lessons learned during its implementation.

Key information regarding the Pilot Water Transfer Project is provided below.

**Elements of the Pilot Water Transfer**

A Pilot Water Transfer would have the following key elements:

- **Water Transfer Amount:** 1,000 AF purchased and 800 AF delivered over approximately 20 days
- **Source of Supply:** Amador Water Agency, Mokelumne River water
- **Type of Water Right:** Pre-1914 water right
- **Point of Diversion:** Electra Powerhouse on the Mokelumne River
- **Losses through EBMUD:** EBMUD will assess a total loss of 20% through its raw water transmission, treatment, and distribution systems
- **Rate of Deliveries:** Planned rate of between 13 to 16 mgd to the Hayward Intertie
- **Timing of Deliveries:** Planned for January 13 – February 2, 2020, during SFPUC's shutdown of the Hetch Hetchy system

**Agreements Necessary to Implement the Pilot Water Transfer**

In order to implement the Pilot Water Transfer, BAWSCA must enter into the following four agreements:

1. **BAWSCA-AWA Water Purchase Agreement:** Agreement for the purchase of water from AWA (draft provided as Attachment 2);
2. **BAWSCA-EBMUD Wheeling Agreement:** Agreement specifies the terms and conditions (including costs) for EBMUD to wheel the transfer water through EBMUD facilities to the Hayward Intertie (draft provided as Attachment 3);
3. **BAWSCA-Hayward Agreement:** Agreement specifies the terms and conditions for the one-time Pilot Water Transfer and specifies the costs to BAWSCA for Hayward to implement the transfer (draft provided as Attachment 4); and
4. **BAWSCA-SFPUC Agreement:** Agreement specifies the water accounting and cost reimbursement guidelines between BAWSCA and SFPUC for conveying purchased transfer water to member agencies through the San Francisco Regional Water System (draft provided as Attachment 5).

Staff will provide a report on the status of the Agreements, including the outstanding terms subject to final determination, if any, at the time of the November 21, 2019 Board Meeting. The agreements are in substantially final form, and it is the intent of staff to have the Agreements in as close to final stage as possible by that date.

In addition, the following agreements are necessary to implement this one-time Pilot Water

Transfer, however, BAWSCA is not a party to such agreements:

5. **Hayward Intertie Side Agreement for the Pilot Water Transfer:** Three-party agreement between EBMUD, SFPUC, and Hayward that defines the terms for BAWSCA’s one-time use of the Hayward Intertie for the Pilot Water Transfer;
6. **Hayward-SFPUC Pilot Water Transfer Letter Agreement:** Written confirmation from SFPUC stipulating that Hayward is authorized to receive delivery of water from EBMUD and documenting that Hayward’s participation in the Pilot Water Transfer shall in no way affect Hayward’s 1962 Water Sales Contract with SFPUC; and
7. **AWA-EBMUD MOU:** An agreement related to Mokelumne water rights matters. Attached is correspondence from EBMUD to AWA (Attachment 6) and follow-up correspondence from AWA to EBMUD (Attachment 7). As a follow-up to the above-noted correspondence, both parties are entering into an MOU. That MOU includes language that allows the BAWSCA Pilot Water Transfer to take place.

**Pilot Water Transfer Costs**

The estimated costs for the Pilot Water Transfer are provided below. Note that due to the one-time nature of the Pilot Water Transfer, some costs that are typically charged for water transfers have been reduced, absorbed, or omitted by BAWSCA’s transfer partners.

<b>Table 1: Estimated Pilot Water Transfer Costs</b>		
<b>Type of Cost</b>	<b>Recipient</b>	<b>Est. Total Costs</b>
Water Purchase <sup>(1)</sup>	AWA	Up to \$407,500
Wheeling <sup>(1)</sup>	EBMUD	Up to \$515,000
Hayward <sup>(1)</sup>	Hayward	Up to \$190,000
SF RWS <sup>(2)</sup>	SFPUC	TBD
<b>Total Estimated Costs</b>		<b>\$1,112,500</b>

- (1) Note that a portion of these costs are fixed, but most of the costs are prorated based on the amount of water delivered to BAWSCA.
- (2) BAWSCA has agreed to reimburse any costs incurred by SFPUC to implement the Pilot Water Transfer. Potential reimbursable costs are estimated to not exceed \$150,000.

**Benefits and Risks of Implementing the Pilot Water Transfer**

**Benefits**

Implementation of the Pilot Water Transfer will allow BAWSCA to evaluate the ability of BAWSCA member agencies to act collectively and independently of the SFPUC to secure supplemental water supplies. The process that has been pursued during the planning of the Pilot Water Transfer will inform the process required for water transfers to the Bay Area. Additionally, finalization of the agreements among BAWSCA’s Pilot Water Transfer partners will provide information about required institutional approvals and potential transfer costs. Perhaps most significantly, implementing this pilot helps BAWSCA more thoroughly evaluate the feasibility of implementing a water transfer option against a number of other potential water supply alternatives.

**Potential Risks and Risk Mitigation Approach**

Risks to all parties involved in the Pilot Water Transfer are addressed in the agreements between the parties that will be entered into prior to implementing the transfer. Risks to BAWSCA are primarily financial risks that are being addressed in several ways.

First, there is a risk that the Pilot Water Transfer operations in the City of Hayward could result in damage to Hayward's water system. To enter into the Pilot Water Transfer agreement with BAWSCA, Hayward will agree to alter its regular operations in order to accept the delivery of pilot transfer water from BAWSCA. This temporary operation to deliver water to Hayward through the Hayward Intertie will rely on pumping the water through pump stations, which has the potential to change water pressure at various locations throughout Hayward's water system. There is a possibility that pressure changes could lead to system damage. To mitigate this damage risk, BAWSCA intends to purchase a limited-term, capped insurance policy to cover potential damages to Hayward's water system during the pilot water transfer up to \$10 million.

Second, there is risk that a water emergency or operational constraint takes place during the water transfer (e.g., an earthquake, poor water quality). In the case of such an emergency or constraint, each of the partner agencies has the option to suspend or terminate the transfer to address any safety or operational concerns. BAWSCA has mitigated this financial risk by setting up its payment obligations to each of the partners on primarily a unit of water delivered cost basis. Thus, if the transfer is suspended or canceled and no further water can be delivered, BAWSCA is not obligated to pay for water that was not delivered.

**CEQA Compliance:**

The pilot transfer water will follow the same route and use the existing facilities utilized by EBMUD in delivery and treatment of water into its service area. The use of the Hayward Intertie to move water from EBMUD to SFPUC, through the Hayward water distribution system, during emergencies or planned critical maintenance, was studied in the SFPUC-Hayward-EBMUD Water System Emergency Intertie Project - Initial Study, Mitigated Negative Declaration, and Mitigation Monitoring and Reporting Program, dated February 2004. The Hayward Intertie has been used before to move water from EBMUD to SFPUC through Hayward in essentially the same manner as anticipated for the Pilot Water Transfer. The Hayward Intertie was last used continuously from December 15, 2009 through February 17, 2010 to deliver water from EBMUD to SFPUC during a planned shutdown of the SFPUC system.

The Project is exempt from CEQA under:

1. The Class 1 - Existing Facilities Exemption for the operation of existing public facilities involving negligible or no expansion of existing or former use (CEQA Guidelines section 15301(b)); and
2. The Common Sense Exemption because the Project does not have the potential for causing a significant effect on the environment. (CEQA Guidelines section 15061.)

Attachment 8 is a draft of the Project Description that is anticipated to be filed with the Notice of Exemption upon action by the BAWSCA Board approving the Pilot Water Transfer Project.

**Alternative Funding Options:**

Use of the Balancing Account to fund the Pilot Water Transfer is recommended, in keeping with the discussion at the May 16, 2019 BAWSCA Board meeting. During that discussion, which

took place in conjunction with the adoption of the FY2019-20 Work Plan and Operating Budget, the Board advised staff of its preference to fund the Pilot Water Transfer via the Balancing Account.

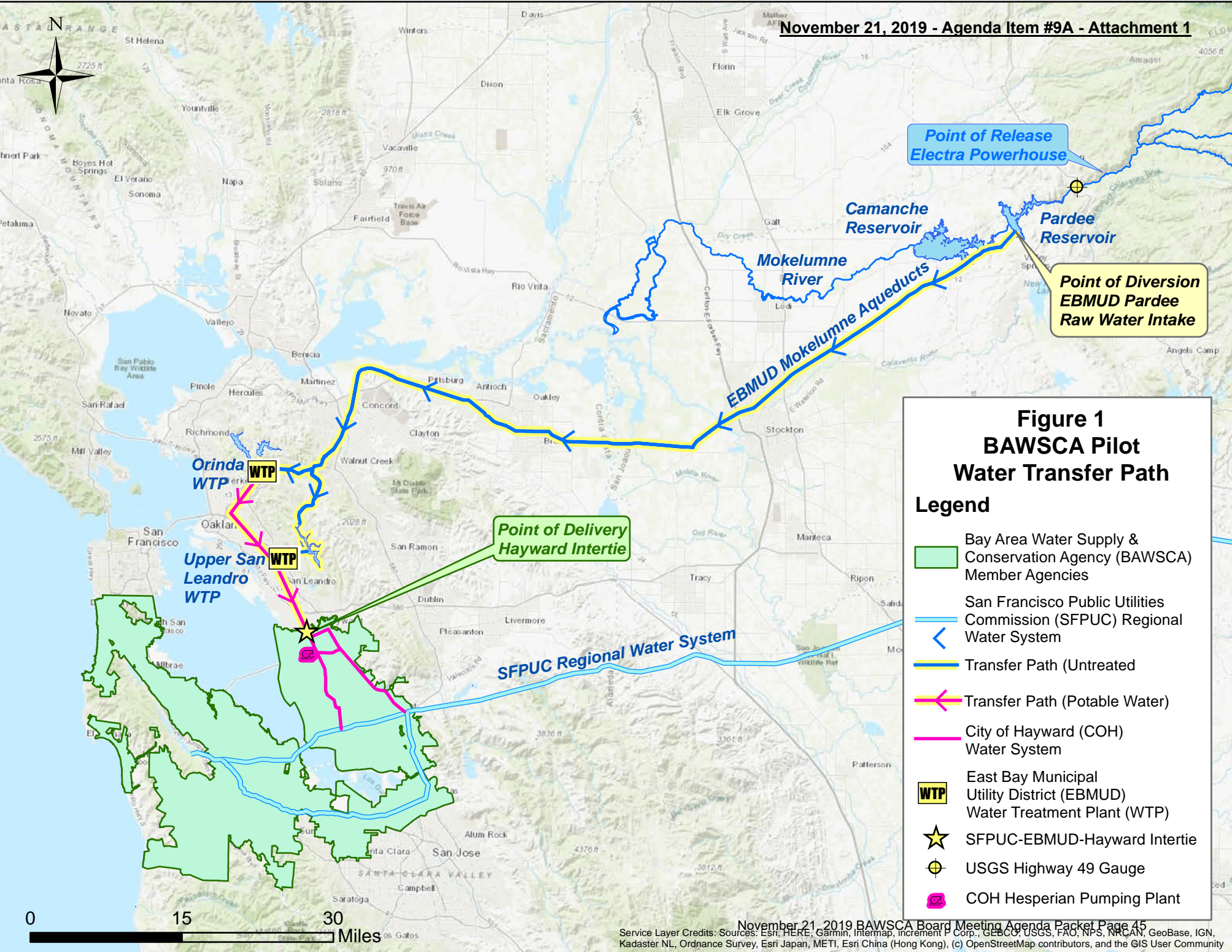
Two other options for funding the Pilot Water Transfer were discussed at that time: 1) funding the transfer with an increase in assessments and 2) funding the transfer through use of the Water Management Charge (described in Section 3.06 of the 2018 Amended and Restated Water Supply Agreement). Due to timing constraints, funding the transfer with an increase in assessments is no longer an option, as the costs for the Pilot Water Transfer were not included in the adopted FY 2019-20 Operating Budget.

Funding the Pilot Water Transfer through use of the Water Management Charge is still an option, yet would present challenges and potential risk. To fund the pilot with the Water Management Charge, collection of the funds from the member agencies would need to occur immediately after Board approval of the Project. Member agencies would be billed for the entire \$1.2 million cost of the pilot by SFPUC as part of the first monthly bill issued following the November BAWSCA Board meeting. BAWSCA would instruct the SFPUC to bill the agencies in proportion to their annual water use in FY 2018-19. Under this funding mechanism, there is a risk that SFPUC may not collect all the required revenue from the member agencies in time for BAWSCA to pay the Pilot Water Transfer partners as specified in the transfer agreements. There is an additional risk in that BAWSCA might collect too much revenue from the member agencies, if the Pilot Water Transfer costs are less than anticipated. This would require BAWSCA to provide a refund to the member agencies.

For these reasons, BAWSCA staff does not recommend an alternative funding option.

**Attachments:**

1. Attachment 1. Pilot Water Transfer Path
2. Attachment 2. BAWSCA-AWA Water Purchase Agreement (Draft) *(Under Separate Cover)*
3. Attachment 3. BAWSCA-EBMUD Wheeling Agreement (Draft) *(Under Separate Cover)*
4. Attachment 4: BAWSCA-Hayward Agreement (Draft) *(Under Separate Cover)*
5. Attachment 5: BAWSCA-SFPUC Agreement (Draft)
6. Attachment 6: AWA Letter to EBMUD, October 16, 2019
7. Attachment 7: EBMUD Letter to AWA, October 28, 2019
8. Attachment 8: Project Description for the Bay Area Water Supply and Conservation Agency's Pilot Water Transfer



**Figure 1  
BAWSCA Pilot  
Water Transfer Path**

**Legend**

- Bay Area Water Supply & Conservation Agency (BAWSCA) Member Agencies
- San Francisco Public Utilities Commission (SFPUC) Regional Water System
- Transfer Path (Untreated)
- Transfer Path (Potable Water)
- City of Hayward (COH) Water System
- East Bay Municipal Utility District (EBMUD) Water Treatment Plant (WTP)
- SFPUC-EBMUD-Hayward Intertie
- USGS Highway 49 Gauge
- COH Hesperian Pumping Plant

0 15 30 Miles

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**AGREEMENT BETWEEN  
THE BAY AREA WATER SUPPLY AND CONSERVATION AGENCY  
AND THE SAN FRANCISCO PUBLIC UTILITIES COMMISSION  
FOR OPERATION AND COST ALLOCATION  
OF THE PILOT WATER TRANSFER**

**RECITALS**

This Agreement (“Agreement”) is entered into this \_\_\_ day of \_\_\_\_, 20\_\_ between the City and County of San Francisco, acting by and through the San Francisco Public Utilities Commission (“SFPUC”), and the Bay Area Water Supply and Conservation Agency (“BAWSCA”) regarding the operation and allocation of costs for a pilot transfer of water purchased by BAWSCA from Amador Water Agency (“AWA”) and delivered through the East Bay Municipal Utility District (“EBMUD”) water facilities and the SFPUC/EBMUD/City of Hayward (“Hayward”) Water System Intertie Project (“Hayward Intertie”) to wholesale customers of the San Francisco Regional Water System (“RWS”). Throughout the Agreement, the SFPUC and BAWSCA may be referred to collectively as the “Parties” or individually as “Party.”

WHEREAS, The SFPUC owns and operates the RWS that delivers potable water to San Francisco retail customers, and to twenty-four cities and water districts and two private utilities that purchase water from the SFPUC (“Wholesale Customers”); and

WHEREAS, BAWSCA represents the Wholesale Customers; and

WHEREAS, BAWSCA has completed long-term water supply planning studies to identify the future water supply needs of its member agencies (collectively referred to herein as the "Long-Term Reliable Water Supply Strategy"); and

WHEREAS, Based on the Long-Term Reliable Water Supply Strategy, BAWSCA is exploring potential long-term strategies to reliably meet the future water supply needs of its member agencies; and

WHEREAS, BAWSCA desires to engage in a one-time pilot water transfer in January 2020 ("Pilot Water Transfer") in partnership with the SFPUC, EBMUD, Hayward, and AWA, as described in Attachment 1, to evaluate the costs and benefits of partnering in future water transfer projects; and

WHEREAS, For the Pilot Water Transfer, BAWSCA is entering into an agreement with AWA to purchase up to 1,000 acre feet of water (“Pilot Transfer Supplies”) from AWA; and

WHEREAS, Pursuant to the July 10, 2007 *“First Amended Joint Exercise of Powers Agreement between the City and County of San Francisco Public Utilities Commission, East Bay Municipal Utility District, and City of Hayward for Long Term Operation and Maintenance of the Emergency/Maintenance Water System Intertie Project,”* the SFPUC and EBMUD jointly own, and Hayward operates, the Hayward Intertie, through which BAWSCA desires to deliver the Pilot Transfer Supplies to the Wholesale Customers (as illustrated in Attachment 2); and

WHEREAS, BAWSCA is entering into an agreement with EBMUD to wheel Pilot Transfer Supplies through the EBMUD system and deliver Pilot Transfer Supplies through the Hayward Intertie for delivery to the Wholesale Customers; and

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WHEREAS, Hayward is entering into an agreement with BAWSCA to receive and use the Pilot Transfer Supplies through the Hayward Intertie in lieu of RWS water that is normally delivered to Hayward through the Mission and Newark Turnouts on the RWS; and

WHEREAS, The SFPUC, EBMUD, and Hayward are entering into an agreement authorizing the one-time use of the Hayward Intertie for the Pilot Water Transfer described in this Agreement, with a specific operations plan for that one-time use jointly developed by the SFPUC, EBMUD, Hayward, and BAWSCA; and

WHEREAS, Hayward, the City and County of San Francisco, and the Wholesale Customers are signatories to the Amended and Restated Water Supply Agreement (“WSA”), approved by the SFPUC on December 11, 2018, by Commission Resolution No. 18-0212, and subsequently approved by the Wholesale Customers, that governs water supply reliability and quality, as well as the allocation of RWS capital and operating costs; and

WHEREAS, In general, the WSA allocates costs between the SFPUC and Wholesale Customers based on their respective share of expenses incurred by the SFPUC in delivering water to them on the basis of proportional annual use; and

WHEREAS, The SFPUC and BAWSCA desire to enter into an agreement that authorizes BAWSCA to deliver the Pilot Transfer Supplies through the Hayward Intertie and into the RWS for delivery to the Wholesale Customers for this one-time pilot water transfer and establishes operational guidelines and a cost allocation method that places responsibility for any incremental costs related to the Pilot Water Transfer on BAWSCA;

NOW THEREFORE, the SFPUC and BAWSCA hereby agree as follows:

**1. GENERAL PRINCIPLES FOR PILOT WATER TRANSFER IMPLEMENTATION**

A. In addition to this Agreement, the terms of the Pilot Water Transfer will be defined by agreements between: (1) BAWSCA and AWA to purchase the Pilot Transfer Supplies; (2) BAWSCA and EBMUD to wheel the Pilot Transfer Supplies through the EBMUD’s facilities, including EBMUD’s raw water, treatment, and distribution system; (3) BAWSCA and Hayward to operate the Hayward Intertie and receive delivery of the Pilot Transfer Supplies into its system; and (4) the SFPUC, EBMUD, and Hayward to authorize the one-time use of the Hayward Intertie for the Pilot Water Transfer, with a specific operations plan for that one-time use. EBMUD and AWA will also be executing a separate agreement under mutually agreeable terms under which those agencies agree to work to address the permissible uses and transferability of AWA’s claimed entitlement to pre-1914 conserved water.

B. The SFPUC agrees that BAWSCA may deliver the Pilot Transfer Supplies through the Hayward Intertie and into the RWS for delivery to the Wholesale Customers, and the quality of water supplied through the Hayward Intertie shall be consistent with the water quality parameters of the July 2008 “*Intertie Project Operations Plan.*”

C. Any Pilot Transfer Supplies introduced into the RWS as part of the Pilot Water Transfer will be considered water additional to the RWS supply for the exclusive benefit of BAWSCA member agencies.

D. The SFPUC's role as conveyor of the Pilot Transfer Supplies, BAWSCA's role as purchaser and owner of the Pilot Transfer Supplies, and the allocation of costs related to moving the Pilot Transfer Supplies through the RWS to the Wholesale Customers, will be carried out pursuant to this Agreement and the cost allocation provisions of the WSA.



E. The SFPUC consents to the purchase, receipt, delivery and use of the Pilot Transfer Supplies by the Wholesale Customers under WSA section 3.07.

F. The allocation of Pilot Water Transfer costs and water supplies applies only to Pilot Transfer Supplies transferred under this Agreement.

G. The SFPUC is willing to proceed with the Pilot Water Transfer on a one-time basis on the terms and conditions set forth in this Agreement, which are non-precedential for any other water transfer.

## **2. RESPONSIBILITIES OF BAWSCA**

### **BAWSCA shall:**

A. Contract for purchase of the Pilot Transfer Supplies from AWA, and contract with EBMUD for the wheeling of the Pilot Transfer Supplies through the EBMUD system and delivery to the Hayward Intertie.

B. Contract with Hayward to provide that Hayward will (1) operate the Hayward Intertie to effectuate the Pilot Water Transfer as provided in the agreement between the SFPUC, Hayward, and EBMUD for the one-time use of the Hayward Intertie for the Pilot Water Transfer; (2) accept the Pilot Transfer Supplies into Hayward's system; and (3) manage Hayward's reimbursable costs incurred as a result of accepting the Pilot Transfer Supplies in Hayward's system.

C. Ensure full cost recovery of the SFPUC for any and all operational costs directly attributable to the delivery of Pilot Transfer Supplies, including, but not limited to, the additional Skywest Pump Station power costs, additional water quality monitoring costs, and additional SFPUC staff time, as well as other reasonable charges incurred by the SFPUC as a result of BAWSCA's use of the RWS for the Pilot Water Transfer, as provided in California Water Code Section 1811(c). The Parties anticipate that the total for any and all operational costs directly attributable to the delivery of the Pilot Transfer Supplies will not exceed one hundred and fifty thousand dollars (\$150,000), and BAWSCA agrees to reimburse the SFPUC for any and all such costs incurred by the SFPUC up to this amount. In the event the costs exceed \$150,000, BAWSCA will meet and confer with the SFPUC to discuss the costs in excess of that amount, and agrees to reimburse the SFPUC for additional costs that are reasonable and supported by documentation demonstrating that those costs are directly attributable to the delivery of the Pilot Transfer Supplies.

D. Provide written notice to the SFPUC at least fourteen (14) calendar days in advance of the Pilot Water Transfer stating BAWSCA's intent to commence the Pilot Water Transfer. The notice will include the planned timing and quantity of water anticipated to be delivered.

## **3. RESPONSIBILITIES OF THE SFPUC**

### **The SFPUC shall:**

A. Notify BAWSCA in writing whether, and to what extent, RWS facilities have sufficient capacity to accept the Pilot Transfer Supplies within seven (7) calendar days of receipt of BAWSCA's notification under section 2.D above, or at such time as may be mutually agreed to by SFPUC and BAWSCA staff.

B. Deliver the Pilot Transfer Supplies to the Wholesale Customers, primarily to Hayward, in lieu of water from the RWS. The SFPUC's accounting of water deliveries to the Wholesale

Customers shall include the quantity of Pilot Transfer Supplies actually delivered to the Hayward Intertie in the total of RWS water deliveries available to the Wholesale Customers. The SFPUC will report the Pilot Transfer Supplies in Table J-1, "Base Usage and Allocation Rates," as shown in Attachment 3 and in accordance with Article 3.14 of the WSA.

C. Track and document all operational costs directly attributable to the delivery of Pilot Transfer Supplies, as specified in Section 2.C of this Agreement. These costs will be recovered by the SFPUC either in accordance with the terms of the WSA, or via a direct bill to BAWSCA payable within thirty (30) days. The SFPUC's calculation and reporting to BAWSCA of the operational costs directly attributable to the delivery of the Pilot Transfer Supplies for this Pilot Water Transfer is not precedential for any other water transfer.

D. Bill each individual Wholesale Customer in accordance with the terms of the WSA for its respective use of the RWS for the entire volume of water transported to the Wholesale Customers during the period of the Pilot Water Transfer.

E. Work with Hayward to determine the volume of water delivered to Hayward and the RWS during the period of the Pilot Water Transfer. (Attachment 2 shows locations of the meters.)

**4. TERM**

This Agreement shall be effective upon the execution of the Agreement by both Parties for a term of twelve (12) months, unless extended by mutual written agreement, or terminated early pursuant to Section 15 of this Agreement. The cost recovery and indemnification obligations of this Agreement shall survive the termination of this Agreement.

**5. CONDITIONS PRECEDENT**

The Parties are not obligated to perform under this Agreement unless and until (1) each of the agreements that define the terms of the Pilot Water Transfer as identified in Section 1.A of this Agreement have been approved and executed by BAWSCA and the other parties involved; and (2) EBMUD and AWA have executed a separate agreement under mutually agreeable terms under which those agencies agree to work to address the permissible uses and transferability of AWA's claimed entitlement to pre-1914 conserved water. If nonattainment of one or more of these conditions precedent would prevent the Pilot Water Transfer from being completed, the Parties will consult with each other and make a good faith effort to determine if such circumstances could be addressed and/or mitigated in some manner and, if so, to amend this Agreement to the extent practicable. If, after undertaking such consultation, either Party determines the circumstances cannot be adequately addressed, this Agreement may be suspended or terminated, pursuant to Section 15 of this Agreement.

**6. CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)**

The obligations of the Parties under this Agreement are conditioned upon compliance with all applicable environmental laws, including CEQA. BAWSCA shall serve as lead agency of the Pilot Water Transfer project for purposes of CEQA. The SFPUC shall be a responsible agency.

**7. MODIFICATION**

This Agreement may be modified or amended only by a written document signed by both Parties.

**8. DISPUTE RESOLUTION**

In the event of any dispute, the Parties will promptly meet and confer, first at a staff level and then elevated to a meeting of executives, in a good faith attempt to resolve the dispute. If a dispute cannot be resolved by the Parties independently, they may agree to submit such dispute to non-binding mediation by a mutually agreed-upon neutral third party with offices in the San Francisco Bay Area. The cost of mediation will be shared equally.

**9. NOTICE**

Except as specified elsewhere in this Agreement, all notices required to be given, or which may be given by either Party to the other, shall be deemed to have been fully given and fully received when made in writing and deposited in the United States mail, registered and postage prepaid and addressed to the respective Parties as follows:

If to Agency: Bay Area Water Supply & Conservation Agency  
155 Bovet Road, Suite 650  
San Mateo, CA 94402  
Attention: Chief Executive Officer/General Manager

If to SFPUC: San Francisco Public Utilities Commission  
525 Golden Gate Avenue  
13<sup>th</sup> Floor  
San Francisco, CA 94102  
Attention: General Manager

Notification of a change in the name of the contact person shall be in writing.

**10. WAIVER**

A waiver of any requirement of this Agreement must be in writing by an authorized representative of the Party waiving the requirement. The waiver by either Party of a breach of any requirement of this Agreement will not be deemed a waiver of any such breach in the future or of a breach of any other requirement.

**11. INTERPRETATION**

Section headings are solely for convenience and are not intended to affect the interpretation of the Agreement. The Agreement will be interpreted reasonably, not in favor of or against either Party.

**12. NO THIRD PARTY RIGHTS**

The Parties do not intend this Agreement to create rights in any third parties and nothing in this Agreement should be construed to do so.

**13. SEVERABILITY**

If any provision of this Agreement or any portion thereof is held to be invalid or unenforceable for any reason, that provision will be reformed and/or construed consistently with applicable law as nearly as possible to reflect the original intentions of this Agreement, and in any event such provision will be severable and will not affect the validity or enforceability of any other provision.

**14. APPLICABLE LAW**

This Agreement, its interpretation and all work performed under it will be governed by the laws of the State of California.

**15. SUSPENSION AND TERMINATION**

The Parties may suspend the Agreement and the Pilot Water Transfer due to any of the following: (1) operational, mechanical, health and safety, and/or water quality issues that arise during the Pilot Water Transfer that might adversely affect the RWS, its employees, and/or its customers; (2) a natural disaster; or (3) suspension of a separate agreement required to implement the Pilot Water Transfer. Such suspension under this Agreement will be effective after the suspending Party provides written notice to the other Party via U.S. mail per Section 9 of this Agreement, or in the event of an emergency or time-sensitive circumstances, via email to the other Party's designated representative(s) and/or appropriate staff.

A Party will have the right to terminate this Agreement and the Pilot Water Transfer for any of the following reasons: (1) the Parties are unable to adequately resolve the issues or circumstances giving rise to a suspension of the Pilot Water Transfer under the Agreement; (2) a required regulatory approval or third party agreement cannot be obtained to carry out the Pilot Water Transfer; (3) a separate agreement required to implement the Pilot Water Transfer is terminated; or (4) a Party reasonably determines that the costs of any litigation related to the Pilot Water Transfer, any restrictions, fees, charges or costs imposed in the approvals of any regulatory agency for the Pilot Water Transfer, or any relief afforded to third parties in any action brought in state or federal court involving this Agreement or the Pilot Water Transfer, are too burdensome in relation to the benefits to be received from the Pilot Water Transfer. In the event of termination, the Parties thereafter will be under no further obligation or responsibility under this Agreement, and will release each other from further obligations under this Agreement, except as provided in this section. Prior to giving notice of termination, the Party electing to terminate will confer with the other Party to discuss and attempt to reasonably resolve the issues or circumstances giving rise to the proposed termination. If the Parties are unable to resolve those issues or circumstances, a Party may provide written notice of termination per Section 9 of this Agreement, or in the event of an emergency or time-sensitive circumstances, via email from the terminating Party's general manager and/or senior management to the other Party's general manager and/or senior management. The Parties will comply with written notice of termination no later than five (5) calendar days after receipt.

If this Agreement and/or the Pilot Water Transfer is terminated early for any reason, BAWSCA shall be responsible for payment of all operational costs directly attributable to the delivery of Pilot Transfer Supplies, as specified in Section 2.C of this Agreement, which were actually incurred by the SFPUC on or before the effective date of the early termination. These costs will be recovered by the SFPUC either in accordance with the terms of the WSA, or via a direct bill to BAWSCA payable within thirty (30) days, as provided in Section 3.C of this Agreement. The Parties' obligations under this section will survive this Agreement's termination.

**16. AGREEMENT NOT A PRECEDENT**

The Parties intend that the provisions of this Agreement will not bind the Parties as to the provisions of any future agreement between them. This Agreement was developed specifically for the one-time pilot water transfer that is the subject of this Agreement. The Parties will use this Pilot Water Transfer to identify any unexpected impacts and costs. Any future agreement between the Parties for another water transfer may contain different terms and conditions. SFPUC reserves all rights under applicable law to (i) undertake a case-by-case evaluation of each future proposed water transfer and determine whether and upon which terms and conditions it would enter into any future agreement for such transfer, and (ii) challenge or protest a proposed

future water transfer which it believes may injure any legal user of water, unreasonably affect fish, wildlife, or other instream beneficial uses, or otherwise fail to comport with applicable law.

17. **INDEMNIFICATION.**

To the extent permitted by State law, BAWSCA will indemnify, defend, and hold safe and harmless the SFPUC and its directors, officers, agents, and employees from any and all claims, suits, legal proceedings, judgments, damages, penalties, costs, expenses, liabilities and losses (including without limitation, sums paid in settlement of claims, actual attorneys' fees, paralegal fees, consultant fees, engineering fees, expert fees and any other professional fees) (collectively, "Claims") to the extent such Claims arise from or are related in any way to one or more of the following: (i) anything done or omitted to be done by BAWSCA, or its associates, employees, subconsultants, or other agents, in connection with, or related in any way to, this Agreement, (ii) any allegation that the performance of this Agreement may injure or damage any non-Party to this Agreement, whether such allegation is premised in tort, contract, or other law, and/or (iii) any claim arising under CEQA or another State or Federal environmental law or regulation. BAWSCA will defend the SFPUC in any such action or lawsuit using counsel approved by the SFPUC.

To the extent permitted by State law, the SFPUC will indemnify, defend, and hold BAWSCA and its directors, officers, agents, and employees safe and harmless from any and all claims, suits, legal proceedings, judgments, damages, penalties, costs, expenses, liabilities and losses (including without limitation, sums paid in settlement of claims, actual attorneys' fees, paralegal fees, consultant fees, engineering fees, expert fees and any other professional fees) (collectively, "Claims") to the extent such Claims arise from anything done or omitted to be done by the SFPUC, or its associates, employees, subconsultants, or other agents, in connection with, or related in any way to, this Agreement. The SFPUC will defend BAWSCA in any such action or lawsuit using counsel approved by BAWSCA.

18. **ENTIRE AGREEMENT**

This Agreement including any exhibits or attachments, constitutes the complete agreement between the Parties and supersedes any prior agreements, promises, and understandings whether written or oral. This Agreement may be modified or amended only by written instrument signed by both Parties.

19. **ATTACHMENTS TO THIS AGREEMENT**

- (1) Attachment 1: Project Description for the Bay Area Water Supply and Conservation Agency's Pilot Water Transfer
- (2) Attachment 2: Diagrams of the intersection of the EBMUD system, the Hayward Intertie, the Hayward water system, and the RWS, including pump stations, turnouts, and meter locations and intertie system schematic. Two figures are included:

Diagram 2(a). Diagram of flow through the Hayward water system under normal conditions. Arrows indicate the anticipated direction of flow. Flow meters are located at the pump stations and the turnouts.

Diagram 2(b). Diagram of flow through the Hayward Intertie during the pilot water transfer (running in intertie operations mode 5, as defined in the July 2008 "Intertie Project Operations Plan"). Arrows indicate the anticipated direction of flow. Flow meters are located at the pump stations.

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- (3) Attachment 3: Example: Revised Table J-1 for Use in Accounting for Pilot Transfer Supplies According to Article 3.14 of the WSA.

*[Signatures on Following Page]*

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IN WITNESS WHEREOF the Parties have executed this Agreement by their duly authorized officers as of the day and year first above written.

BAY AREA WATER SUPPLY & CONSERVATION AGENCY

By: \_\_\_\_\_ Date: \_\_\_\_\_, 2019  
Nicole M. Sandkulla, CEO/General Manager

Title: \_\_\_\_\_

CITY AND COUNTY OF SAN FRANCISCO  
ACTING BY AND THROUGH ITS PUBLIC UTILITIES COMMISSION

Authorized by SFPUC Res. No. \_\_\_\_\_

By: \_\_\_\_\_ Date: \_\_\_\_\_, 2019  
Harlan L. Kelly, Jr., General Manager

APPROVED AS TO FORM:

Dennis J. Herrera, City Attorney

By: \_\_\_\_\_  
Deputy City Attorney

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*A Public Agency*



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12800 Ridge Road, Sutter Creek, CA 95685-9630 • [www.amadorwater.org](http://www.amadorwater.org) • OFFICE: (209) 223-3018  
FAX: (209) 257-5281

October 16, 2019

By Federal Express

Board of Directors  
East Bay Municipal Utility District  
375 11th Street  
Oakland, CA 94607

Dear President Young and Members of the Board of Directors:

I am writing this letter of behalf of the Board of Directors of the Amador Water Agency (“AWA” or “Agency”). This letter expresses the AWA Board’s extreme disappointment and concern with the East Bay Municipal Utility District’s (“EBMUD” or “District”) board’s decision to reject EBMUD’s participation in the proposed pilot water transfer from AWA to the Bay Area Water Supply & Conservation Agency (“BAWSCA”), which is scheduled to take place in January 2020. The transfer water must be wheeled through EBMUD’s Mokelumne Aqueducts and be treated by EBMUD before delivery to the City of Hayward. Your board’s refusal to approve EBMUD’s participation in the proposed transfer effectively stops it. As explained below, the EBMUD board’s disapproval of the transfer places your agency in significant legal jeopardy by depriving AWA of the full economic use of its conserved water supplies. Your decision further serves as an apparent rejection of your board’s current policy to act as a good neighbor and partner to AWA and other area of origin agencies in the Mokelumne River watershed that also rely on the river for their supplies.

Key Facts

AWA is entitled to a firm supply of 15,000 acre-feet per year of water provided by PG&E under PG&E’s very senior pre-1914 appropriative rights to divert and use water from the Mokelumne River and its tributaries for consumptive uses (“AWS Entitlement”). EBMUD has long recognized the AWS Entitlement and the senior PG&E pre-1914 appropriative rights underlying it as part of the 20,000 AF reservation of water for use by AWA and other Amador County interests, including under the so-called Lodi Decrees and the 1958

agreement and release from priority resulting from the legal proceedings involving EBMUD's application for water rights for the Camanche Project.

AWA is proposing to transfer to BAWSCA water that the Agency has conserved by a number of different methods, including improvements made to the Amador Canal before and after construction of the Amador Transmission Pipeline Project ("ATP") and water treatment plant improvements. The conserved water used would not include that supply conserved from the ATP for the reasons discussed below.

In 2000, AWA and EBMUD entered into an agreement under which EBMUD provided a portion of the financing for the ATP, in exchange for which AWA permits EBMUD to use a portion of the water conserved by the ATP unless AWA needs any portion of that supply for use within Amador County ("2000 Agreement"). The 2000 Agreement expires in 2022. Nothing in the 2000 Agreement affects or addresses the use of AWA's water supplies conserved by means other than the ATP. The 2000 Agreement also does not affect or purport to limit AWA's general legal rights under California law to use its water supplies, including the Agency's right to engage in water transfers under prevailing law (see discussion in next two parts of this letter).

BAWSCA has been working since at least 2012 to arrange a pilot water transfer to test the technical and institutional arrangements necessary to obtain water supplies for its member agencies when BAWSCA's own supplies are unavailable or reduced by drought, SFPUC's shutdown of the Hetch Hetchy system, or other circumstances. BAWSCA's efforts have involved discussions with other Bay Area agencies, including EBMUD. In fact, it was former EBMUD Natural Resources Manager Richard Sykes who recommended to BAWSCA that it contact AWA to discuss the Agency's participation as a seller of water for the pilot transfer. EBMUD continued to collaborate with BAWSCA, AWA and other partner agencies in negotiating arrangements for the pilot water transfer until August 1, 2019. On that date, and for the first time, EBMUD staff delivered a five-page document to AWA and BAWSCA containing 18 conditions that EBMUD staff demanded must be satisfied for AWA and BAWSCA to use Pardee Reservoir and the Mokelumne Aqueduct to wheel the pilot transfer water.

EBMUD has been on notice of the proposed transfer since 2012, yet for unknown reasons its staff waited for seven years to raise any significant objections. A number of EBMUD staff's conditions are over-inclusive and unnecessary because they already have been satisfied or are accounting issues that AWA and BAWSCA will address in the course of the transfer. But several conditions are plainly illegal, which AWA previously explained to EBMUD staff. Ultimately, General Manager Alex Coate agreed in principle to permit the 2020 pilot water transfer to occur on the condition that AWA would agree that the pilot water transfer would

not set a precedent and to engage in further discussions and negotiations concerning future water transfers. AWA agreed to these conditions.

Apparently, in spite of Mr. Coate's recommendation, the EBMUD board met on October 8, 2019 and rejected the General Manager's recommendation to permit the pilot transfer to proceed. Interestingly, there does not appear to be an item on EBMUD's October 8 board meeting agenda authorizing any discussion of the AWA-BAWSCA pilot water transfer.

#### The EBMUD Board's Rejection of the Pilot Transfer Violates Established Law

Water transfers are an integral part of California water supply planning. All proposed water transfers must be considered in light of the state's policies to encourage transfers as a means to ensure that water supplies are allocated to the places of greatest need in the most efficient possible manner. For example, Water Code section 475 provides: "The Legislature ... finds and declares that voluntary water transfers between water users can result in a more efficient use of water, benefiting both the buyer and the seller [,and] ... that transfers of surplus water on an intermittent basis can help alleviate water shortages, save capital outlay development costs, and conserve water and energy."

EBMUD's proposed conveyance of the AWA-BAWSCA pilot transfer water is controlled by the "Wheeling Statutes", Water Code sections 1810-1814. Water Code section 1810 requires EBMUD to act reasonably to facilitate the AWA-BAWSCA pilot water transfer without unreasonably burdening the transfer beyond the application of four conditions which ensure EBMUD retains first priority of use of its facilities and is not injured by such use. If EBMUD has available capacity and the four conditions are satisfied, it is obligated to permit AWA to make the transfer to BAWSCA. What is mystifying to the AWA Board in this case is why EBMUD would choose to forego collaborating with AWA and BAWSCA and future transfer partners. Given the available, unused capacity in the Mokelumne Aqueducts at certain times, it seems that the EBMUD board would welcome the opportunity to increase the use of idle District facilities to obtain the wheeling charges that would help defray the costs your ratepayers bear for them.

EBMUD staff asserted that the District would be injured by the water transfer in their August 1, 2019 conditions document. The problem with staff's assertion is two-fold. First, staff never articulated what injury EBMUD would incur, let alone state any legal basis for an injury. The reason is simple -- EBMUD has no injury that could arise from the pilot water transfer (other than staff apparently likes getting free water). AWA is proposing to transfer a portion of its conserved water supplies to BAWSCA that are derived from projects other than the ATP.

Water Code section 1011 permits owner of water conserved under an appropriative right or entitlement to transfer a portion of previously-developed water supplies that are not used because of water conservation efforts. Section 1011's protections for the owner of conserved water are unambiguous and broad. Those protections also reflect and are consistent with the state's policy promoting water transfer provided in Water Code sections 109, 475, and 1810. The State Water Resources Control Board ("State Water Board") has for several decades recognized that Water Code section 1011 is intended to permit transfers of conserved water. For example, in 1988 the State Water Board determined that Water Code section 1011(b) provides "[s]pecific authorization for the transfer of water made available through water conservation efforts." The State Water Board also determined that, "the water right holder retains the right to sell, lease, exchange or transfer the right to use the conserved water."

EBMUD's refusal to permit the AWA-BAWSCA 2020 pilot water transfer to move forward also ignores Water Code section 1706, which permits the owner or entitlement holder of a pre-1914 appropriative right to "change the point of diversion, place of use, or purpose of use *if others are not injured by such change.*" (Emphasis added.) Under Water Code section 1706 and appellate cases interpreting it, EBMUD cannot claim that it would be injured by the pilot water transfer because it has no legal right to the water supplies involved in the transfer under Water Code section 1011. Absent such a right, no injury can occur. What seems to confuse your staff is that they believe that they have a right to perpetual free water from AWA, when in fact the 2000 Agreement makes clear that EBMUD's right to AWA's conserved water supplies are limited to the amounts and conditions stated in Exhibit A to that agreement. Because AWA would be transferring water conserved by measures other than those implemented by the ATP, EBMUD has no actionable claim. It should be noted that AWA General Manager Gene Mancebo long ago provided EBMUD staff with the AWA's conserved water calculations showing which supplies were generated by savings from the ATP and which supplies were conserved by other measures, and EBMUD staff agreed with and accepted those calculations.

In essence, what EBMUD staff's argument seems to be is that the District should be entitled to free water in perpetuity if AWA cannot use its conserved water supplies in Amador County. Staff's error is that they disregard Water Code sections 1011 and 1706, which permit AWA to transfer its conserved water supplies beyond Amador County. Nothing in the 2000 Agreement, 1958 reservation and agreement or the Lodi Decrees is to the contrary. Those documents simply define the place of use of AWS Entitlement, but none of those documents purport, or have any legal authority, to trump the statutory authority granted AWA in Water Code sections 1011, 1706 or 1810. EBMUD's attempt to stop the 2020 pilot water transfer is thus illegal and contrary to public policy.

#### The EBMUD Board's Rejection of the Pilot Transfer Takes AWA's Water Supplies

A bedrock principle of California law, and one as old as the state itself, is that a water right or entitlement is a form of real property. The California and United States Constitutions guarantee real property owners just compensation when property is taken for public use. A taking can occur by physical taking or by regulatory actions that deprive the property owner of the economic use of its property. In this case, EBMUD's rejection of AWA's transfer of its conserved water to BAWSCA may actually result in a taking under both theories of condemnation law. If AWA is not permitted to transfer its conserved water supplies as agreed with BAWSCA, AWA will lose \$400,000, plus staff time and legal counsel fees for negotiating and implementing the pilot water transfer to date. AWA will have no choice but to consider all appropriate avenues to obtain the revenues which it will be deprived of by the EBMUD board's action.

### Consequences of the EBMUD Board's Illegal Action

Most disappointing to the AWA Board is the EBMUD board's apparent declaration that the District has no further interest in partnering with AWA on activities that have and could continue to benefit the two agencies. Two past examples of cooperation between AWA and EBMUD are the 2000 Agreement discussed above and AWA's leadership, with Richard Sykes' able assistance, in securing the passage of SB 854 designating certain reaches of the upper Mokelumne River as wild and scenic. In the first instance, the ATP conserved approximately 22 percent of water being put into the Amador Canal, which has been available since 2007 to enhance flows in the Mokelumne River until needed by AWA. In the second, AWA expended considerable resources to help EBMUD achieve one of its long-cherished goals. To say the least, my Board is disappointed by the EBMUD board's lack of appreciation inherent in the refusal to approve the 2020 pilot transfer.

There are pending matters in which AWA and EBMUD are partnered, such as on-going Mokelumne River management and enhancement actions through the Upper Mokelumne River Watershed Authority, the negotiation of the voluntary agreement in the Bay-Delta flow proceedings, and other forums. Given the EBMUD board's disapproval of the 2020 AWA-BAWSCA pilot water transfer, AWA must reconsider all such partnership activities with EBMUD. In addition, AWA notes that EBMUD is engaged in a number of actions in the management of Pardee and Camanche Reservoir and the reaches downstream. Where in the past AWA has not been involved in such matters, it will have to consider becoming more engaged in such activities to subject EBMUD's actions to the same type of heightened scrutiny that your staff has been applying to the pilot water transfer. AWA also will be required to bring the EBMUD board's action to the attention of all other up-county water and governmental agencies and elected officials as this action and its implications for up-stream water rights and economic development will surely concern them and impact the nature of their future relationships with EBMUD.

Remedy

As discussed above, your staff's failure to fully understand and advise the EBMUD board of the law and the consequences of violating it places the District in a jeopardy position. AWA also does not appreciate EBMUD's apparent lack of reciprocation in what my Board had come to believe was a good and equal partnership. While AWA would certainly prefer to continue that partnership, if EBMUD refuses to correct course AWA will have no choice but to pursue all available legal remedies, starting with filing a claim with EBMUD for the loss of the \$400,000 in revenues, plus expenses resulting from your Board's refusal to approve the 2020 AWA-BAWSCA pilot water transfer. A refusal to reverse your decision also will necessarily cause AWA to reconsider all partnership activities with EBMUD and to bring this situation to the attention of others in the watershed and beyond.

Alternatively, the EBMUD board may demonstrate its interest in restoring its partnership with AWA by reversing course and approving the pilot water transfer. AWA understands that EBMUD may have concerns about future water transfers and remains willing to enter into the previously-proposed agreement to further negotiate these matters. As also proposed, AWA would continue to agree that this one transfer sets no precedent. But AWA will not agree to forego the fully-planned and ready 2020 pilot transfer on any lesser terms.

Because there is no time to waste if the pilot transfer is to take place in January 2020 as planned, and BAWSCA's significant investment in negotiating the transfer with AWA and need for alternative water supplies during the SFPUC's early 2020 shutdown of the Hetch Hetchy system is equally affected by your decision, AWA must request that the EBMUD board provide its response to this letter within 15 days and specify whether it has reconsidered its decision to disapprove the transfer and decided to instead approve it, or whether your board will stand by its previous decision. Please advise accordingly.

Very truly yours,



Paul Molinelli, Jr.

President, Board of Directors  
AMADOR WATER AGENCY

cc: Gene Mancebo, AWA General Manager  
Joshua M. Horowitz, Agency legal counsel (Bartkiewicz, Kronick & Shanahan)  
Board of Directors, BAWSCA  
Nicole Sandkulla, BAWSCA General Manager



ALEXANDER R. COATE  
GENERAL MANAGER

October 28, 2019

BY FEDERAL EXPRESS

Paul Molinelli, Jr.  
President, Board of Directors  
Amador Water Agency  
12800 Ridge Road  
Sutter Creek, CA 95685-9630

Dear Mr. Molinelli:

This letter responds to your letter of October 16, 2019 and explains the decision by East Bay Municipal Utility District (District) not to proceed with the proposed pilot water transfer between Amador Water Agency (AWA) and Bay Area Water Supply & Conservation Agency (BAWSCA). This letter also sets out the terms the District believes should be agreed upon in order for the transfer to go forward.

At the outset, we want to assure you that the District sincerely values the cooperative relationship that we have developed with AWA. We appreciate AWA's support of programs including Mokelumne River Wild and Scenic designation, Upper Mokelumne River Watershed Authority and the ongoing voluntary agreement negotiations. Both agencies have worked diligently to support efforts to protect the Mokelumne River and watershed. We believe this past cooperation demonstrates that we can find a way to move forward with the proposed transfer and resolve our differences on AWA's claim to entitlement in a reasonable fashion and in a way that does not prejudice either party.

As you know District staff has been working with AWA and BAWSCA for a number of months to determine whether an agreement could be reached among the three parties to allow AWA to proceed with the proposed pilot water transfer. During these negotiations, we have questioned the basis for AWA's claim to have an underlying water right to the transfer water, and we have worked to develop agreement language that might support the pilot without setting precedent. These issues became increasingly important when AWA and BAWSCA changed the window for the transfer from this fall, when the District is making flood control releases, to January 2020, a time when we may be refilling our reservoirs. To date, AWA and the District have not reached agreement as to how these legal issues regarding entitlement are to be resolved. Given the lack of progress on these issues, our Board decided the District should withdraw from the negotiations. In the Board's view, resolution of the entitlement issues is part and parcel of the pilot project; therefore, at the very least, the parties need to agree on an expeditious process for deciding these issues and not leave them unanswered until some future time when another transfer is being considered.

In this regard, we appreciate the fact that your letter sets forth AWA's legal position explaining why it believes it has a right to transfer the water under discussion. In response, please find an

enclosed letter addressed to AWA's counsel with a copy to you that explains the District's legal perspective on these matters. Read together, these letters demonstrate the wide gulf that exists between our respective positions regarding not just this transfer, but any similar transfers that AWA may propose in the future. However, we see a possible path forward that would allow the AWA-BAWSCA transfer to proceed, while establishing a process to resolve what we consider to be threshold questions regarding AWA's claimed entitlement to transfer water, and reserving for later resolution legal issues raised by AWA that would become pertinent only after the threshold issues are determined in AWA's favor and a new water transfer is proposed.

We believe the current, proposed transaction raises novel legal issues concerning AWA's claim of entitlement to the transfer water. Specifically, before the District will be in a position to determine whether AWA can legally transfer this water, certain threshold issues must be resolved including: (1) Do the wheeling statutes require the District to wheel the transfer water, even if the transaction may cause injury to a legal user of water, and even if the transfer requires treatment and reoperation? (2) Is the use of AWA's contractual supply from PG&E outside Amador County a violation of the underlying PG&E water rights, including limits placed on those rights by the Lodi Decrees, and if so, is AWA's most recent amendment to its 1985 agreement with PG&E contrary to law and of no effect by purporting to authorize the use of any portion of AWA's contractual water supply outside Amador County? (3) As a matter of law, could a transfer of water made in excess of the scope of the underlying water rights constitute a legal injury to the District that would bar the transfer under Water Code sections 1011 and 1706? In our view, these issues are purely legal in nature, and would be dispositive of the question regarding AWA's right to transfer water that is not consumptively used within Amador County. In the spirit of cooperation, the District was willing to allow the transfer to proceed, on a non-precedential basis, so long as AWA agreed that the District's legal concerns would be dealt with and decided within a reasonable time after completion of the proposed pilot water transfer.

AWA has a very different perspective, focusing first and foremost on its assertion that if it has conserved water, then it is entitled to transfer that water, regardless of the provisions of the Lodi Decrees which bind PG&E—the entity through which AWA claims its entitlement. The legal issues raised by AWA are pertinent only after the threshold questions are resolved concerning AWA's entitlement to transfer water not consumptively used within Amador County, and they depend on factual determinations that would need to be made in light of a future transfer and therefore cannot be resolved expeditiously. The fact-specific issues to be decided include: (1) Can AWA provide sufficient evidence to show it has in fact achieved sufficient conservation based on an acceptable methodology, to support the given transfer? (2) Would the transfer of such water in fact injure the District's exercise of its water rights?

After considering the points you raise in your letter, and recognizing the value of our ongoing relationship and cooperation, we are willing to agree to the proposed AWA-BAWSCA transfer if we can agree on a final Memorandum of Understanding (MOU) that provides for a multi-step process to address these open legal issues and have them resolved well before AWA makes any additional efforts to transfer water beyond this pilot project. To this end, we propose that the MOU include a provision that requires the parties to first resolve, through negotiation or litigation if necessary, the threshold issues discussed above. Additionally, the MOU should



Paul Molinelli, Jr.  
October 28, 2019  
Page 3

provide that all other legal and factual issues will be determined in the context of a future, proposed transfer, and based on the circumstances existing at that time. If AWA agrees to this framework for further negotiations, the District is committed to working with AWA to reach a mutually agreeable MOU that would allow the current, proposed transfer to be accomplished.

I look forward to hearing from you. If you have any questions, comments or observations, please feel free to call me or you can speak to Michael Tognolini at (510) 287-0125.

Sincerely,



Alexander R. Coate  
General Manager

ARC:ctd

Enclosure

cc: EBMUD Board of Directors  
Craig S. Spencer, EBMUD General Counsel  
Gene Mancebo, AWA General Manager  
Joshua M. Horowitz, AWA counsel (Bartkiewicz, Kronick & Shanahan)  
Nicole Sandkulla, BAWSCA General Manager

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## Project Description for the Bay Area Water Supply and Conservation Agency's Pilot Water Transfer

### SUMMARY:

The Bay Area Water Supply and Conservation Agency (BAWSCA) is proposing a one-time pilot water transfer under which BAWSCA would purchase up to 1,000 acre-feet of water from Amador Water Agency (AWA) for delivery and use within the BAWSCA service area. AWA holds an entitlement of up to 15,000 acre-feet of water supplies provided by the 1985 Stipulation and Agreement with the Pacific Gas and Electric Company (PG&E) (1985 Stipulation) under various pre-1914 appropriative water rights PG&E holds on the Mokelumne River. The proposed transfer water originates from AWA's contractual Mokelumne River water supply entitlement pursuant to the 1985 Stipulation.

The Project would be located in Amador, Calaveras, San Joaquin, Contra Costa, and Alameda Counties. Water deliveries will occur in Alameda County and may occur in Santa Clara and San Mateo Counties. AWA would make the transfer water available to BAWSCA from PG&E's Electra Powerhouse, upstream of East Bay Municipal Utility District's (EBMUD) Pardee Reservoir. The transfer water would be released into the North Fork of the Mokelumne River and flow into Pardee Reservoir. EBMUD would then divert and convey the transfer water through its existing conveyance system, which includes raw water aqueducts, treatment plants, and potable distribution systems, and make the transfer water, less 20% for system losses, available to BAWSCA at the Hayward Intertie at a rate of approximately 13 to 16 million gallons per day over an estimated duration of 20 days. The Hayward Intertie is jointly owned by EBMUD and SFPUC and operated by the City of Hayward. It connects the EBMUD and San Francisco Public Utilities Commission (SFPUC) Regional Water System (RWS) through the City of Hayward aqueduct system.

The City of Hayward, a BAWSCA member agency, holds a water supply contract with SFPUC. Under the proposed Project, the City of Hayward would modify operation of its water system to take delivery of the Project transfer water through the Hayward Intertie. Transfer water coming through the Intertie would be used by Hayward, in-lieu of water from SFPUC, and additional transfer water would be pumped into the RWS using the City of Hayward-owned Hesperian Pump Station and delivered to other BAWSCA member agencies. Figure 1 illustrates the pathway that the pilot transfer will follow. The Project relies on existing facilities, and will not involve any expansion of those facilities.

The goal of this pilot Project is to evaluate the feasibility of delivering alternative water supplies to BAWSCA member agencies in times of future supply interruptions or water shortages. This pilot transfer will assist with (1) testing the viability of and impacts to the existing infrastructure described above and (2) identifying the necessary elements of the multiple institutional approvals and agreements required to deliver such transfer supplies.

The pilot transfer is planned to occur in January 2020. The pilot would be timed to coincide with a temporary shutdown of the Hetch Hetchy conveyance portion of the RWS.

**PARTICIPANTS:**

*BAWSCA* – BAWSCA provides regional water supply planning, resource development, and conservation program services for the benefit of its 26 member agencies. These activities include the planning and acquisition of supplemental water supplies to enhance the supply reliability of 16 cities, 8 water districts, and 2 private water providers that purchase wholesale water supplies from the SFPUC. These agencies provide water to 1.8 million people and businesses in Alameda, Santa Clara, and San Mateo Counties. Under the proposed Project, BAWSCA would manage the pilot transfer and coordinate the scheduling and delivery of transfer water with AWA, EBMUD, Hayward, and SFPUC.

*EBMUD* – EBMUD provides water to approximately 1.4 million people in parts of Alameda and Contra Costa counties in the San Francisco Bay Area. EBMUD owns and operates a system of surface water reservoirs, raw water aqueducts, water treatment plants, local storage facilities, and distribution pipelines and facilities. EBMUD uses these facilities to supply drinking water to its East Bay service area. Under the proposed Project, EBMUD would use its existing facilities to wheel the transfer water under agreements with AWA and BAWSCA, agree to the use of the Hayward Intertie for the pilot transfer, and make delivery of the wheeled quantity of water, less 20% system losses, to BAWSCA.

*AWA* – AWA provides water and wastewater services to a large portion of Amador County, including all 5 cities within the County. AWA provides both retail and wholesale water to approximately 27,000 residents through just under 7,000 service connections. Under the proposed Project, AWA would transfer water which it has determined can be made available through its water conservation efforts to BAWSCA.

*City of Hayward* – The City of Hayward delivers water to over 160,000 residents. The City of Hayward operates and maintains the Hayward Intertie. Under the proposed Project, the City of Hayward would agree to operate the Hayward Intertie and Hayward water system to receive pilot transfer water for use in the City of Hayward, and deliver transfer water south through the City of Hayward-owned conveyance system to SF RWS transmission lines.

*SFPUC* – San Francisco Public Utilities Commission manages the RWS and provides retail drinking water services to the City of San Francisco and wholesale water to three Bay Area counties. Under the proposed Project, SFPUC would agree to the use of the Hayward Intertie for the pilot transfer and receive transfer water into the RWS. SFPUC will deliver the pilot transfer water received into the RWS to BAWSCA member agencies.

# **BAWSCA**

**Bay Area Water Supply & Conservation Agency**

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155 Bovet Road, Suite 650  
San Mateo, California 94402  
(650) 349-3000 tel. (650) 349-8395 fax

## MEMORANDUM

**TO:** BAWSCA Board of Directors  
**FROM:** Nicole Sandkulla, CEO/General Manager  
**DATE:** November 15, 2019  
**SUBJECT:** Chief Executive Officer/General Manager's Letter

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### Los Vaqueros Expansion Project – Update:

BAWSCA continues to work with Contra Costa Water District (CCWD) and the other Los Vaqueros Expansion (LVE) partner agencies in the evaluation of the project benefits and costs.

The results of a financial review conducted by Alameda County Water District (ACWD) on behalf of the partners will be shared with partner agency General Managers on December 4, 2019. The review considered the proposed system usage fees developed by CCWD and EBMUD for use of their respective existing facilities that are proposed to be included in the operation of LVE. The results of the review will be shared with the Board as part of the January 2020 BAWSCA Board meeting packet.

CCWD has also been working with each of the partner agencies to identify a new, independent legal counsel that would represent the combined interests of the parties moving forward. Several law firms have since responded to an interest statement issued on behalf of the partner agencies and a selection is anticipated to be made by the end of 2019.

BAWSCA continues to work with CCWD and the LVE partner agencies on the refinement of possible operational plans to convey LVE water to the BAWSCA service area, including ability to move water through the South Bay Aqueduct (SBA) and to provide the necessary treatment. BAWSCA has been engaged with SBA agencies (ACWD, Valley Water, and Zone 7) in an effort to identify if capacity in the SBA can be made available during times when BAWSCA would take delivery of water from LVE.

A workshop was held on November 7, 2019, to provide an update regarding the LVE efforts for BAWSCA's Water Management Representatives (WMRs). BAWSCA staff along with staff from CCWD, ACWD, Valley Water, and San Francisco Public Utilities Commission (SFPUC) presented to the WMRs. Each of the presenters shared details of the status of the work effort as well as particulars regarding what their agency's interests are in the project.

### Bay Area Regional Reliability – Shared Water Access Program (BARR-SWAP):

In the spring of 2019, the BARR effort continued to move forward into a subsequent stage, specifically the development of a Water Marketing Strategy. The Water Marketing Strategy effort is funded in part by remaining monies from prior agency contributions coupled with a \$400,000 grant from the U.S. Department of Interior, Bureau of Reclamations (Bureau).

EBMUD, acting on behalf of the BARR partners, prepared an updated Memorandum of Agreement (MOA) to cover this Water Marketing Strategy work. BAWSCA and the other partner agencies signed the MOA and EBMUD, on behalf of the partners, selected Brown and Caldwell, Inc. as the consultant to help guide the work effort.

The Water Marketing Strategy Kick-Off was held on August 26, 2019. BAWSCA staff together with staff from the BARR partner agencies were present. The purpose of the meeting was to introduce the consultant project team and participating agencies and discuss the work schedule and key tasks. On September 30, 2019, as one of the first tasks for the Water Marketing Strategy, a water rights workshop was held for the benefit of the BARR Partners. The focus of the workshop was to detail the importance of understanding water rights as associated with various water transfer opportunities.

Most recently, the draft Bay Area Shared Water Access Program Technical Memorandum (TM) 1 was provided to the BARR partners for review and comment. TM 1 introduces a reproducible approach for evaluating potential transfers and exchanges as part of the Bay Area Shared Water Access Program (SWAP). In addition, it memorializes the process of developing and vetting an initial portfolio of potential water transfers and exchanges for pilot testing in 2020.

Currently, BARR Partners are evaluating which two of the five possible pilot transfers should be pursued under this effort and anticipate making a final selection by mid-December. The BARR-SWAP effort is scheduled to take three years to complete.

#### **Qualified Water Efficient Landscape (QWEL) Program:**

On March 2019, the BAWSCA Board authorized negotiation of a Memorandum of Understanding (MOU) with Solano County Water Agency (SCWA) to implement the Regional Bay Area Qualified Water Efficient Landscaper Training Program (QWEL) in the BAWSCA service area. QWEL provides landscape professionals with classroom and hands-on training on topics related to water-efficient landscape installation and management. The goal of the program is to increase landscape professionals' awareness and compliance with local water-use restrictions and reduce long-term landscape water use through wider adoption of proper care, irrigation management and other maintenance practices.

The MOU among the QWEL partner agencies, as well as SCWA's contract with the selected contractor, California Water Efficiency Partnership (CalWEP), were executed in September 2019. It is anticipated that the first QWEL training program will be held in early 2020.

To date, BAWSCA has received extensive interest from member agencies in hosting a QWEL training event. BAWSCA has requested that agencies interested in hosting a QWEL training submit a statement of interest form by November 15<sup>th</sup>. BAWSCA will then work with those interested agencies to select training sites by mid-December that best meet the facility requirements and are geographically suited to serve attendees throughout the BAWSCA region.

#### **Demand Study – Update:**

The Regional Water Demand and Conservation Savings Projections Study (Demand Study) continues to be on schedule for completion in May 2020. The consultant, Maddaus Water Management (MWM), together with BAWSCA staff, have completed the data collection task and the first technical memorandum. Preliminary demand projections have been prepared and will be shared with the BAWSCA agencies at a workshop on November 18, 2019. The workshop will include: 1) presentation of individual agency draft demand modeling results; 2) BAWSCA-

wide draft demand results; 3) a summary of the contents of TM-2, which is to be released by early December; 4) an overview of an approach to select conservation measures which agencies will consider for implementation as part of the effort to manage future water demand; and 5) next steps in the study effort.

Following member agency review of the information received as part of the workshop, BAWSCA and MWM will move forward with the remaining phases of the work scheduled for calendar year 2020, including agency sign-off on demand projections and conservation program analysis.

**Smart Controller Program – Update:**

In July 2019, the BAWSCA Board authorized BAWSCA to partner with Regional Water Authority (RWA) on a Regional Smart Controller Program and to offer participation in this program to member agencies as a subscription conservation program. The goal of the program is to improve outdoor water use efficiency through the installation of smart irrigation controllers to manage outdoor water use. The program will also provide professional installation and customer training on smart controller use. RWA will be the agency lead for this effort, and BAWSCA will have the option to partner with RWA to implement the program as a new Subscription Conservation Program for the BAWSCA agencies.

In the late summer / early fall of 2019, RWA completed the consultant selection process. Contract negotiations with Rachio, the selected consultant, are still ongoing and have delayed the program launch. RWA anticipates that contract negotiations will be complete in December and that the program will be ready to launch in early 2020.

**Asset Management Audit – Update:**

The BAWSCA FY 2019-20 Adopted Work Plan included the initiation of an audit of the SFPUC's asset management practices for the San Francisco Regional Water System (SF RWS). The Asset Management Program Audit (Audit) Phase 1, to be completed in FY 2019-20, includes the review and documentation of the existing SF RWS asset management program in place at the SFPUC. Phase 1 will provide a report with details of SFPUC's current asset management program, a summary of the data and technology systems in use by SFPUC, and an assessment of which asset management processes, plans, and systems warrant further evaluation.

On July 18, 2019, the BAWSCA Board authorized awarding this contract to West Yost Associates. Since that time, West Yost has completed the data collection and preliminary review of the information provided by SFPUC. BAWSCA and West Yost Associates are currently coordinating interviews with key SFPUC staff members. It is anticipated that the project will be completed on schedule, by May 2020, with key results to inform BAWSCA's FY 2020-21 workplan development to be available in March 2020.

**BAWSCA Staff Presentation to Department of Water Resources (DWR):**

In October, BAWSCA staff member Andree Johnson was invited to present to DWR and State Board staff on BAWSCA's Residential Water Use Study. The Residential Water Use Study was completed as part of Phase 2 of BAWSCA's "Making Conservation a Way of Life" Strategic Plan to support the BAWSCA agencies in complying with AB 1668 and SB 606, the new water conservation requirements. The DWR and State Board staff that took part in BAWSCA's presentation are members of the State's workgroup that will be implementing these new water conservation requirements. Based on feedback provided, the State staff found the information BAWSCA shared highly valuable, particularly the lessons learned from its work to support the State in implementing the conservation requirements in a manner that is feasible for water

agencies. Ms. Johnson also shared the methodology and results of the study as well as details of the merits and the difficulties in working with water utility customer hourly water use data.

BAWSCA will continue to work with DWR and the State Board on the implementation of the new water conservation requirements, using insights gained through the “Making Conservation a Way of Life” Strategic Plan efforts to inform the regulatory process for the benefit of the BAWSCA agencies.

### **SFPUC Annual Report on the Water System Improvement Program**

On August 30, 2019, in compliance with the requirements of AB 1823 (Papan, 2002), the SFPUC transmitted its Water System Improvement Program (WSIP) Annual Report for Fiscal Year 2018-19, dated August 30, 2019 (FY 2018-19 Annual Report) to the State Joint Legislative Audit Committee (JLAC), State Water Resources Control Board – Division of Drinking Water, and California Seismic Safety Commission (CSSC). BAWSCA also received a copy of this report, which was transmitted electronically to the Board on August 30<sup>th</sup> as well.

During the month of September and into early October of 2019, BAWSCA and its consultants completed a review of the report. A letter documenting the findings of BAWSCA’s review and recommendations was sent to the Commission as well as to the State Agencies who hold WSIP oversight roles. Those letters (attached) were both issued by BAWSCA on October 18, 2019.

In BAWSCA’s review of the annual report, two key matters stand out. First, BAWSCA anticipates that SFPUC’s projected WSIP completion date of December 30, 2021 will need to be extended due to delayed progress on two key projects (the Alameda Creek Recapture Project (ACRP) and the Regional Groundwater Storage and Recovery Project (RGSRP)). It is important that both the Commission and the State is aware of the strong likelihood of another WSIP extension.

Second, BAWSCA reminded the Commission and the State that the WSIP, as adopted by the SFPUC, must address drought reliability elements, not just seismic reliability of the RWS, consistent with the SFPUC’s adopted Level of Service (LOS) goals. The BAWSCA letters pointed out that the two WSIP projects that are experiencing significant delays (ACRP and RGSRP) are critical to the SFPUC’s ability to meet the water supply reliability LOS goal. If the water supply yield of those projects is reduced, the SFPUC will need to implement alternative projects that provide additional dry year water supply. BAWSCA will be following up on its letter with representatives from the State to answer any questions and will continue to closely monitor this issue in the coming months.

### **Acronyms Commonly Referred to By BAWSCA**

As previously requested by the Board, attached is a list of acronyms commonly used by BAWSCA. It will be updated and redistributed as needed for the Board’s reference.

Attachments:

1. October 18, 2019 BAWSCA Letter to SFPUC re; BAWSCA’s Review of the SFPUC’s Fiscal Year (FY) 2018-19 Annual Report, Water System Improvement Program
2. October 18, 2019 BAWSCA Letter to State Agencies; re; BAWSCA’s Review of the SFPUC’s Fiscal Year (FY) 2018-19 Annual Report, Water System Improvement Program
3. Acronyms commonly used by BAWSCA





October 18, 2019

The Hon. Ann Caen, President  
and Members of the Commission  
San Francisco Public Utilities Commission  
525 Golden Gate Avenue, 13th Floor  
San Francisco, CA 94102

**RE: BAWSCA's Review of the SFPUC's Fiscal Year (FY) 2018-19 Annual Report, Water System Improvement Program**

Dear President Caen and Members of the Commission,

The San Francisco Public Utilities Commission (SFPUC) recently provided the Bay Area Water Supply and Conservation Agency (BAWSCA) a copy the Water System Improvement Program (WSIP) Annual Report for Fiscal Year 2018-19 dated August 30, 2019 (FY 2018-19 Annual Report). This letter provides BAWSCA's comments on that document. Further, we ask that the Commission direct staff to implement the three recommendations as provided by BAWSCA in the discussion below.

In early 2016, BAWSCA requested that the SFPUC revise the format and content of the FY 2015-16 Annual Report to be more inclusive of issues BAWSCA thought were important. In subsequent year reports, the SFPUC has addressed BAWSCA's request by providing a more robust document that better enables a thorough review of the SFPUC's implementation of the WSIP.

Overall, BAWSCA remains concerned that SFPUC's projected WSIP completion date of December 30, 2021 will need to be extended due to delayed progress on two key projects (the Alameda Creek Recapture Project and the Regional Groundwater Storage and Recovery Project). Based on conversations with SFPUC staff and information contained in the FY 2018-19 Annual Report, BAWSCA anticipates that the SFPUC will propose such a delay in the WSIP completion date in calendar year 2020.

BAWSCA offers the following comments and three recommendations:

**1. Regional Closeout Projects.**

**Findings:**

There is minimal mention of the regional closeout projects in the executive summary or in the risk analysis. These projects have already added significantly to the WSIP cost and schedule, and could continue to negatively impact the WSIP program schedule and budget in the future.

The four closeout projects (San Joaquin, Sunol, Bay, and Peninsula) have each had their schedules adjusted in prior fiscal years. In FY 2018-19, the schedule for the WSIP Close Out - San Joaquin (CUWSJ10101) was extended by approximately 1 year (see Table 4-1). In addition, these four closeout projects required a total budget increase of \$17.4M in the re-baselining performed in April 2018 and as reflected in the FY 2017-18 Annual Report. While Section 6 of the FY 2018-19 Annual Report discusses some of the

closeout sub-project activities, there is no assessment of whether future risks are foreseen, or if projects will be completed on schedule and within budget aside from a reference in Appendix B of a previous quarterly report. Additionally, at the time of the FY 2018-19 Annual Report's publication, the SFPUC staff anticipated that minor construction wrap-up activities from the Calaveras Dam and Alameda Creek Diversion Dam contracts would be shifted to the Sunol Valley Closeout project. Once the transfer of scope occurs, the impacts of these activities on overall WSIP schedule and budget can be better evaluated. Accordingly, it is important to continue to closely track and report on these closeout projects.

**Recommendation #1:**

**It is recommended that future regional WSIP quarterly reports and annual reports identify known issues and challenges to scope, schedule, and budget for all closeout projects.**

**2. Section 3.1 – WSIP System Performance Objectives Analysis (pgs. 11-12.)**

**Findings:**

Based on the annual and quarterly reports, the status of construction project completion associated with Level of Service (LOS) goals (Section 3.2 in FY 2018-19 Annual Report) is known. But meeting LOS goals is a product of both construction and operational abilities as noted in the bullets under “System Performance Objective” in Table 3.1. Therefore, the “Construction Progress Towards LOS Goals” shown in Table 3-2 is only one measure of whether an LOS goal is, or can be, met. As the SFPUC recently relayed to BAWSCA, there has been no recent analysis on whether the individual system performance objectives shown in Table 3-1 can fully be met. It is important that both construction and operational abilities be tracked and evaluated regularly to ensure that LOS goals and system performance objectives shown in Table 3-1 of the FY 2018-19 Annual Report are being achieved.

**Recommendation #2:**

**It is recommended that the regional system operations model be used to confirm achievement of all LOS goals and objectives, and that the results of this analysis be included in the FY 2019-20 Annual Report.**

**3. Section 3.2 – Progress Towards Meeting Water Supply LOS Goals (pgs. 12-15).**

**Findings:**

In an earlier annual report (FY 2016-17 Annual Report, pages 17-21), a detailed discussion of the potential customer impacts from Water Supply LOS goals that were not currently 100% achieved was provided. This analysis quantified the current yield of the water supply program (both WSIP and non-WSIP projects) and noted strategies for meeting customer needs under regular operations and in drought years. This information was useful but has not appeared in subsequent reports.

During the process of adopting Resolution #18-0052 (April 10, 2018) that was part of the most recent re-baselining process, the Commission directed staff to implement all seven recommendations proposed in BAWSCA's April 3, 2018 comment letter.

Recommendation #1 from BAWSCA required a report on the estimated Regional

Groundwater project yield by January 2019. This report and its required content were noted as an upcoming deliverable in the FY 2017-18 Annual Report (see cover letter page 3, FY 2017-18). Completion of this report has now been delayed and no new date has been proposed (see page ES2, FY 2018-19). The current annual report states that “the SFPUC will provide an updated yield estimate for the project in the future based on extended pumping tests and operational experience of the RGSRP wells.” BAWSCA urges the SFPUC to perform this important analysis.

**Recommendation #3:**

**It is recommended that the following key information be included in all future annual reports:**

**(a) Long-term impacts on Water Supply Goal – Alameda Creek Recapture Project.**

Provide updated yield estimates for the project, including proposed and adopted permit requirements and/or EIR mitigations that affect the ability to recapture the target flow.

**(b) Long-term impacts on Water Supply Goal – Regional Groundwater Storage and Recovery Project.**

Provide updated yield estimates for the project in the FY 2019-20 Annual Report. We also recommend that the SFPUC prepare a “Preliminary Regional Groundwater Storage and Recovery Project Yield Report” based on best available information at this current point in time and submit it to the Commission by March 31, 2020. This report should provide an estimate of the expected yield of the Phase 1 wells and characterize the viability of any Phase 2 test wells potentially suitable for development into production wells. The report should also note any expected contributions to meeting LOS goals from the Daly City Recycled Water Expansion project. Subsequent updates on estimated yield and related information should be reported in the annual report.

BAWSCA looks forward to your feedback regarding the willingness of SFPUC to address the above recommendations. Please contact me at (650) 349-3000 if you need further clarification regarding the matters detailed herein.

Sincerely,



Nicole Sandkulla  
Chief Executive Officer/General Manager

NS/tf/le

cc: Assembly Member Rudy Salas, Chair, Joint Legislative Audit Committee  
Senator Richard Roth, Vice Chair, Joint Legislative Audit Committee  
The Hon. Michael Gardner, Chair, Alfred E. Alquist Seismic Safety Commission  
The Hon. Mia Marvelli, Acting Vice Chair, Alfred E. Alquist Seismic Safety Commission  
Stefan Cajina, Chief Engineer, No. Coastal Sect., SWRCB, Div. of Drinking Water

Wesley Opp, Chief Consultant, JLAC  
Richard McCarthy, Executive Director, Alfred E. Alquist Seismic Safety Commission,  
Fred Turner, Structural Engineer, Alfred E. Alquist Seismic Safety Commission  
Vlad Rakhimov, Assoc. Engineer, No. Coastal Sect., SWRCB, Div. of Drinking Water  
Darrin Polhemus, Deputy Director, SWRCB, Div. of Drinking Water  
Daniel Newton, Assistant Deputy Director, SWRCB, No. Ca. Drinking Water Field Ops  
BAWSCA Board of Directors  
Harlan Kelly, SFPUC, General Manager  
Steven Ritchie, SFPUC, Assistant General Manager, Water Enterprise  
Dan Wade, SFPUC, Director, Water Capital Projects and Programs  
BAWSCA Water Management Representatives  
Allison Schutte, Hanson Bridgett, LLP, Legal Counsel



October 18, 2019

Assembly Member Rudy Salas, Chair  
Senator Richard Roth – Vice Chair  
Joint Legislative Audit Committee  
1020 N. Street, Room 107  
Sacramento, CA 95814

The Hon. Michael Gardner, Chairman  
The Hon. Mia Marvelli, Acting Vice-Chair  
Alfred E. Alquist Seismic Safety Commission  
2945 Ramco Street, Suite 195  
West Sacramento, CA 95691

Stefan Cajina, Chief  
North Coastal Section, Division of Drinking Water  
State Water Resources Control Board  
850 Marina Bay Parkway, Bldg P, Second Floor  
Richmond, CA 94804

**RE: BAWSCA's Review of the SFPUC's Fiscal Year (FY) 2018-19 Annual Report, Water System Improvement Program**

Dear Assembly Member Salas, Senator Roth, Commissioners Gardner and Marvelli, and Mr. Cajina:

The San Francisco Public Utilities Commission (SFPUC) recently provided the Bay Area Water Supply and Conservation Agency (BAWSCA) a copy the Water System Improvement Program (WSIP) Annual Report for Fiscal Year 2018-19, dated August 30, 2019 (FY 2018-19 Annual Report). Attached is BAWSCA's comment letter, which includes a request that the Commission direct staff to implement the recommendations provided with our comments.

In particular, BAWSCA would like to call the following to your attention:

1. BAWSCA believes that SFPUC's projected WSIP completion date of December 30, 2021 will need to be extended due to delayed progress on two key projects (the Alameda Creek Recapture Project (ACRP) and the Regional Groundwater Storage and Recovery Project (RGSRP)). It is important that the State is aware of the strong likelihood of a WSIP extension. The recent passage of SB 699 (Hill) ensures State oversight of the WSIP will continue to January 1, 2026.
2. As the WSIP was fashioned and adopted by the SFPUC, the program's purpose was to upgrade aging or insufficient infrastructure to address seismic concerns and to implement specific delivery and drought reliability elements of the WSIP that, when implemented, would enable the SFPUC to meet its adopted Level of Service (LOS) goals. As a reminder, LOS goals are associated with seismic and delivery reliability, water quality, cost-effectiveness, sustainability, and water supply reliability during times

October 18, 2019

Page 2 of 2

of drought. The two delayed WSIP projects mentioned above (ACRP and RGSRP) are critical to the SFPUC's ability to meet the water supply reliability LOS goals. If their respective water supply yield is reduced, the SFPUC will need to implement an alternative project that provides additional dry year water supply. BAWSCA asks that the State support BAWSCA's position on the importance of meeting the LOS goals as part of WSIP.

Please call me if BAWSCA can provide further assistance in the State's review of the SFPUC's FY 2018-19 Annual Report, or if you would like to discuss BAWSCA's comment letter to the SFPUC. I can be reached by phone at (650) 349-3000 or via email at [nsandkulla@bawsca.org](mailto:nsandkulla@bawsca.org). BAWSCA sincerely appreciates the time and attention given by the State in helping to make sure WSIP progress continues.

Sincerely,



Nicole Sandkulla  
Chief Executive Officer/General Manager

NS/tf/le

Enclosure

cc: SFPUC Commissioners  
Harlan L. Kelly, Jr., General Manager, SFPUC  
Steven Ritchie, Assistant General Manager of the Water Enterprise, SFPUC  
Dan Wade, Director, Water Capital Projects and Programs, SFPUC  
Wesley Opp, Chief Consultant, Joint Legislative Audit Committee  
Richard McCarthy, Executive Director, Alfred E. Alquist Seismic Safety Commission  
Fred Turner, Structural Engineer, Alfred E. Alquist Seismic Safety Commission  
Vlad Rakhamimov, Associate Engineer, No. Coastal Sect., SWRCB Div. of Drinking Water  
Darrin Polhemus, Deputy Director, SWRCB, Div. of Drinking Water  
Daniel Newton, Assistant Deputy Director, SWRCB, No. Ca. Drinking Water Field Ops  
BAWSCA Board of Directors  
BAWSCA Water Management Representatives  
Allison Schutte, Legal Counsel, Hanson Bridgett, LLP

## ACRONYMS

\$/AF	dollars per acre-foot
\$B	billion dollars
\$M	million dollars
ABAG	Association of Bay Area Governments
ACWD	Alameda County Water District
ADWF	average dry weather flow
AF	acre-feet
AFY	acre-feet per year
AOP	advanced oxidation process
AS	activated sludge
AWA	Amador Water Agency
AWPF	Advanced Water Purification Facility
AWWA	American Water Works Association
BAAQMD	Bay Area Air Quality Management District
BAC	biologically activated carbon
BARDP	Bay Area Regional Desalination Project
BARR	Bay Area Regional Reliability
BAWSCA	Bay Area Water Supply and Conservation Agency
Bay	San Francisco Bay
BCDC	Bay Conservation and Development Commission
BDCP	Bay Delta Conservation Plan
BDP	Bay Division Pipeline
BMP	Best Management Practice
BNR	biological nutrient removal
Board	Board of Directors
BOD	biochemical oxygen demand
BOR	Bureau of Reclamation
BWRO	brackish water reverse osmosis
Cal Water	California Water Service Company
CalEMA	California Emergency Management Agency
CALFED	CALFED Bay-Delta Program
Caltrans	California Department of Transportation
CASGEM	California State Groundwater Elevation Monitoring
CBOD	carbonaceous biochemical oxygen demand
CCC	California Coastal Commission
CCF	hundred cubic feet
CCI	Construction Cost Index
CCR	California Code of Regulations
CCWD	Contra Costa Water District
CDFW	California Department of Fish & Wildlife
CDPH	California Department of Public Health
CEQA	California Environmental Quality Act
CFA	Central Focus Area

CFBF	California Farm Bureau Federation
CFR	Code of Federal Regulations
CHRIS	California Historical Resources Information System
CO2E	carbon dioxide equivalent
CSPS	Crystal Springs Pump Station
CSR	Crystal Spring Reservoir
CVP	Central Valley Project
CWA	Clean Water Act
CWS	California Water Services
CY	cubic yards
DBP	disinfection byproduct
DCP	Drought Contingency Plan
DDW	Division of Drinking Water
Delta	Sacramento-San Joaquin Delta
DHCCP	Delta Habitat Conservation and Conveyance Program
Dia	diameter
DOC	California Department of Conservation
DPR	direct potable reuse
DRIP	Drought Implementation Plan
DWR	Department of Water Resources
EBMUD	East Bay Municipal Utility District
EBP	East Bay Plain
EIR	Environmental Impact Report
EIS	Environmental Impact Statement
EMID	Estero Municipal Improvement District
EPA	U.S. Environmental Protection Agency
ESA	Endangered Species Act
FAT	full advanced treatment
FEF	Flow Equalization Facility
FEMA	Federal Emergency Management Agency
FERC	Federal Energy Regulatory Commission
fps	feet per second
FRWP	Freeport Regional Water Project
ft	feet
FY	fiscal year
g/L	grams per liter
GIS	Geographic Information System
gpd	gallons per day
gpm	gallons per minute
GHG	greenhouse gas
GRR	Groundwater Replenishment Reuse
GRRP	Groundwater Replenishment Reuse Project
GW	groundwater
HAA5	haloacetic acids
HDD	horizontally directionally drilled
HH/LSM	Hetch Hetchy/Local Simulation Model



HM	habitat management
Hp	horsepower
Hwy	highway
IAP	Independent Advisory Panel
IPAC	Information for Planning and Consultation
IPR	indirect potable reuse
IRWM	Integrated Regional Water Management
IRWMP	Integrated Regional Water Management Plan
ISG	Individual Supply Guarantee
JPA	Joint Powers Authority
LF	lineal feet
LID	low-impact development
LOS	level of service
LRV	log reduction values
LS	lump sum
LT2ESWTR	Long Term 2 Enhanced Surface Water Treatment Rule
LTRWSS	Long Term Reliable Water Supply Strategy
LV	Los Vaqueros Reservoir system
LVE	Los Vaqueros Expansion
M	million
MAFA	million acre-feet annually
MAP	Management Action Plan
Max	maximum
MBR	membrane bioreactor
MCL	maximum contaminant limit
MF	microfiltration
MG	million gallons
mg/L	milligrams per liter
mgd	million gallons per day
MID	Modesto Irrigation District
Min	minimum
MMWD	Marin Municipal Water District
MND	Mitigated Negative Declaration
MOU	Memorandum of Understanding
MTBE	mean time between events
MTC	Metropolitan Transportation Commission
NASA	National Aeronautics and Space Administration
NC	Niles Cone
NDN	nitrification/denitrification
NEPA	National Environmental Policy Act
NOAA Fisheries	National Oceanic and Atmospheric Administration Fisheries
NOD	Notice of Determination
NOI	Notice of Intent
NOP	Notice of Preparation
NPDES	National Pollutant Discharge Elimination System
NPR	non-potable reuse

NRDC	Natural Resources Defense Council
NTU	nephelometric turbidity units
NWRI	National Water Research Institute
O&M	operations and maintenance
P3	Public Private Partnership
PG&E	Pacific Gas and Electric
ppb	parts per billion
ppm	parts per million
PREP	Potable Reuse Exploratory Plan
Prop	Proposition
PW	present worth
Q	total flow out of the reservoir
QWEL	Qualified Water Efficient Landscaper
Reclamation	Bureau of Reclamation
RFP	request for proposal
RFQ	request for qualifications
RO	reverse osmosis
ROD	Record of Decision
ROW	Right-of-Ways
RW	recycled water
RWA	reservoir water augmentation
RWPS	Recycled Water Pump Station
RWQCB	Regional Water Quality Control Board or Regional Board
RWQCP	Regional Water Quality Control Plant
RWS	SFPUC's Hetch Hetchy Regional Water System
RWSRM	Regional Water Supply Reliability Model
SBA	South Bay Aqueduct
SBDDW	State Board Division of Drinking Water
SCVWD	Santa Clara Valley Water District
SF Bay	San Francisco Bay
SFA	Southern Focus Area
SFPUC	San Francisco Public Utilities Commission
SFRWS	San Francisco Regional Water System
SJTA	San Joaquin Tributaries Authority
SGM	Strategy Groundwater Model
SMP	San Mateo Plain
Strategy	Long-Term Reliable Water Supply Strategy
SVCW	Silicon Valley Clean Water
SWP	State Water Project
SWRCB	State Water Resources Control Board or State Board
SWRO	surface water reverse osmosis
TAF	thousand acre-feet
TDH	total dynamic head
TDS	total dissolved solids
TID	Tuolumne Irrigation District
TM	technical memorandum

TMDL	total maximum daily load
TOC	total organic carbon
TSS	total suspended solids
TTHM	total trihalomethanes
TUD	Tuolumne Utilities District
UF	ultrafiltration
USACE	U.S. Army Corps of Engineers
USFWS	United States Fish and Wildlife Service
USGS	U.S. Geological Survey
UV	ultraviolet
UWMP	Urban Water Management Plan
V/G/C	Virus, Giardia, and Cryptosporidium
Valley Water	Santa Clara Valley Water District
Vol	total volume of the reservoir
WBSD	West Bay Sanitary District
WDR	Waste Discharge Requirements
WRF	Water Reclamation Facility
WRR	Wholesale Revenue Requirement
WRRF	WaterReuse Research Foundation
WSA	Water Supply Agreement
WSB	Westside Basin
WSIP	Water System Improvement Program
WSS	watershed sanitary survey
WTP	water treatment plant
WWTP	wastewater treatment plant
YCWA	Yuba County Water Agency
Zone 7	Alameda County Flood Control and Water Conservation District

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# Board of Directors

## Policy Calendar Through May 2020

Meeting Date	Purpose	Issue or Topic
November 2019	D&A	Consideration of Action to Extend Current Tier 2 Drought Plan
	D&A	Consideration of Agreements Related to BAWSCA's Pilot Water Transfer; CEQA Determination; Funding Approval
	D&A	Consideration of Consultant Agreement for a Customer Meter Testing Program
January 2020	D&A	FY 2019-20 Mid-Year Work Plan and Budget Review
	D&A	Annual Review and Consideration of BAWSCA's Statement of Investment Policy
	D&A	Annual Review of General Reserve Management
	D&A	Review of Agency Personnel Handbook
	R	Review of Water Supply Forecast
March 2020	D&A	Consideration of BAWSCA Bond Surcharges for FY 2020-21
	R&D	Presentation of Preliminary FY 2020-21 Work Plan and Budget
	R&D	Los Vaqueros Expansion Update
	R&D	Demand Study Update
May 2020	D&A	Consideration of Proposed FY 2019-20 Work Plan and Budget
	D&A	Consideration of Annual Consultant Contracts
	R	Review of Water Supply Forecast

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**Bay Area Water Supply and Conservation Agency  
and Regional Financing Authority**

**Meeting Schedule through December 2020**

<b>Schedule for BAWSCA Board Meetings (Meetings are held from approx. 6:30 – 8:45 p.m.)</b>	
<b><u>Date</u></b>	<b><u>Location</u></b>
Thursday – November 21, 2019	Oak Room, San Mateo Main Library
Thursday – January 16, 2020	Oak Room, San Mateo Main Library
Thursday – March 19, 2020	Oak Room, San Mateo Main Library
Thursday – May 21, 2020	Oak Room, San Mateo Main Library
Thursday – July 16, 2020	Oak Room, San Mateo Main Library
Thursday – September 17, 2020	Wind Room, Foster City Community Building <i>(Venue for Month of September Meetings with few exceptions)</i>
Thursday – November 19, 2020	Oak Room, San Mateo Main Library

<b>Schedule for RFA Board Meetings (Meeting time will be announced)</b>	
<b><u>Date</u></b>	<b><u>Location</u></b>
Thursday – January 16, 2020	Oak Room, San Mateo Main Library

<b>Schedule for BAWSCA Board Policy Committee Meetings (Meetings held from 1:30-4:00 p.m.)</b>	
<b><u>Date</u></b>	<b><u>Location</u></b>
Wednesday – December 11, 2019	155 Bovet Rd., San Mateo – 1 <sup>st</sup> Floor Conf. Rm.
Wednesday – February 12, 2010	155 Bovet Rd., San Mateo – 1 <sup>st</sup> Floor Conf. Rm.
Wednesday – April 8, 2020	155 Bovet Rd., San Mateo – 1 <sup>st</sup> Floor Conf. Rm.
Wednesday – June 10, 2020	155 Bovet Rd., San Mateo – 1 <sup>st</sup> Floor Conf. Rm.
Wednesday – August 12, 2020	155 Bovet Rd., San Mateo – 1 <sup>st</sup> Floor Conf. Rm.
Wednesday – October 14, 2020	155 Bovet Rd., San Mateo – 1 <sup>st</sup> Floor Conf. Rm.
Wednesday – December, 9, 2020	155 Bovet Rd., San Mateo – 1 <sup>st</sup> Floor Conf. Rm.