

BAWSCA

Bay Area Water Supply & Conservation Agency

BOARD POLICY COMMITTEE

October 9, 2019
1:30 p.m.

BAWSCA Offices, 155 Bovet Road, San Mateo, 1st Floor Conference Room
(Directions on page 3)

AGENDA

<u>Agenda Item</u>	<u>Presenter</u>	<u>Page#</u>
1. <u>Call to Order, and Roll Call</u> Roster of Committee members (<i>Attachment</i>)	(Zigterman)	Pg 5
2. <u>Comments by Chair</u>	(Zigterman)	
3. <u>Public Comment</u> <i>Members of the public may address the committee on any issues not listed on the agenda that are within the purview of the committee. Comments on matters that are listed on the agenda may be made at the time the committee is considering each item. Each speaker is allowed a maximum of three (3) minutes.</i>	(Zigterman)	
4. <u>Consent Calendar</u> A. Approval of Minutes from the June 12, 2019 meeting (<i>Attachment</i>)	(Zigterman)	Pg 7
5. <u>Action Items</u> A. Tier 2 Drought Implementation Plan Extension (<i>Attachment</i>) <u>Issue:</u> What is BAWSCA's approach to addressing the December 2019 expiration of the Tier 2 Drought Allocation Plan? <u>Information to Committee:</u> Memorandum and oral report. <u>Committee Action Requested:</u> That the Committee recommend Board approval of the proposed action.	(Sandkulla)	Pg 17
B. Implementation of BAWSCA's Pilot Water Transfer (<i>Attachment</i>) <u>Issue:</u> What are the necessary agreements that need to be in place to implement the one-time pilot water transfer? <u>Information to Committee:</u> Staff memo and oral report. <u>Committee Action Requested:</u> That the Committee recommend Board approval of the proposed action.	(Francis)	Pg 23
C. Authorization to Enter into an Agreement with the Selected Contractor to Implement a Customer Water Meter Accuracy Testing Program (<i>Attachment</i>) <u>Issue:</u> How are BAWSCA member agencies continuing their efforts to reduce water loss as required by SB 555? <u>Information to Committee:</u> Staff memo and oral report. <u>Committee Action Requested:</u> That the Committee recommend Board approval of the proposed action.	(Francis)	Pg 33

6. Reports

- A. Water Supply Conditions - Update (Sandkulla)
- B. Bay Delta Plan
- C. CEO Letter (*Attachment*) Pg 41
- D. Board Policy Committee Policy Calendar (*Attachment*) Pg 43
- E. Correspondence Packet ([Under Separate Cover](#))

7. Closed Session

- A. Conference with Legal Counsel – Existing Litigation pursuant to Paragraph (1) of subdivision (d) of Government Code Section 54956.9 (Schutte)
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 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 Labor Negotiator (*Under Separate Cover*)
Agency designated representative: Barbara Pierce
Unrepresented Employee: CEO/General Manager

8. Report from Closed Session(Schutte)**9. Comments by Committee Members**(Zigterman)**10. Adjournment to the next meeting on December 11, 2019 at 1:30pm in the 1st floor conference room of the BAWSCA office building, at 155 Bovet Road, San Mateo.**

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Directions to BAWSCA

From 101: Take Hwy.92 Westbound towards Half Moon Bay. Exit at El Camino Northbound (move into the far left Lane) Left at the 1st stop light which is Bovet Road (Chase Building will be at the corner of Bovet and El Camino). Proceed West on Bovet Road past 24-Hour Fitness to two tall buildings to your left. Turn left into the driveway between the two buildings and left again at the end of the driveway to the "Visitor" parking spaces in front of the parking structure.

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

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD POLICY COMMITTEE

Committee Roster:

Tom Zigterman, Stanford University (Chair)

Thomas Chambers, Westborough Water District (Vice Chair)

Alison Cormack, City of Palo Alto

Sam Hindi, City of Foster City

Rob Kuta, California Water Service Co.

Gustav Larsson, City of Sunnyvale (BAWSCA Vice Chair)

Al Mendall, City of Hayward

Barbara Pierce, City of Redwood City (BAWSCA Chair)

Sepi Wood, City of Brisbane

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

June 12, 2019 – 1:30 p.m.
BAWSCA Offices – 155 Bovet Rd., San Mateo – 1st Floor Conference Room

MINUTES

1. **Call to Order:** Committee Vice Chair, Tom Chambers, 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 Vice Chair Chambers welcomed the members of the committee and briefed the Committee on the agenda items.
3. **Public Comments:** Two public comments were made.

First was by Peter Drekmeier from TRT on Water Supply Assessments, encouraging the use of a 6-year drought planning model versus an 8-year and work with the State for legislation that provides water supply to urban areas during worst drought scenarios.

The second was by Dave Warner, Palo Alto resident, encouraging use of local water sources and asking BAWSCA to be a leader, through its member agencies, in providing approaches to reducing the need for water imports, thereby increasing water supply reliability during times of drought. This improves water resilience, reduces the risk of losing development due to lack of water, it is good for the environment, and presents the opportunity for member agencies to provide great leadership. He asked for a meeting with BAWSCA Chair Pierce, Director Cormack and Ms. Sandkulla to discuss this idea, and with their approval, will work with Lourdes in scheduling a meeting

4. **Consent Calendar:** Approval of Minutes from the April 10, 2019 meeting.

Director Wood made a motion, seconded by Director Larsson, that the minutes of the April 10, 2019 Board Policy Committee meeting be approved.

The motion carried unanimously.

5. **Action Calendar:**

- A. **Authorization to Negotiate and Enter into an Agreement with a Consultant for an Asset Management Audit:** Sr. Water Resources Specialist, Andree Johnson, reminded the Committee that the adopted work plan for FY 2019-20 includes the initiation of an audit of SFPUC's asset management practices for the San Francisco Regional Water System. The efforts will begin with Phase 1 which will include review and documentation of SFPUC's existing management program processes and practices, and assessment of which processes, plans and systems warrant further evaluation. Phase 1 is anticipated to be completed in early FY 2020-21 to inform the

development of BAWSCA's workplan and subsequent efforts needed for the following fiscal year.

The audit was anticipated during the negotiation of the 2009 Water Supply Agreement. The WSA includes a clause that requires the SFPUC to cooperate with such an audit. BAWSCA is exercising the clause for the first time as the WSIP nears completion. The audit will support BAWSCA's goal of ensuring that the significantly large capital improvements are appropriately managed in the long-term.

The SFPUC is aware and is supportive of BAWSCA's efforts to conduct and complete the audit in FY 2020-21.

BAWSCA's RFP was reviewed by the SFPUC and was sent to 9 consultants. One response to the RFP was received from West Yost Associates.

A selection panel that was formed prior to the release of the RFP conducted a full review of the proposal received. The panel was comprised of BAWSCA staff and two outside panelists from CalWater and EBMUD with asset management expertise. The panel's review confirmed that West Yost Associates demonstrated the expertise that meets BAWSCA's needs and proposes a cost that is within BAWSCA's budget.

In response to Director Pierce, Ms. Johnson stated that BAWSCA reached out to the consulting firms who did not respond. She reported that because BAWSCA's audit is a small budget project compared to SFPUC's multiple higher value projects, the firms were concerned with the potential conflicts of interests should they pursue SFPUC proposals.

Director Kuta asked if the audit will look at how the SFPUC is performing against existing programs. It would be useful to know what the SFPUC uses to improve and encourage greater asset management efforts, how they measure against their own program, as well as against industry standards.

Ms. Johnson stated that she anticipates Phase 1 to generate this type of parallel information. Otherwise, it could be something to consider in future phase of BAWSCA's auditing efforts.

Director Pierce made a motion, seconded by Director Cormack, to:

- 1. authorize the CEO/General Manager to negotiate and execute an agreement with West Yost Associates, for a not-to-exceed amount of \$55,000, subject to legal counsel review, to complete the Asset Management Program Audit; and,**

The motion carried unanimously.

- B. Authorization to Negotiate and Enter into an Agreement with the Regional Water Authority (RWA) to partner in their implementation of a Regional Smart Controller Program: Ms. Johnson reported that the Regional Smart Controller Program would be offered as a new subscription conservation program in which all BAWSCA member agencies would have the option to participate, and participating agencies

would pay their share of the program costs, including the rebate costs and administration costs.

The goal of the program is to improve single-family outdoor water use efficiency by providing rebates and installation support services for smart irrigation controllers.

The program will be implemented in partnership with Regional Water Authority (RWA), a Joint Powers Authority based in Sacramento that operates a range of water conservation programs for their member agencies. BAWSCA coordinates with RWA on a variety of conservation related topics, and through its course of work, BAWSCA and RWA recognized their similar interests in implementing a regional smart controller program in similar timelines. With RWA's existing staff resources and grant funding, they took the lead in the procurement and contracting processes. BAWSCA participated in the procurement process in coordination with legal counsel. If approved, BAWSCA would partner with RWA through a Memorandum of Understanding (MOU).

Through a competitive procurement process, Rachio, in partnership with Valley Soil, was selected to implement the program.

Ms. Johnson explained that smart irrigation controllers are devices that automatically adjust watering schedule based on local weather data. These controllers are designed to make outdoor irrigation easier to manage for the homeowners, as well as help homeowners better understand outdoor irrigation. The specific controller, Rachio 3, selected for the program, is smart phone enabled and will allow homeowners to view and manage their outdoor irrigation through an app.

BAWSCA is currently negotiating the cost structure with Rachio and RWA. Rachio proposes an overall cost that includes: \$10,000 program implementation, \$175 per controller, and \$195 per installation.

The program implementation cost would be shared between RWA, BAWSCA and among the participating agencies.

Participating agencies will likely have the option of selecting their respective rebate amounts per controller and if they choose to provide support for installation. The recommended rebate amount is \$75 per controller. The assumption is that the customer will pay the \$100 to cover the \$175 cost per controller as well as the \$195 installation cost per controller. Agencies can consider providing a subsidy for the installation cost. The primary goal is to make sure that the installation service is available so that the controllers are appropriately set up for the type of landscaping the homeowner has. Ms. Johnson added that RWA has grant funding available that may be used to offset the overall program implementation costs.

Director Kuta asked how Rachio's cost per unit compared to others in the market. Ms. Johnson stated that the Rachio 3 controllers retail at approximately \$200.

In response to Director Chambers, Ms. Johnson stated that through the conservation legislation implementation process, each water utility will be required to meet an overall water use target on an annual basis. That target will be calculated based on assumed efficient levels of indoor and outdoor residential use, and large irrigation

use. This is one of the programs that will help reduce outdoor residential use. The specific targets for each agency will not be available until 2022, but given the short turn-around time to meet the requirements, this program provides agencies a jump-start.

Director Larsson asked whether the ongoing workload for the program will have an impact to BAWSCA's staff resources.

Ms. Johnson stated that the program is structured for Rachio to take on a majority of the program implementation. She added that it will be in line with the other subscription program implemented with 3rd party contractors. There will be minimal BAWSCA staff time spent each year specifically on contract renewal, invoicing, and setting the program costs. Agencies typically pay BAWSCA \$150 for administration fee per year.

For this particular controller, Director Larsson inquired whether it would take into account certain city provisions. For example, in the last drought, the City of Sunnyvale required odd numbered homes to water at certain days versus even numbered homes.

Ms. Johnson said that Rachio, through the app, will have push notifications for its users letting them know about local watering restrictions. It will also provide a portal for the agencies to view water use patterns of their water customers in general, and how the watering guidelines are being followed.

In response to Director Cormack, Ms. Johnson explained that the utility app that will be used by this program will track water use in zones, providing user privacy. The agency will not see the specific address at which a certain water use activity is taking place.

Ms. Johnson stated that while there is no set goal for how many controllers are to be installed, each participating agency can set its own goal based on its budget and number of households. Results of this program, as well as other subscription and core conservation programs, will be reported in BAWSCA's Annual Conservation Report that is posted on BAWSCA's website.

Director Kuta asked about cost distribution and whether a larger number of subscribers can lower the costs?

Ms. Johnson reported that Rachio's current proposal does not include any economies of scale. While BAWSCA is currently discussing that possibility with Rachio as a means to encourage broader participation in the program, the results remain to be seen.

Director Kuta requested a re-opener depending on the results of the discussion.

Director Mendall noted that technology will change and so will costs, and therefore encouraged monitoring the changes to ensure that BAWSCA is not paying for a 4 year old cost of technology. He asked what the duration of the contract is.

Ms. Johnson explained that the contract, similar to most of BAWSCA's subscription programs, will have a 1-year duration from July 1st through June 30th, with an option to extend on an annual basis for additional years, as desired by the Board.

Ms. Sandkulla added that all subscription programs run on an annual basis because agencies budget their conservation programs on a year to year basis. This provides the opportunity to make necessary program and participation adjustments.

Director Kuta asked whether the data flows through a portal, or if it is open source, so that if there are changes to the contractor, BAWSCA will have access to the data.

Ms. Johnson explained that the data will be through the Rachio specific portal and BAWSCA will not have access to the data on the Rachio controllers if the program is discontinued.

Ms. Johnson clarified that the water customers' capabilities to purchase Rachio 3 Controllers are independent of the agencies' ability to participate in the program. If an agency discontinues their program participation, the water users of that agency who purchased the controllers will continue to have access to the Rachio 3 technology.

Director Larsson made a motion, seconded by Director Wood, to:

- 1. authorize the CEO/General Manager to negotiate and execute an MOU with Regional Water Authority, subject to legal counsel review, to implement the Regional Smart Controller Program; and,**

The motion carried unanimously.

6. Reports:

- A. Water Supply Update:** Ms. Sandkulla reported that water storage is in very good condition, with significant amounts of snow still in the Sierras. As of April, total potable use was 25% less than April 2013. Current system total water use, including San Francisco retail use, is consistent with 2018. The May data is anticipated to drop in comparison to previous years because of the significantly wet and cold weather patterns that occurred this year.

Current water use trends continue to be interesting to follow. The Demand Study is anticipated to provide useful information in learning about the changes in the region's water use trends and to support better planning moving forward.

- B. Bay Delta Plan:** Ms. Sandkulla reported BAWSCA's continuing efforts following the adoption of the Bay Delta Plan by the State Water Resource Control Board (State Board) in December 2018. The State and stakeholder activities are now focused on the Voluntary Agreement (VA). The assigned Secretaries of Natural Resources, Wade Crowfoot, and CAL EPA, Jared Blumenfeld, are continuing to facilitate and lead the VA discussions.

BAWSCA continues to closely monitor developments and coordinate with the SFPUC, which is directly involved in the discussions. The Secretaries have made

the process open for all stakeholders, including BAWSCA, to participate. But Ms. Sandkulla stated that at this time, BAWSCA is working appropriately with the SFPUC in monitoring the developments.

Ms. Sandkulla presented the milestones that were identified in the Secretaries' March 2019 report released to the State Board. The Secretaries have committed to sending a document to the State Board on June 30th that address the critical path issues for this Voluntary Agreement, and refine some elements of the project description.

The specifics of the document are unknown, but the deadline of June 30th is holding firm, which Ms. Sandkulla stated is a sign of progress. She noted that holding firm to the date is important, regardless of what the documents contains, because it forces the ongoing discussions towards the other deadlines of August 1st; completion of further analysis with SWRCB, and September 1st; requesting the State to circulate a draft comprehensive SED.

The intent is for the State Board to consider a Voluntary Agreement as early as December 1, 2019. The Committee and the Board will be kept apprised on all developments following June 30th.

A topic that has been commented on in relation with the Bay Delta Plan are Water Supply Assessments (WSA). Ms. Sandkulla explained that a WSA is an informational document that a water supplier is obligated to provide to an entity that approves development. It is part of a planning process and is triggered when a proposed water demand is equal to or great than the needs of a 500 unit development.

Ms. Sandkulla reported that San Francisco has had a number of WSA's adopted in which they presented future water supply reliability uncertainties in 3 scenarios.

The first scenario is status quo: No implementation of the Bay Delta Plan or March 1st proposed VA. In this scenario, there is systemwide rationing on the San Francisco Regional Water System of up to 20%.

The second scenario implements the March 1st proposed VA which provides an additional incremental increase in rationing.

The third scenario implements the Bay Delta Plan Update, which provides a significant increase in rationing of up to 50% systemwide.

Ms. Sandkulla reminded the Committee that BAWSCA's comments to the State Board identify that a 50% cutback systemwide will have significant impacts to the region.

She presented a map, which BAWSCA has included in its comments to the State, that identifies the agencies that will have to implement a potential development moratorium if there is a 50% systemwide cutback. The map was developed based on the most recent Urban Water Management Plan (UWMP) which are adopted by the agencies' governing bodies every 5 years.

BAWSCA is working closely with the Water Management Representatives on this issue as many will have to address their own agency's WSA's.

BAWSCA and its member agencies continue to support the objective of the Bay Delta Plan and remains focused on the Voluntary Agreement as the best solution to resolve this critical issue.

Peter Drekmeier provided public comments.

- C. CEO Evaluation Procedure: BAWSCA Board Chair Pierce reported that the CEO Evaluation Procedure is initiated every year in July. Following the July 18th BAWSCA Board Meeting, Chair Pierce will be emailing the Annual Report of Results Achieved compiled by the CEO/GM. Also in the packet will be the evaluation criteria and form.

Chair Pierce reported that there are no recommended changes to the procedure and process currently in place.

The forms will be due August 7th. Prompt responses are encouraged. Reminders will be sent. Chair Pierce will compile the responses and data in a report that will be sent to the Board for discussion under closed session at the September meeting.

In response to Director Kuta, Director Mendall, as former Chair, reported that the response rate last year was less than half. He commented that the CEO's evaluation is the Board's job and he expected every member of the Board to respond. He hopes for a better turn-out this year.

Director Pierce stated that this is a process that allows members of the Board to share their opinions and give data. If directors are new and feel uneasy with the process, she welcomes even just an indication of what has been observed, as well as insights.

In response to Director Wood, Chair Pierce stated that there has not been a salary comparison since Nicole was hired. Chair Pierce directed the CEO/General Manager to look into conducting a salary comparison.

- D. CEO Letter: Director Kuta inquired about the permanent and long-term improvements to Moccasin mentioned in the CEO letter.

Mr. Francis reported that the long-term improvements are being driven by the Division of Safety of Dams (DSOD) and involve assessing the need to build a new dam and spillway. As a result of a new storm of record, the spillway in the Moccasin Dam has been identified as undersized. While the dam is currently fully operational, there may be no place to put the required enlarged emergency spillway. Therefore, the SFPUC is evaluating how best to construct a new Dam that also has the required emergency spillway capacity in their long-term design analysis.

Alternatives will be looked at should the cost for a new dam and spillway prove to be extreme. An example of a potential alternative is replacing the reservoir pool with extremely large tanks to fulfill the hydraulic purpose of Moccasin Reservoir.

BAWSCA recognizes the financial magnitude of building a new dam and spillway, and will closely monitor what the analysis shows as alternatives.

Mr. Francis added that the Moccasin dam and spillway are not the only facilities of the SF RWS that the DSOD is having SFPUC re-examine.

Director Kuta asked if there will be enough headway to consider how the SFPUC will finance such a required improvement to Moccasin Dam. Ms. Sandkulla stated that because this is fairly new item on the list, the SFPUC will have a process of outlining how they will address this issue in an updated CIP.

Director Mendall commented that this speaks to the importance of the CIP oversight. The Board just recently approved Phase 1, a small portion of that effort, and he expects a lot more work that will be required in the future. He expects more money spent on consultants and more staff time put into the CIP oversight. Hopefully, there can be a standard process for the SFPUC to voluntarily evaluate CIP projects with BAWSCA without BAWSCA's pursuit. He reiterated his previous comments about keeping pressure on the CIP oversight, and avoiding the temptation to postpone the effort because of its long-term turn-around.

7. **Closed Session:** The meeting adjourned to Closed Session at 2:16pm
8. **Open Session:** The meeting convened to Open Session at 2:40pm. Legal Counsel, Allison Schutte, reported that no action was taken during Closed Session.
10. **Comments by Committee Members:** Director Wood announced that she has been re-appointed on the BAWSCA Board for another 4-year term.
9. **Adjournment:** The meeting was adjourned at 2:41 pm. The next meeting is August 14, 2019

Respectfully submitted,

Nicole Sandkulla, CEO/General Manager

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Attachments: 1) Attendance Roster

Bay Area Water Supply and Conservation Agency

**Board Policy Committee Meeting
Attendance Roster**

Agency	Director	Jun. 12, 2019	Apr. 10, 2019	Feb. 13, 2019	Dec. 12, 2018	Oct. 10, 2018	Aug. 8, 2018	Jun. 13, 2018
Stanford	Zigterman, Tom (Chair)		✓	✓	✓	✓	M T G C A N C E L L E D	✓
Westborough	Chambers, Tom (VChair)	✓	✓	✓	n/a	n/a		n/a
Palo Alto	Alison Cormack	✓	✓	n/a	n/a	n/a		n/a
Foster City	Hindi, Sam	✓			n/a	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		n/a

✓: present

☎: Teleconference

June 12th 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
 Bud Wendell Strategic Counsel

Public Attendees:

Paul Sethy ACWD, Director
 Manisha Kothari SFPUC
 Peter Drekmeier Tuolumne River Trust
 Dave Warner Palo Alto

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD POLICY COMMITTEE MEETING

Agenda Title: **Tier 2 Drought Implementation Plan Extension**

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.

Recommendation:

That the Committee recommend 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. Draft 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 POLICY COMMITTEE MEETING

Agenda Title: Implementation of BAWSCA’s 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 on 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 to the BAWSCA service area 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.

Recommendation:

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.**

In addition, the Board Policy Committee is also asked to provide input to the CEO/General Manager on what additional information might be useful to the Board for its consideration in November.

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 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. The attached Figure 1 presents a map with 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:** Tentatively planned rate of 15 mgd to the Hayward Intertie
- **Timing of Deliveries:** Tentatively planned for January 13 – January 31, 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 agreements:

1. **BAWSCA-AWA Water Purchase Agreement:** Agreement for the purchase of water from AWA;
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;
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; 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.

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

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 Side Agreement:*** An agreement related to Mokelumne water rights matters.

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.

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

(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 \$100,000.

Benefits and Risks of Implementing the Pilot Water Transfer

Benefits

Implementing the pilot water transfer will 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 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 2 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).

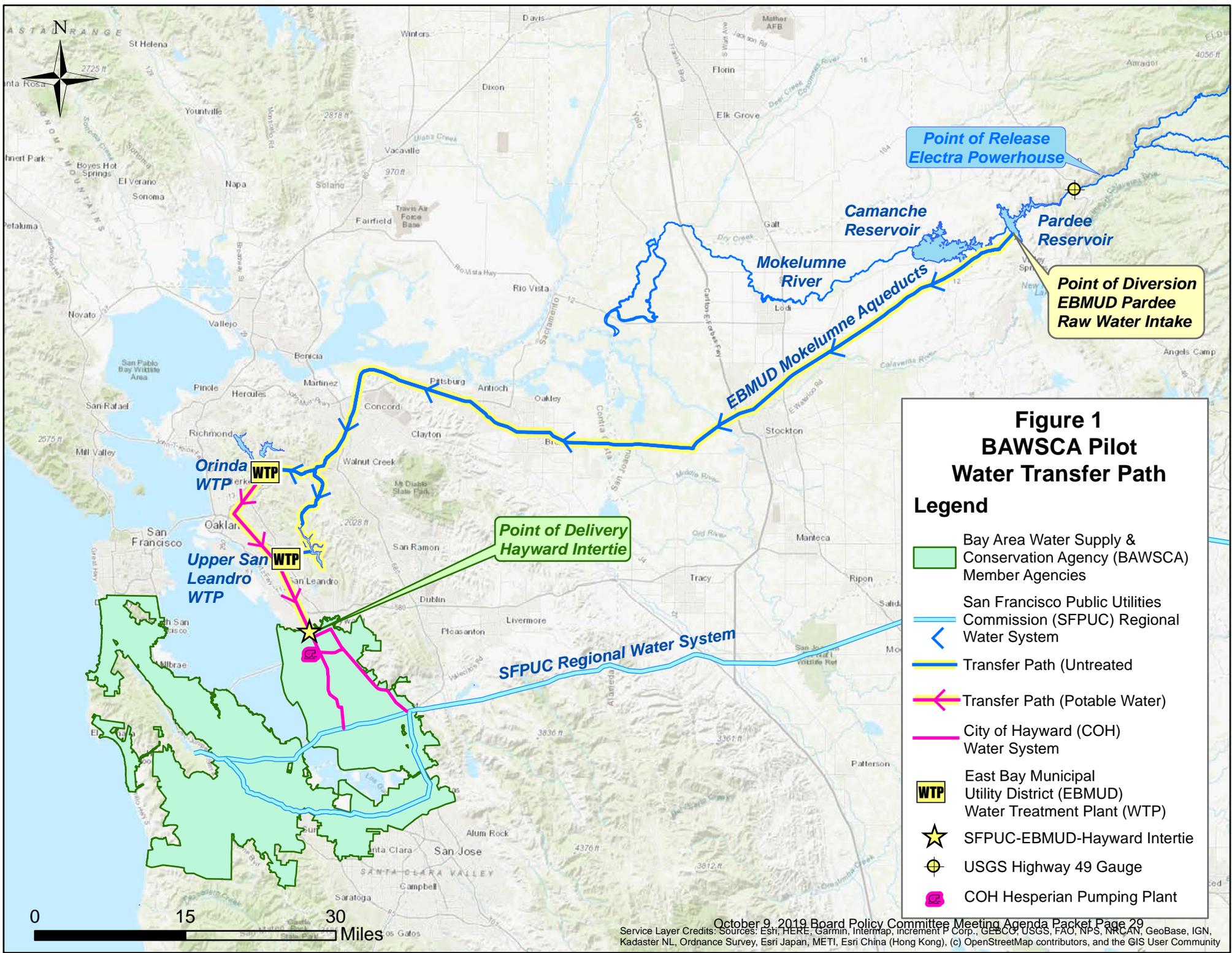
Due to timing constraints, funding the transfer with an increase in assessments is no longer an option, as the costs for the Pilot Water Transfer were not included in the adopted FY 2019-20 Operating Budget. Funding the Pilot Water Transfer through use of the Water Management Charge is still an option, 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 do not recommend an alternative funding option.

Attachments:

1. Figure 1. Pilot Water Transfer Path
2. Draft 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

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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 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.

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD POLICY COMMITTEE MEETING

Agenda Title: **Authorization to Enter into an Agreement with the Selected Contractor 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 are currently being reviewed by a panel consisting of BAWSCA staff, BAWSCA agency representatives, and an outside expert. It is anticipated that a final contractor recommendation will be provided to the Board as part of its consideration of recommended action in November.

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.

Recommendation:

That the Board Policy Committee recommend the Board authorize the CEO/General Manger 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.**

In addition, the Board Policy Committee is also asked to provide input to the CEO/General Manager on what additional information might be useful to the Board for its consideration in November.

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 are currently being reviewed and scored by a selection panel consisting of BAWSCA staff, BAWSCA agency representatives, and an outside expert. It is anticipated that a final contractor will be identified as part of the Board action in November, if recommended by the Board Policy Committee. Due to the nature of this project, the recommendation may include contracting with more than one firm to fully meet the requirements of this RFP. For example, one firm may be recommended for small meter testing and a second firm may be recommended for large meter testing.

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

Milestone	Date
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

Alternatives Considered:

The following alternatives to achieve the necessary results have been considered:

- Alternative #1: Support the Recommended Actions. The Program will support BAWSCA agencies in complying with SB 555 requirements and in effectively managing water losses. BAWSCA agencies have requested that BAWSCA implement this program to support these efforts.
- Alternative #2: Delay Action Until Contractor Selection Process is Complete. The BAWSCA Board Policy Committee can delay action on this item until December 2019, when a final contractor recommendation is available for the Committee’s review. This alternative would delay the Program start by at least two months, and meter testing data would likely not be available to Participating agencies for their 2020 reporting requirements. **This alternative is not recommended.**

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**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

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

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BAWSCA

Bay Area Water Supply & Conservation Agency

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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: October 4, 2019
SUBJECT: Chief Executive Officer/General Manager's Letter

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. Presently, a financial review is being conducted by Alameda County Water District on behalf of the partners. The review considers 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. That review is expected to be completed in late fall of 2019.

CCWD is also working with each of the Partners to identify a new, independent legal counsel that would represent the combined interests of the parties moving forward. A list of acceptable law firms has been developed. Those firms will be asked to propose on the work. It is anticipated that selection of legal counsel will take place in the late fall 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 the ability to move water through the South Bay Aqueduct (SBA) and to provide the necessary treatment. In August, CCWD hosted several meetings to detail the work being performed and get further feedback and input from the LVE partner agencies.

Plans are in place to hold a meeting of those partner agencies that are involved in SBA discussions in early October. The discussion is aimed to further refine the modeling that is needed to help agencies such as BAWSCA better understand the cost and availability of the SBA to convey supplies as sourced from LVE.

FERC Licensing Process - Update:

The Modesto and Turlock Irrigation Districts (Districts) are in the process of (1) renewing their operating license with the Federal Energy Regulatory Commission (FERC) for the Don Pedro Hydroelectric Project and (2) obtaining a new license for the operation of the La Grange Hydroelectric Project on the Tuolumne River. The multi-year licensing processes include multiple operational, environmental and economic studies and involve multiple parties including the Districts, FERC, other federal and state resource agencies, local governments, nongovernmental organizations, and members of the public.

BAWSCA has monitored the licensing processes, paying particular attention to issues that have the greatest potential to shape release flow requirements under the terms of the new FERC license. Changes to the license requirements for release flows from the Don Pedro Hydroelectric Project could increase the amount of water required to be released from Don Pedro Reservoir for environmental purposes. San Francisco has rights to store exchange water in Don Pedro Reservoir and may potentially have responsibility for a portion of any increased flows required by FERC, thereby potentially affecting water supplies available to BAWSCA agencies.

In February 2019, FERC released a Draft Environmental Impact Statement for Hydropower Licenses for both the Don Pedro Project and the La Grange Project (Draft EIS). BAWSCA submitted comments on the Draft EIS on April 12, 2019. In coordination with legal counsel, BAWSCA performed a detailed review of the comments submitted by others on the Draft EIS. Both the Districts and SFPUC have since submitted responses to comments on the Draft EIS to FERC. The Districts' comment letter included information about the ongoing Voluntary Agreement process related to the update of the Bay-Delta Plan. In response, FERC sent a letter to the Districts on September 17th, requesting the Districts to do a detailed evaluation of the VA proposal and compare it with the numerous other proposals that were already considered in the Draft EIS. BAWSCA anticipates that this request will further delay the FERC schedule for issuing the Final EIS.

BAWSCA will continue to monitor the FERC licensing processes, including the official schedule, and will update the BAWSCA Board with any significant progress or findings that occur.

Board Policy Committee Policy Calendar Through April 2020

Meeting Date	Purpose	Issue or Topic
October 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
December 2019	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
February 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
April 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