

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

**Foster City Community Building – 1000 E. Hillsdale Blvd., Foster City
Wind Room**

(Directions on Page 3)

**Thursday, May 19, 2016
7:00 P.M.**

AGENDA

<u>Agenda Item</u>	<u>Presenter</u>	<u>Page</u>
1. Call to Order/Roll Call/Salute to Flag	(Breault)	
2. Board Policy Committee Report <i>(Attachment)</i>	(Quigg)	<i>Pg 5</i>
3. Public Comments <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>	(Breault)	
4. Consent Calendar <i>(Attachments)</i>	(Breault)	
A. Approve Minutes of the March 17, 2016 Meeting		<i>Pg 17</i>
B. Receive and File Budget Status Report – As of March 31, 2016		<i>Pg 21</i>
C. Receive and File Investment Report – As of March 31, 2016		<i>Pg 23</i>
D. Receive and File Bond Surcharge Collection – Report – As of March 31, 2016		<i>Pg 25</i>
E. Receive and File Directors' Reimbursement Report – As of March 31, 2016		<i>Pg 27</i>
5. Comments by the Chair	(Breault)	
6. Action Calendar		
A. Proposed FY 2016-17 Work Plan and Operating Budget <i>(Attachment)</i>	(Sandkulla)	<i>Pg 29</i>
1. Approval of Proposed FY 2016-17 Work Plan and Results to be Achieved;		
2. Approval of Proposed Operating Budget of \$3,468,008; and,		
3. Approval of recommended funding plan which includes FY 2016-17 assessments of \$3,440,734 and a transfer of \$27,274 from the General Reserve. <i>The Committee voted unanimously to recommend approval of the proposed Board actions.</i>		
B. Approval of Professional Services Contracts for FY 2016-17 <i>(Attachments)</i>	(Sandkulla)	<i>Pg 49</i>
1. BLX Group, LLC (Arbitrage Rebate Compliance Services)		<i>Pg 53</i>
2. Brown & Caldwell (Water Conservation Database)		<i>Pg 55</i>
3. Burr, Pilger, Mayer (Auditing, 2009 WSA Administration)		<i>Pg 61</i>
4. Chavan & Associates (Financial Auditing Services)		<i>Pg 63</i>
5. Hanson Bridgett, LLP (Legal Counsel)		<i>Pg 69</i>

- 6. Harlan Wendell (Strategic Counsel) Pg 75
- 7. Hilton, Farnkopf, Hobson (Engineering/Financial Consultant, WSA) Pg 79
- 8. Kelling, Northcross, Norbriga (Financial Counsel) Pg 81
- 9. Orrick, Herrington & Sutcliffe, LLP (Bond Documents Legal Support) Pg 83
- 10. Public Trust Advisors, LLC (Investment Advisor) Pg 85
- 11. Stetson Engineering (WSA Admin., Water Use Analyses) Pg 87
- 12. Terry Roberts (Engineering Consultant – WSIP, 10-year CIP) Pg 91
- 13. ConserveTrack, LLC (Online Database System) Pg 95
- 14. EarthCapades (School Assembly Program) Pg 103
- 15. Global Sun Landscape (Lawn Be Gone Inspection Services) Pg 109
- 16. Maddaus Water Management (As Needed Assistance on Demand Model) Pg 113
- 17. Resource Action Program (School Education Programs) Pg 117
- 18. Tuolumne River Trust (Classroom Education Program) Pg 131
- 19. Waterfluence, LLC (Large Landscape Conservation Services) Pg 137
- 20. Water Smart (Home Water Use Survey) Pg 143
- 21. Western Municipal District (Free Sprinkler Nozzle Program) Pg 167

As these items are considered annually and do not represent new policy action for board consideration, it was presented to the Committee for information only.

- 7. Report and Discussion** **(Sandkulla)**
 - A. Results of Survey on Board Meeting Time and Location Change *(Attachment)* Pg 175
- 8. SFPUC Report** **(Kelly)**
 - A. Water Supply Conditions
- 9. Reports** **(Sandkulla)**
 - A. Drought Update
 - B. SFPUC Water Management Action Plan (WaterMAP)
 - C. CEO/General Manager's Letter *(Attachment)* Pg 181
 - D. Board Policy Calendar *(Attachment)* Pg 187
 - E. Correspondence Packet [*\(Under Separate Cover\)*](#)
- 10. Closed Session** **(Breault)**
 - A. Conference with Legal Counsel – Anticipated Litigation **(Schutte)**
Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Government Code 54956.9 (One potential case)
 - B. Conference with Legal Counsel – Existing Litigation pursuant to Paragraph (1) of subdivision (d) of Government Code Section 54956.9: **(Schutte)**
Restore Hetch Hetchy v. City and County of San Francisco Case Number: CV59426
- 11. Reconvene and Report from Closed Session** **(Breault)**
- 12. Directors' Discussion: Comments, Questions and Agenda Requests** **(Breault)**

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

(Breault) Pg 189

14. Adjourn to next meeting scheduled for July 21, 2016 at 7pm

(Breault)

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*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 Committee less than 72 hours before the meeting, excluding records that are exempt from disclosure pursuant to the California Public Records Act, will be available for inspection at **BAWSCA, 155 Bovet Road, Suite 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 Foster City Community Bldg. – 1000 E. Hillsdale Blvd., Foster City

From Hwy. 101, take the Hillsdale Ave. exit East. Turn Right into the parking lot just after the intersection with Shell Blvd. The Community Bldg. entrance is separate from the Library entrance and is marked by signage. The Wind Room will be at the top of the stairs on the right, across from the reception station (there is also an elevator).

From the East Bay, take Hwy. 92 West, exiting at Foster City Blvd., and going South on Foster City Blvd. to Hillsdale. Turn Right (West) onto Hillsdale and proceed to Shell Blvd., making a U-turn to be able to pull into parking lot on SE corner of Hillsdale and Shell. See underlined sentence of first paragraph above for remainder of directions.

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BAWSCA

Bay Area Water Supply & Conservation Agency

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MEMORANDUM

TO: BAWSCA Board Members

FROM: Nicole Sandkulla, Chief Executive Officer/General Manager

DATE: May 13, 2016

SUBJECT: Summary of Board Policy Committee meeting held April 13, 2016

1. **Call to Order:** Committee Chair Dan Quigg called the meeting to order at 1:33 pm. A list of Committee members who were present (8), absent (3) and other attendees is attached.

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

BAWSCA Chair Breault thanked the Directors for their willingness to serve on the Board Policy Committee. Selecting the members of the Committee is a challenge given the diversity of BAWSCA's 26 member agencies. But the Committee has a strong composition with a blend of Directors who are serving their first year on the BAWSCA Board, and Directors who have been serving since the beginning. Committee Chair, Dan Quigg, has over 40 years experience in public service as a member of the City Council, City Treasurer, and Chair of the Water Board for the City of Millbrae. Committee Vice-Chair, Gustav Larsson, is serving his first term as Council Member for the City of Sunnyvale.

The Committee members' service is incredibly important to the success of BAWSCA. Director Breault and BAWSCA Vice Chair, Al Mendall, have the confidence in the Directors' abilities to address the organization's challenges, and look forward to a productive year.

2. **Public Comments:** There were no comments from members of the public.
3. **Consent Calendar:** Approval of Minutes from the February 10, 2016 meeting.
Director O'Connell made a motion, seconded by Director Larssen, that the minutes of the February 10, 2016 Board Policy Committee meeting be approved.
The motion passed unanimously.
4. **Comments by the Chair:** Committee Chair Quigg stated that as a long-time friend of Lou Papan, BAWSCA's godfather, he is honored to serve as Chair of the Board Policy Committee. He looks forward to working with the committee members in advising the BAWSCA Board about important policy issues and carrying out BAWSCA's critical responsibilities.

5. Action Item:

- A. Proposed Fiscal Year 2016-17 Work Plan and Operating Budget: Ms. Sandkulla reported that the proposed fiscal year work plan and operating budget is consistent with BAWSCA's goals of ensuring a reliable supply of high quality water at a fair price. No changes have been made to the proposed work plan and budget since it was presented to the Board in March.

The proposed operating budget includes an increase of 8.3%. The budget increase will be funded by the assessments, which will increase by 5%, and a small portion of the General Reserve. The cost of the operating budget to the water customers in the service area will be less than \$2 per person per year.

The distribution of the proposed operating budget reflects the current priorities of the agency. Most of the budget increase is in the water supply reliability component of the work plan because there are new water resources activities necessary to implement the Strategy and achieve the critical results for the water customers in the BAWSCA service area. The budget also funds the agency's continued efforts with the settlement agreement with San Francisco, and addressing actions taken by Restore Hetch Hetchy.

Increased efforts in the area of water supply reliability moves the Strategy forward and address the question of where future water supply will come from. Work will include analysis on the drought, the agencies' and water customers' response to the drought, and how these actions might impact future planning. Implementation of the Strategy will be expanded through BAWSCA's involvement in the groundwater reliability partnership.

Ms. Sandkulla stated that BAWSCA leverages consultant services to achieve critical results. Majority of BAWSCA's consultant contracts need to be in place by July 1st. These annual contracts have historically been brought to the Board Policy Committee for its recommendation to the Board for approval. With the Committee's focus on policy, these annual contracts will go directly to the Board for approval in May.

Eleven of the contracts are associated with legal, engineering, financial and strategic support. Seven of the contracts support the subscription conservation programs. There are no costs in the budget for the seven contracts that support the subscription conservation programs because they are fully paid for by the agencies that participate in those programs.

New contracts associated with the additional water resources activities will be presented to the Board for approval in July. They will include the consultant contracts associated with the post-drought analysis BAWSCA will be conducting.

The proposed action is for the Committee to recommend Board approval of the:

- Proposed FY 2016-17 work plan and results to be achieved:
- Proposed operating budget of \$3,468,008; and
- Recommended funding plan which includes FY 2016-17 assessments of \$3,440,734 and a transfer of \$27,274 from the General Reserve.

Ms. Sandkulla explained that the 5% increase in assessments would fund 99% of the proposed operating budget. The remaining 1% would be funded by the use of \$27,274 from the General Reserve.

Director Schmid asked why legal counsel takes about 20% of the budget, and whether other efforts have been put aside to accommodate the budget increase in legal services.

Ms. Sandkulla explained that there are two issues that are driving the increase in the budget for legal services. The first is associated with resolving a contractual issue with San Francisco about cost allocation of certain critical facilities in the regional water system. Legal counsel is leading this work on the Settlement Agreement.

The second component is Restore Hetch Hetchy. Legal counsel will provide a progress report on both items at the May Board meeting under closed session.

Other efforts have not been put aside to accommodate the budget increase in legal services.

Discussions ensued on the increased activities directly related to the continued implementation of the Strategy, particularly in the expansion of the decision-making process.

Director Mendall stated his concern that the drought response analysis has the potential to make significant changes to what is currently known, and BAWSCA's planning efforts. Director Mendall expressed a feeling that developing a decision-making framework before identifying the groundwork is premature, and can present the potential for having to recalculate the region's water supply need.

Ms. Sandkulla stated that an alternative to the proposed work plan and results to be achieved is to reduce effort or remove one or more of the four new activities to implement the Strategy. Of the four activities, expanding the decision-making process is the least time sensitive towards the overall Strategy objective, and could be deferred, if necessary.

However, Ms. Sandkulla emphasized that while the board does not have to make decisions right away, expanding the decision-making process for implementing the Strategy involves important discussions that will inform the Board of what its priorities are, and how it will make its decisions so that staff can better serve the agencies as it investigates and implements the multiple actions identified in the Strategy.

She added that water planning is a constantly dynamic situation. The question is not whether things are going to change. Rather, the relevant question for BAWSCA is "what are BAWSCA's priorities and what actions will it have to make for the best interests of the member agencies and its water customers?"

For example, if the demands continue to be low, but there is an opportunity to make an investment that will provide a benefit to the region, how will BAWSCA address that opportunity? There are incremental decisions about when and what to invest in to move the Strategy forward and make progress in ensuring water supply when and where it is needed. Ms. Sandkulla stated that developing a decision-making framework is better done sooner rather than later.

Ms. Sandkulla clarified that the four new water resources activities are not listed in the memo in the order of priority or execution. The framework is going to be done in the second half of the year following the initial drought analysis.

The Committee requested that a prioritization of the four activities be added to the proposed budget memo for the Board's clear understanding.

In the order of importance, the four activities would be listed as follows:

1. Conduct Drought Response Analysis
2. Develop Independent Regional Water System and Supply Modeling Tool
3. San Mateo Plain Groundwater Reliability Partnership
4. Expand Decision Making Process for Implementing Strategy Actions

The Committee agreed that if there were needed reductions to the work plan and budget, the work on expanding the decision-making process for implementing the Strategy actions would be deferred.

In response to Director Schmid, Ms. Sandkulla explained that the potential prioritization of the new four water resources activities will not negatively affect BAWSCA in relation to San Francisco's WaterMAP. The WaterMAP is an effort by San Francisco to address the decisions that it must make by December 31, 2018. BAWSCA has no required role in the development of the WaterMAP, but will be actively engaged in the process as the member agencies' regional representative, and to bring further information on opportunities for BAWSCA in further meetings. BAWSCA's effort with developing a decision-making framework could potentially help BAWSCA in thinking through San Francisco's process with the WaterMAP, but the decisions will be San Francisco's.

Director Benton stated that the budget has significantly increased in the past three years. He asked what has driven the increase, and what would the CEO/General Manager amend in the work plan and budget if the Board only allowed an increase of no more than 5%.

Ms. Sandkulla stated that the efforts to address the actions by Restore Hetch Hetchy, and the Settlement Agreement with San Francisco contributes to the increase in the operating budget.

BAWSCA is also increasing its efforts to ensure reliable water supplies outside of what San Francisco is providing the service area. In 2009, the Board initiated the Long-Term Reliable Water Supply Strategy with a series of projects and plans. Today, staff continues the work BAWSCA commitment to doing to ensure water supply reliability when and where it is needed in the service area.

Ms. Sandkulla suggested, and the Committee agreed, the addition of information in the staff report for the Board meeting in May that provides background information on BAWSCA's work plan prioritization process and historical budgets would be useful.

Director Benton stated that this historical information would serve as a helpful reminder of what grounds the previous budgets were approved on.

Director O'Connell made a motion, seconded by Director Vella, that the Board Policy Committee recommend Board approval of the:

- **Proposed FY 2016-17 work plan and results to be achieved:**
- **Proposed operating budget of \$3,468,008; and**
- **Recommended funding plan which includes FY 2016-17 assessments of \$3,440,734 and a transfer of \$27,274 from the General Reserve.**

The motion passed unanimously.

6. Report and Discussion Item:

- A. Results of Survey on Board Meeting Time and Location Change: In response to the Board Policy Committee's interest in evaluating the benefits of changing the Board meetings to a day time, primarily due to the worsening traffic conditions, staff reviewed with legal counsel the potential implications and requirements of making such a change, and conducted two surveys of alternative times.

Ms. Sandkulla noted that BAWSCA's Rules of the Board establishes the day, time and location of the regular Board meetings. Changes to the regularly scheduled Board meetings would require an amendment to Rule II-D of the Rules of the Board, and an affirmative vote of the Board majority. The Chair or majority of the Board can call a Special Meeting, in which the date, time, and location can be different from what has been established by the Rules of the Board. This provides the flexibility for the Chair to call a meeting at a different time and/or location to assess the possibilities.

The survey results indicate that majority of the Board members are negatively impacted by traffic during their commute to the meetings. However, the results do not provide a clear answer on what time would work best for the Board members, and more importantly, whether changing the time of the meeting to day time would impact the current board members' abilities to serve on the board.

In addition to surveying the alternative meeting times, staff also examined alternative locations that are walking distance to Cal Train.

The Belmont City Hall Emergency Operating Center is one location close to Cal Train. It can accommodate all potential meeting times under consideration, however, the room has structural columns that would be a slight obstruction for BAWSCA's ideal set up.

The San Mateo Main Library is the second location that is close to Cal Train. It has a room that allows for an ideal setup, but is currently not available for the times under consideration, or at BAWSCA's current meeting time of 7pm. Additionally, the library does not commit its public spaces to any agency, therefore its availability for the time the board chooses would be subject to the library's reservation terms, and would require further discussion with the City Manager.

Staff also inquired with Sam Trans, which had no availability.

Other possibilities were reviewed. The Wind Room in Foster City's Community Building is available for all times under consideration. A later start time would result in the meeting

running past the Community Building's closing time, and does not necessarily make commute traffic significantly better.

Ms. Sandkulla had no recommendations for the committee's consideration, and asked for the committee's feedback and further direction.

Director Schmid commented that the survey results do not indicate how much of an impact the meeting time change would have on Directors' abilities to serve on the Board. The intensity of the impacts should be investigated while keeping in mind that BAWSCA would not want to lose the talent it currently has. He stated that his drive to BAWSCA's meetings take him over one hour from Palo Alto, but 20 minutes going back. However, he will take the inconvenience from the traffic over having to lose directors because the meeting time has changed and they are unable to serve on the BAWSCA Board.

Because the results show that a daytime meeting would not be better for 39% of the Board, Director Breault noted that a time change would only result in a shift of the burden. The Board can choose to hold one or two meetings at a location that is walking distance to Cal Train to provide an opportunity for those who experience the worst traffic, to evaluate whether access to Cal Train will make their commute to the meetings better.

Director Larsson agreed that a weighting among the alternative times should be applied to get an idea of how much impact the alternative times would have on the Board members' ability to serve on the Board. He also suggested checking the Cal Train schedule to ensure its availability around the Board meeting time.

Ms. Sandkulla reported that the latest Cal Train at the Belmont station leaves at 9:30pm.

Director Breault stated that everyone would have to adapt if there are changes made. Traffic is going to get worse and not better, and using public transit is not always as convenient. But those are the realities everyone must face.

Director Benton stated that if traffic is the driver for changing the time, 1pm appears to be the best time to get around traffic congestion. All the other times would just shift the delay.

Ms. Sandkulla stated that that was the thinking behind the 10am and 1pm times in Question #3 of the first survey. But comments came back with alternative times of 3pm and 5pm.

Director Mendall commented that he would drop the alternative location that is close to Cal Train from the list of alternatives. Moving the meeting location closer to Cal Train and having to end the meeting in time to catch the last train is going to be more disruptive than having board members coming in late or a little frazzled because of traffic. He suggested a binary poll to get a clear answer as to whether a time change would be better than the current time of 7pm. The binary choice that appears to be worth offering is the 1pm time. If 1pm is not a better alternative, then the time should be left as is.

He added that attendance is good despite the late arrivals due to traffic. While he is negatively impacted by traffic going to the BAWSCA Board meeting, given all other alternatives reviewed, he prefers the meeting time to remain at 7pm.

Director O'Connell added that BAWSCA's meetings are only six times a year. She would be willing to adjust her schedule to avoid arriving late.

The Committee discussed whether it would be worth sending another survey to see whether 1pm would be preferred over the current time of 7pm.

Director Schmid was hesitant on a binary poll and would rather ask whether the time would affect the Board Members' ability to serve on the Board.

Director Breault polled the Committee. Out of the eight members present, 1 would consider using Cal Train. Three prefer a 1pm meeting. The Committee suspects that the poll of the Committee might be representative of the Board as a whole.

Director Breault stated that while majority of the Board can agree that traffic negatively affects their commute to the Board meetings, the survey provides no common answer among the Board members as to what would be better than the current time of 7pm. With the Committee's approval, Chair Breault will further discuss the matter with the CEO/General Manager.

7. Reports:

- A. Water Supply and Drought Update: Water Resources Manager, Michael Hurley, reported that SFPUC's overall reservoir storage levels are in good shape. SFPUC is re-prioritizing water to replenish the water bank, which is currently at 62% of maximum storage.

Total system storage is currently at 64% of maximum, compared to 81% of normal maximum storage at this time.

Given the recent storms, precipitation is slightly above normal. Snowpack remains below median, but better than previous years.

The current water year is providing an improved forecast for water that will be available to San Francisco after meeting environmental and irrigation district obligations. Water year 2016 has achieved 293 thousand acre feet (TAF) compared to 50 TAF in WY 2015.

Year to date precipitation index at the upcountry 6-station and Bay Area 7-station continue to be above the historic mean every month between December and April, with the exception of February.

Total deliveries remain well below the water use reduction target, reflecting the continued decrease in demand.

Between June 2015 and February 2016, all but one of the BAWSCA member agencies exceeded their conservation standards, achieving a weighted average of 26.5% in water savings, with nine agencies having achieved and exceeded their total savings requirement. Within an 8 month period, agencies have collectively achieved 81% of the 17-month savings target.

Ms. Sandkulla explained that a savings of 81% is equivalent to almost 17 billion gallons of water saved, which is enough water to serve all of the BAWSCA member agencies for 3 months, or the City of Hayward for approximately 3 ½ years, or all of the San Mateo County

water agencies for 7 ½ years. The water saved stays at Hetch Hetchy and adds to the water supply for the region in case the current water year continues to be dry.

Current conditions have enabled San Francisco to re-prioritize water out of Eleanor and Cherry into the Water Bank. Mr. Hurley noted that Water Bank has been an asset to the region in the past couple of years.

Director Quigg was impressed how much water was now stored in the Water Bank considering it was down to 17%.

Ms. Sandkulla added that there is a 25% probability of completely filling every reservoir, with the exception of Calaveras, which will not fill to its historic capacity because it is mandated to operate at a reduced level for seismic concerns and is now managed due to construction.

Ms. Sandkulla further reported that San Francisco, for the first time in 7 years, declared surplus water and is working with the Groundwater Storage and Recovery Project partners to take delivery of more Hetch Hetchy water with a resulting in-lieu increase in groundwater storage.

Mr. Hurley reported that the State Water Resources Control Board (SWRCB) are currently dealing with the differing conditions between the north and the south, but all indications suggest that the mandatory conservation targets will be relaxed.

SWRCB is reaching out to agencies throughout the State for feedback on short-term and long-term proposals.

A workshop is scheduled for April 20th where SWRCB staff will give an overview of the water conditions across the state, and discuss 3 key topics: 1) What elements of the regulations should be modified; 2) How should SWRCB account for regional differences in precipitation and drought impacts; 3) Should SWRCB consider reliability of a water supplier's supply portfolio in emergency regulations?

BAWSCA will submit comments ahead of the workshop to highlight the member agencies' response to the emergency regulations, relay BAWSCA's commitment to promote efficient water use in the service area, and support SWRCB's efforts to incorporate the agencies' supply reliability portfolio in emergency regulations.

Comments are due by April 14th, and actions by SWRCB on a new or modified regulations are expected in May.

- B. SFPUC's Water Management Action Plan (Water MAP): Ms. Sandkulla reported that San Francisco has started its development of the Water Management Action Plan (WaterMAP) to address water management questions left unanswered when the Program Environmental Impact Report (PEIR) was adopted for the WSIP in 2008.

The PEIR documents require SFPUC to conduct additional water supply planning before 2018. The 2009 Water Supply Agreement (WSA) requires SFPUC to identify the process of the specific discretionary actions related to the water supply decisions it will make by 2018.

Additionally, recent changes have come up including the change in the system's demands, as well as changes in the system's yield. The SFPUC have had to increase in-stream releases

on the creeks in the East Bay and San Mateo County, which have decreased the yield of the system.

The WaterMAP is expected to address key questions: 1) How should SFPUC maintain delivery reliability of 184 mgd to its wholesale customers while addressing reductions in supply availability caused by new in-stream flow reductions; 2) What options should SFPUC consider to make San Jose and Santa Clara permanent customers; 3) Should SFPUC revise its current performance objective on rationing, currently no more than 20%, to increase the system's drought year reliability; and 4) Should SFPUC provide additional firm supply to any individual BAWSCA agencies?

BAWSCA will have a range of roles in the development process of the WaterMAP. As it does with the administration of the WSA, BAWSCA will represent the collective interests of the member agencies and will review the WaterMAP for its consistency with the WSA.

BAWSCA will serve as a resource for the group, as well as for individual agencies. East Palo Alto, San Jose and Santa Clara have already, and will continue to, reach out to BAWSCA for help in clarifying elements in the WSA and understanding the potential impacts to the group in pursuing their supply needs.

An important role for BAWSCA is facilitating the discussions among the 26 member agencies and SFPUC. There will be difficult discussions that will occur and will require financial resources to resolve issues, as well as identification of who pays and who benefits.

Ms. Sandkulla stated that the questions of cost allocations, impacts on rates, increases and decreases in sales will all come up in the discussions. BAWSCA will develop a tool to help aide those discussions with facts and keep focus on representing the collective interest of the member agencies.

The BAWSCA Board has no defined contractual role. The WSA states that BAWSCA and the SFPUC will work with the Santa Clara Valley Water District to address the issue of San Jose and Santa Clara. This, however, does not mean that the Board does not have a role at all. BAWSCA will be engaged in this process at a technical as well as at a policy level. This is why it is important for the Board to fully understand the course of the discussions.

BAWSCA has initiated discussions with the Water Management Representatives from each agency to get a greater understanding of the technical information as the process moves toward the policy level. The SFPUC is expected to present the WaterMAP document to the Commission in May for their initial discussion and input.

BAWSCA will monitor SFPUC's process closely and provide comments. A progress report will be provided to the Board in May. SFPUC's decisions by 2018 are the driver of the WaterMAP, and SFPUC anticipates completion of necessary CEQA documents in FY 2017-18. Commission approval of what SFPUC has developed is expected in 2018.

In response to Director Schmid, Ms. Sandkulla reported that BAWSCA's FY 2016-17 work plan includes the development of the San Mateo Groundwater Reliability Partnership, which will facilitate, as a stakeholder driven process, the discussion between San Mateo County and stakeholders about sustainable use of the San Mateo Plain Sub-basin. BAWSCA is heavily involved in the process because of the basin's interconnectivity with neighboring groundwater

basins and its impacts to BAWSCA agencies in the three counties, as well as to Santa Clara Valley Water District and EBMUD.

Director Breault commented that supporting San Jose, Santa Clara, and East Palo Alto is consistent with BAWSCA's philosophical view of implementing the WSA. He asked staff to take into consideration the demands of those systems. It would be a downside if a large number of the member agencies had the potential to have the reliability of their supply negatively impacted by bringing new allocations to existing customers because the insisting demands of those customers were not considered.

In response to Director Mendall's question, Ms. Sandkulla explained that if San Francisco increases the supply assurance to accommodate San Jose, Santa Clara, East Palo Alto, or all three, each of the member agencies would need to agree as part of a contract amendment.

If San Francisco entered into a bilateral agreement outside of the WSA, the other BAWSCA agencies would have no role in that contract as long as the agencies are not impacted. BAWSCA's role would be to ensure that there are indeed no impacts to the agencies.

Ms. Sandkulla is meeting with the staff of both San Jose and Santa Clara to understand their interests and level of commitment to this effort. BAWSCA is acting under the direction it received from San Jose and Santa Clara during the negotiations of the new WSA, to pursue permanent customer status. The agencies supported San Jose and Santa Clara as long as the new allocations were not within the 184mgd.

Ms. Sandkulla emphasized the importance of understanding the process because it will likely impact the WSA and require individual contract amendments. All member agencies will have to unanimously agree to it.

In response to directors' questions, Ms. Sandkulla stated that San Jose and Santa Clara's supplies have never been interrupted. They have always been supplied by San Francisco since the late 1960's, early 1970's and have paid the same amount as everyone.

The 2018 deadline was a self-imposed deadline by San Francisco. While becoming permanent customers is not urgent, East Palo' Alto's need for additional supplies is imminent.

- C. CEO's Letter: Committee members had no questions or comments on the items reported in the CEO letter.
 - D. Board Policy Committee Calendar: Identified upcoming action items for the Board in September are not associated with new or changing policy. Unless new policy items come up, a Committee meeting in August may not be required. Ms. Sandkulla will have more information in the coming months.
8. **Comments by Committee Members**: Director Quigg stated that since he will not be at the May Board Meeting, he expressed his support for the proposed FY 2016-17 Work Plan and Operating Budget and stated that his last choice for a meeting time change would be the 5pm alternative, but it would be better than 7pm.
9. **Adjournment**: The meeting was adjourned at 3:18pm. The next meeting is April 13, 2016.

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD POLICY COMMITTEE – April 13, 2016

Roster of Attendees:

Committee Members Present

Dan Quigg, City of Millbrae (Chair)
Gustav Larsson, City of Sunnyvale (Vice Chair)
Jay Benton, Town of Hillsborough
Randy Breault, City of Brisbane/GVMID (BAWSCA Chair)
Al Mendall, City of Hayward (BAWSCA Vice Chair)
Irene O’Connell, City of San Bruno
Gregg Schmid, City of Palo Alto
Louis Vella, Mid-Peninsula Water District

Committee Members Absent

Rob Guzzetta, California Water Service Company
Kirsten Keith, City of Menlo Park
Jerry Marsalli, City of Santa Clara

BAWSCA Staff:

Nicole Sandkulla	CEO/General Manager
Michael Hurley	Water Resources Manager
Adrienne Carr	Sr. Water Resources Specialist
Andree Johnson	Sr. Water Resources Specialist
Christina Tang	Sr. Administrative Analyst
Lourdes Enriquez	Assistant to the Chief Executive Officer
Deborah Grimes	Office Manager
Julie Sherman	Legal Counsel, Hanson Bridgett, LLP
Bud Wendell	Strategic Counsel, Management Communications

Public Attendees:

Michelle Novotny San Francisco Public Utilities Commission

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

**March 17, 2016 – 7 p.m.
Foster City Community Building, Foster City CA**

MINUTES

1. Call to Order/Pledge of Allegiance/Roll Call – 7:00 pm

BAWSCA Chair, Randy Breault, called the meeting to order and led the salute to the flag. Nicole Sandkulla called the roll. Seventeen (17) members of the Board were present at roll call, constituting a quorum. Six arrived after roll-call. A list of Directors present (23) and absent (3) is attached.

2. Comments by the Chair: Director Breault reported that the Preliminary Work Plan and Operating Budget for FY 2016-17 will be presented by the CEO/General Manager to highlight the areas of increased work associated with the implementation of the Strategy, and to provide responses to the comments received from the Board during the planning session of the January Board meeting.

Director Breault thanked Directors Bronitsky, Pierce and Weed for their service on the Board Policy Committee. The Committee is critical to BAWSCA's efficiency and success, and its composition must consider the member agencies' diverse make-up. He looks forward to working with the new members of the committee and Committee Chair, Dan Quigg.

3. Board Policy Committee (BPC) Report: Director Bronitsky reported that the discussions and actions taken by the Board Policy Committee at its meeting on February 10, 2016 are reflected in the summary report included in the packet. The Committee has, and will continue to, successfully examine matters of policy and issues critical to BAWSCA and the member agencies on behalf of the full Board.**4. SFPUC Report:** Deputy General Manager and Chief Operating Officer, Michael Carlin, addressed the Board on behalf of General Manager, Harlan Kelley.

Michelle Novotny, SFPUC Senior Water Analyst and BAWSCA Liaison, reported on the systems water supply conditions.

5. Public Comments: There were none.**6. Consent Calendar:** Ms. Sandkulla noted that on Table 2 of the staff memo for Agenda Item # 6C, the number on the first column should be \$33,463,216 as opposed to \$3,463,216.

There were no other discussions on items in the Consent Calendar.

Director Quigg made a motion, seconded by Director Guzzetta, to approve the Minutes of the January 21, 2016 meeting, receive and file the Budget

Status Report as of January 31, 2016, and the Bond Surcharge Collection, Account Balance and Payment Report as of December 30, 2015.

The motion carried unanimously.

7. Action Calendar:**A. Adjustments to Staff Position Top Step Compensation:**

Director Pierce made a motion, seconded by Director Keith, that the Board approve adjustments to top step compensation for specified positions.

The motion carried unanimously.

- 8. Reports:** Water Resources Manager, Michael Hurley, reported on BAWSCA member agencies' achieved water savings to date, the State Water Resources Control Board's changes to the emergency regulations, and BAWSCA's review of a report that focuses on efforts by four Australian cities during its drought from 1997 through 2012. He also provided an update on SFPUC's WSIP changes, and Capital Improvement Programs including the Mountain Tunnel.

- 9. Closed Session:** The Board adjourned to Closed Session at 7:40 pm.

- 10. Reconvene and Report from Closed Session:** The meeting reconvened from Closed Session at 7:52 pm. Legal Counsel, Ms. Schutte, reported that no action was taken during Closed Session.

11. Reports and Discussion Items:**A. Fiscal Year 2016-17 Work Plan and Operating Budget**

Ms. Sandkulla reported on the Preliminary Work Plan and Operating Budget for Fiscal Year 2016-17, addressing the Board's input provided during the budget planning session in January, and highlighting the results to be achieved, estimated operating budget, and funding considerations.

12. Directors' Discussion: Comments, Questions and Agenda Requests:

Director Weed pointed out ACWD Board Member Paul Sethy amongst the audience. He also announced that the California State Water Commission is accepting conceptual recommendations on water storage projects, including groundwater, in which to invest \$2.7 billion authorized under Proposition 1. The deadline is March 31, 2016.

Director Keith stated that USA Today erroneously reported results that suggest lead in Menlo Park's water. The data was confused with copper results, and the information is being corrected.

Director Abrica announced that he will be stepping down as East Palo Alto's appointed representative on the BAWSCA Board. The new appointee will be announced as soon as the Mayor makes her decision. He stated that BAWSCA is an important agency of a collective group that works well together in looking at critical issues. He expressed his gratitude for the Board past and present.

13. Date, Time and Location of Next Meeting: The next meeting is scheduled on May 19, 2016 in the Wind Room, Foster City Community Center.

14. Adjournment: The meeting adjourned at 8:23pm.

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
March 17, 2016

Attendance Roster

Present:

Ruben Abrica	City of East Palo Alto
Robert Anderson	Purissima Hills Water District
Randy Breault	Guadalupe Valley Water District
Charlie Bronitsky	City of Foster City
Tom Chambers	Westborough Water District
Jose Esteves	City of Milpitas
Michael Guingona	City of Daly City
Rob Guzzetta	California Water Service Company
Kirsten Keith	City of Menlo Park
Gustav Larsson	City of Sunnyvale
Jerry Marsalli	City of Santa Clara
Al Mendall	City of Hayward
Chris Mickelsen	Coastside County Water District
Irene O'Connell	City of San Bruno
Rosalie O'Mahony	City of Burlingame
Tom Piccolotti	North Coast County Water District
Barbara Pierce	City of Redwood City
Dan Quigg	City of Millbrae
Sepi Richardson	City of Brisbane
Gregg Schmid	City of Palo Alto
Louis Vella	Mid-Peninsula Water District
John Weed	Alameda County Water District
Tom Zigterman	Stanford

Absent:

Jay Benton	Town of Hillsborough
Mike Kasperzak	City of Mountain View
Sam Liccardo	City of San Jose

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: May 9, 2016

SUBJECT: Budget Status Report as of March 31, 2016

This memorandum shows fiscal year budget status for FY 2015-16. 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 operating budget includes necessary resources for the RFA and BAWUA.

Operating Budget Summary:

For the nine month period ending March 31, 2016, 75 percent into the fiscal year, total expenditures were \$2,200,123 or 69 percent of the total budget of \$3,201,679.

Table 1. Operating Budget Summary as of March 31, 2016

Cost Category	Year-To-Date		
	Budget	Expenses	Percent
Consultants /Direct Expenditures			
Reliability	807,450	490,096	61%
Fair Pricing	415,000	246,874	59%
Administration	85,000	90,612	107%
Subtotal	1,307,450	827,582	63%
Administration and General			
Salary & Benefits	1,518,529	1,181,897	78%
Other Expenses			
BAWSCA	313,200	190,644	61%
BAWUA	1,100	0	0%
Subtotal	3,140,279	2,200,123	70%
Capital Expenses	2,500	0	0%
Budgeted Contingency	57,500	0	0%
Regional Financing Authority	1,400	0	0%
Grand Total	3,201,679	2,200,123	69%

Overview:

Overall expenditures for FY 2015-16 are tracking within budget.

Consultants

The \$125,000 budget for technical review and tracking of the SFPUC's Water System Improvement Program was 56 percent expended. The Operating Budget allocation of \$150,000 for strategic counsel was 75 percent expended. The Operating Budget allocation of \$586,500 budget for legal counsel was 76 percent expended. The \$257,450 budget for water management and conservation-related activities was 55 percent expended.

Administration and Other Expenses

Budgets for salaries and other expenses were 78 percent and 61 percent expended respectively.

Use of CEO's Discretionary Spending Authority:

There was no CEO discretionary spending during this period.

Use of Reserve and Reserve Fund Balance:

Unspent funds at the end of FY 2014-15 were \$198,781. The BAWSCA General Reserve balance as of March 31, 2016, shown below, reflects this November 30, 2015 deposit.

Table 2. General Reserve Fund Balance

Fund	Account Balance (As of 01/31/16)	Account Balance (As of 03/31/16)
General Reserve	\$776,620	\$776,620

Long-Term Reliable Water Supply Strategy and Use of Water Management Charge:

At the May 21, 2015 meeting, the board authorized the reimbursement to BAWSCA's General Reserve the unspent Water Management Charge funds associated with the development of the Strategy. This reimbursement of \$352,378 occurred November 30, 2015. The BAWSCA General Reserve balance as of January 31, 2016, shown above reflects this deposit.

BAWSCA

Bay Area Water Supply & Conservation Agency

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MEMORANDUM

TO: Nicole Sandkulla, CEO/General Manager

FROM: Deborah Grimes, Office Manager

DATE: May 5, 2016

SUBJECT: Investment Report – As of March 31, 2016

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 the investment policy at its September 17, 2015 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>12/31/15</u>	<u>3/31/16</u>
\$1,828,757	\$1,755,269

Of the total in the BAWSCA LAIF account as of March 31, 2016, \$776,620 represents BAWSCA's General Reserve Fund, equivalent to approximately 24 percent of FY 2015-16 Operating Budget. The remaining amount consists of Subscription Conservation Program funds and unrestricted funds. At the May 21, 2015 meeting, the Board authorized the reimbursement to BAWSCA's General Reserve of the unspent Water Management Charge funds associated with the development of the Strategy. This reimbursement of \$352,378 was transferred on November 30, 2015.

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

<u>12/31/15</u>	<u>03/31/16</u>
0.37%	0.46%

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BAWSCA

Bay Area Water Supply & Conservation Agency

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MEMORANDUM

TO: Nicole Sandkulla, CEO/General Manager

FROM: Christina Tang, Senior Administrative Analyst

DATE: May 5, 2016

**SUBJECT: Bond Surcharge Collection, Account Balance and Payment Report
as of March 31, 2016**

BAWSCA’s Revenue Bond Series 2013A and Series 2013B (Taxable) were issued to prepay the remaining capital cost recovery payments that the BAWSCA agencies owed San Francisco as of June 30, 2013 when the payments were paid off. The bond transaction and the prepayment program was anticipated to generate approximately \$62.3 million in net present value savings over the term of the bonds, or about 17% of the \$356.1 million in principal prepaid from bond proceeds to San Francisco at the end of February 2013.

Bond Surcharge Collections

BAWSCA collects the bond surcharge from member agencies through the SFPUC as a separate item on their monthly water bills to agencies. The bond surcharge payments are used to make debt service payments on BAWSCA’s revenue bonds.

All surcharges billed for the months from January to March 2016 have been collected. Table 1 below presents a summary of financial transactions related to BAWSCA’s Bond Series 2013A and 2013B for the three months.

**Table 1: Summary of Surcharges Remitted to Trustee for
Quarter Ending 3/31/2016**

<u>Month</u>	<u>Amount Billed</u>	<u>Amount Remitted to Trustee</u>
January 2016	\$2,057,009	\$2,057,009
February 2016	\$2,057,009	\$2,057,009
March 2016	<u>\$2,057,009</u>	<u>\$2,057,009</u>
Total	\$6,171,027	\$6,171,027

Bond Surcharge Account Balances

All surcharge payments are deposited with the Bank of New York, which manages BAWSCA's accounts and administers debt service payments.

BAWSCA's account balances at the Bank of New York and the account activities in the past quarter are shown in Table 2 below.

Table 2: Bank of New York Bond Trustee Account Activity for Quarter Ending 3/31/2016

	21,610,632	Account Market Value as of 12/31/2015
<i>plus:</i>	6,635,452	<i>Surcharge Collected in January 2016 through March 2016</i>
<i>plus:</i>	79,881	<i>Security Coupons/Accrued Interest Received</i>
<i>plus:</i>	3,938	<i>Money Market Fund Interest Received</i>
<i>plus:</i>	68,977	<i>Change in Market Value of Held Treasury Bonds</i>
<i>plus:</i>	<u>(7,811)</u>	<u><i>Change in Market Value of Matured Treasury Bonds</i></u>
	28,391,069	Account Market Value as of 03/31/2016

There are two ways interest is earned by BAWSCA on the collected surcharge payments and balances held in the stabilization funds. First, interest is automatically earned on the account balance in the Bank of New York Bond Trustee money market account at a current rate of approximately 0.23%. Last quarter, interest earnings received were \$3,938. Second, BAWSCA has the ability to invest the collected surcharge payments by purchasing U.S. Treasury securities, possibly earning a higher rate of return than the money market account.

Based upon an evaluation of available investment strategies, BAWSCA has determined that a strategy that involved both a rolling and a laddered security structure provided the Agency with the most appropriate balance of safety, liquidity, and yield. As of the quarter ending March 31, 2016, the securities BAWSCA has purchased represent an increase of 57 basis points (0.57%) over what BAWSCA would earn if the balances remain invested in the money market funds. BAWSCA received \$79,881 security coupons and accrued interest from the purchased securities.

All investment interest earnings are deposited directly in the Trustee accounts, and will be used to pay for future expenses and debt service of the bonds. Ultimately, all interest earnings are returned to the member agencies through annual savings and through distribution of the Stabilization Fund, including interest, once the bonds are fully paid.

Revenue Bond Series 2013A and Series 2013B Debt Service Payment Status

The recent debt service payment of \$6,593,497 was made on April 1, 2016. It was paid using the bond surcharges collected from the agencies, consistent with the initial bond structure. The next debt service payment of \$18,078,497 will be made on October 1, 2016. There are sufficient funds in the Trustee account to make the payment. Debt service payments are made on April 1st and October 1st of each year until 2034.

BAWSCA

Bay Area Water Supply & Conservation Agency

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MEMORANDUM

TO: Nicole Sandkulla, CEO/General Manager

FROM: Deborah Grimes, Office Manager

DATE: May 5, 2016

**SUBJECT: Directors' Reimbursement Quarterly Report for the Period Ending
March 31, 2016**

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 March 31, 2016.

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS

Agenda Title: Proposed Fiscal Year 2016-17 Work Plan and Operating Budget

Summary:

This memorandum presents the proposed Fiscal Year 2016-17 Work Plan and results to be achieved, Operating Budget, and a recommended plan for funding the Operating Budget. The memorandum summarizes the major conclusions with modifications and updates in response to input received at the March Board meeting. Additional details are provided in the appendices.

The proposed Work Plan remains aligned with BAWSCA's legislated authority and its three goals: a reliable supply of high quality water at a fair price. Major work areas include increased activity in implementing the recommended Long-Term Reliable Water Supply Strategy (Strategy) actions, a comprehensive analysis of the service area response to the drought to better understand impacts on long-term planning, continued support to the member agencies in achieving necessary water use reductions in response to the ongoing drought conditions and mandatory reductions, administration of the 2009 Water Supply Agreement including work related to the September 2014 settlement with San Francisco, and participation in the Restore Hetch Hetchy litigation in which BAWSCA is a named party.

The proposed FY 2016-17 Operating Budget is \$3,468,008, which is 8.3% above the current FY 2015-16 Operating Budget. This proposed Operating Budget represents approximately a 12 cent increase in annual cost per person in the service area for an estimated cost to the water customer of \$1.96 per person per year. The recommended funding plan is to increase assessments to \$3,440,734 (a 5 % increase) and use \$27,274 from the General Reserve to fund the proposed Operating Budget. The recommended funding plan will enable the General Reserve to remain within the budgetary guidelines established by the Board.

Board Policy Committee Action:

The Committee voted unanimously to recommend the proposed Board action. The Committee also recommended providing additional budget history in the budget memo to provide an overall historical context on BAWSCA's Operating Budget. This additional information has been provided in Appendix I.

Recommendation:

That the Board approve the:

- **Proposed FY 2016-17 Work Plan and Results to be Achieved;**
- **Proposed Operating Budget of \$3,468,008; and**
- **Recommended funding plan which includes FY 2016-17 assessments of \$3,440,734 and a transfer of \$27,274 from the General Reserve.**

Proposed Work Plan:

Next year's Work Plan addresses all of the forward-looking issues discussed with the Board Policy Committee in December, and with the Board in January. This information is presented in

Appendix A to this memo.

The proposed FY 2016-17 Work Plan includes the following major efforts:

- Oversight of San Francisco's WSIP, 10-Year Capital Improvement Program (CIP), and Regional Water System Asset Management Program;
- Implement the recommended actions identified in Long-Term Reliable Water Supply Strategy (Strategy) Phase IIA Final Report (Report);
- Conduct an analysis of the service area response to the drought to inform long-term planning, including a review of 2040 demand and supply need projections;
- Develop two new technical tools to support (1) decision-making framework to guide implementation of the Strategy and (2) a regional water supply reliability model for project evaluation;
- Implement regional conservation programs to support member agencies and their customers;
- Take actions to protect members' water supply interests in administration of the 2009 WSA, including addressing the upcoming 2018 decisions and contractual drought allocation methods;
- Participate in the Restore Hetch Hetchy litigation in which BAWSCA is a named party;
- Participate in the New Don Pedro and La Grange FERC proceedings to protect regional water supplies;
- Administer the 2009 Water Supply Agreement (WSA), including work related to the September 2014 settlement with San Francisco and development and adoption of up to three amendments to the 2009 WSA; and
- Administer BAWSCA's bonds.

Table 1 presents the proposed FY 2016-17 Work Plan and the major results to be achieved. The activities are grouped according to the agency goals they support. Table 2 lists the items that are not included in the proposed FY 2016-17 Work Plan. Any of these items could be added at a later date, if needed.

New Activities to Support Strategy Implementation: In February 2015, BAWSCA completed the Strategy Phase II Final Report, which presented recommended actions to achieve BAWSCA's water management objective of ensuring that a reliable, high quality supply of water is available where and when people within the BAWSCA member agency service area need it. The proposed Work Plan contains the following four new activities related directly to continued implementation of the Strategy:

1. Conduct Drought Response Analysis
Estimated FY 2016-17 Cost: \$80k

In response to the current drought conditions, water use in the region has been reduced significantly. It is critically important that BAWSCA's long-term planning be informed by these recent experiences. This task would perform a complete review of customer response in the service area including: review water demand response to voluntary and mandatory cutbacks, review responsiveness and appropriateness of existing shortage provisions, review member agencies' and other regional suppliers' (e.g., SCVWD)

drought preparedness and its impacts on the member agencies, host regional workshop to facilitate discussion of water utility financial best management practices to identify potential actions that can assist agencies in addressing the financial impacts of drought, and conduct a workshop with member agencies to identify local economic impacts. BAWSCA will use the results of this work to update, as appropriate, the projected 2040 water demand and supply need for the region.

2. Develop Independent Regional Water System & Supply Modeling Tool
Estimated FY 2016-17 Cost \$40k; Total Multi-Year Development Cost \$60-\$100k

This task would develop independent water system and supply modeling tools using publicly available computer programs (i.e., WEAP) in conjunction with Stanford's ReNUWIt program. To date, BAWSCA has relied on SFPUC's modeling resources to inform long-term planning decisions, however as BAWSCA's and the member agencies' needs have grown, it is not effective to rely on the SFPUC for modeling work to meet BAWSCA's analytical and schedule needs. Developing an independent modeling tool would allow BAWSCA to simulate SFPUC's reliability analysis, run independent alternative scenarios to meet BAWSCA's planning needs, investigate reliability of other regional water supplies (i.e., surface water from Santa Clara Valley Water District), and assess climate change impacts, given various climate scenarios.

3. San Mateo Plain Groundwater Reliability Partnership
Estimated FY 2016-17 Cost: \$15k

BAWSCA has taken a lead role in promoting sustainable use of groundwater resources in its service area by establishing the Groundwater Reliability Partnership for the San Mateo Plain Sub-basin. BAWSCA's direct interests in this effort relate to BAWSCA's investigation and potential development of a brackish groundwater project as part of the Strategy. In addition, BAWSCA's member agencies in all three counties have an interest in this basin due to the interrelationship with all neighboring groundwater basins (e.g. Niles Cone Basin in the East Bay and the Santa Clara sub-basin). To support this effort, BAWSCA would seek consultant support for the following tasks: (1) monitoring and regular reporting to BAWSCA on State and regional groundwater policy resulting from the implementation of the Sustainable Groundwater Management Act of 2014, and (2) on-call technical support for local groundwater issues.

4. Expand Decision Making Process for Implementing Strategy Actions
Estimated FY 2016-17 Cost: \$50k

Initial work on this task was performed in Phase IIA of the Strategy, but was not completed given (1) the changed focus of the Strategy to dry year supplies and (2) anticipated budget constraints. This task would complete the development of a decision making process to be used by BAWSCA. This work would involve reviewing previous Strategy work and incorporating that work into a decision making framework that will assist BAWSCA, at the executive and policy level, in directing progress of investigating and implementing the multiple actions identified in the Strategy. This model will allow investigation of multiple projects with multiple beneficiaries over differing development time periods and changing conditions.

Consultant Contracts to Support Proposed Work Plan: Outside professional services are used for legal, engineering, financial, strategic and water conservation support of BAWSCA's programs and objectives for FY 2016-17. To ensure work begins promptly or continues without interruption, twenty-one contracts need to be in place by July 1, 2016.

Table 3 summarizes the costs for the twelve professional services contracts needed in place by July 1, 2016 that are funded by the Operating Budget. The combined budget for these professional services is \$1,109,000. The corresponding consulting budgets for FY 2015-16 are also shown.

Table 4 summarizes the nine professional services contracts needed to be in place by July 1, 2016 to implement subscription programs that are paid for by participating member agencies. For these contracts, no contract amount is specified as the total budget is determined after receipt of Applications to Participate from the member agencies.

At the May Board meeting, following consideration and adoption of a budget for FY 2016-17, these contracts will be presented to the Board for its consideration. Given the recurring nature of these contracts, they were not presented to the Board Policy Committee for recommendation to the Board. Other consulting services that may be needed to complete the FY 2016-17 Work Plan will be brought to the Board for authorization during the year.

Alternatives to the Proposed Work Plan and Results to be Achieved: The proposed Work Plan includes the expansion of BAWSCA's activities to implement the Long-Term Reliable Water Supply Strategy recommendations to achieve the Strategy results. This expansion includes four new project areas:

1. Conduct Drought Response Analysis: estimated FY 2016-17 cost of \$80k
2. Develop Independent Regional Water System & Supply Modeling Tool: estimated FY 2016-17 cost of \$40k
3. San Mateo Plain Groundwater Reliability Partnership: estimated FY 2016-17 cost of \$15k
4. Expand Decision Making Process for Implementing Strategy Actions: estimated FY 2016-17 cost of \$50k

An alternative to the proposed Work Plan would be to reduce effort or remove one or more of these new activities. Of the four new activities, the expansion of the decision making process is the least time sensitive towards the overall Strategy objective. It is unlikely that any critical decision by the Board will need to be made in FY 2016-17 to warrant the need for this framework next fiscal year, while a delay in any of the other new project areas would directly impact implementation of the Strategy and delay achievement of results. Removing this item would result in a decrease of \$50,000 to the proposed Operating Budget.

This alternative is not recommended as this effort will be necessary to support overall decision making on the Strategy in the upcoming years, and the agency's efforts are benefited by early discussion and planning in this area.

Proposed FY 2016-17 Operating Budget:

The proposed Operating Budget presented in Table 5 reflects the funding necessary to achieve the proposed FY 2016-17 Work Plan and includes the net increase to fund the Annual Required Contribution (ARC) for Other Post-Employment Benefits (OPEB). This is included as a separate line item to highlight its inclusion in this fourth year of funding.

Explanation and Alternatives for Salaries and Benefits: The increase for salaries and benefits of \$62,129 shown in the proposed budget is a result of a variety of changes. These changes include increases in health benefit costs, salary adjustments and a decrease in OPEB (Other Post-Employment Benefits). The proposed Operating Budget also includes the following for all employees except the CEO:

- \$23,946 for a COLA adjustment to existing FY 2015-16 salaries
- \$12,243 merit allowance separate from COLA adjustment

A Cost of Living Allowance (COLA) adjustment of 3.15% to the top step of salaries is included in the proposed Operating Budget and is consistent with the December value for the Consumer Price Index for Urban Wage Earners and Clerical Workers in the San Francisco-Oakland-San Jose area. COLA increases for employees are not automatic, but can be granted by the CEO on the basis of merit. The history of salary and benefit adjustments for BAWSCA is presented in Appendix C to this memo.

The size of the merit allowance would permit potential salary increases of up to 5%, or to top step for the position, whichever is less.

At the direction of the Board Chair, a budget allowance of \$15,999 for a potential merit increase for the CEO has been included in the proposed Operating Budget. For budgeting purposes, this amount is consistent with the merit increase awarded to the CEO in FY 2015-16.

Recommended Plan to Fund the Proposed FY 2016-17 Operating Budget:

Four principles have historically been used by BAWSCA when considering how to fund the proposed Operating Budget:

1. Budget sufficient resources to achieve the desired Work Plan results.
2. Spend only what is needed to achieve the results.
3. Apply incremental and prudent increases in assessments as necessary.
4. Maintain a prudent General Reserve balance within Board guidelines.

It is recommended that the proposed Operating Budget be funded with a combination of:

- \$3,440,734 from Assessments, which represents a 5% (\$163,845) increase; and
- \$27,274 transfer from General Reserve.

Table 6 presents an evaluation of how a 5% increase in assessments would be, allocated among the member agencies. Based on the service area population, the result cost to the water customers of BAWSCA's proposed FY 2016-17 Operating Budget would be \$1.96 per person per year, or \$5.88 per household per year.

Status of General Reserve: At this time, the FY 2015-16 Operating Budget is estimated to be 100% expended at year end. The estimated General Reserve balance at the end of FY 2015-16 is \$851,830, or 27% of the approved FY 2015-16 Operating Budget. This estimated balance is on target with BAWSCA's adopted General Reserve Policy, which identifies a General Reserve budgetary guideline of 20% to 35% of the budget year's operating expense.

Each year, unspent funds (if available) are moved to the General Reserve to fund special needs and future budgets. Appendix F presents the historical use of the General Reserve to fund special studies, fund the Operating Budget, and provide a one-time refund to the member agencies in November 2011. Given the outstanding legal activities associated with Restore Hetch Hetchy next fiscal year and beyond, it is not recommended to use the General Reserve to fund a major portion of the FY 2016-17 Operating Budget.

Table 1. FY 2016-17 Work Plan and Results to be Achieved (Proposed)

(Percent of Proposed Operating Budget for Each Item Shown in Parenthesis, New/Expanded items shown in *bold blue italic font*)

RELIABLE WATER SUPPLY

- (7.8%) **1. Facility Reliability: Monitor the SFPUC’s WSIP, 10-Year CIP, and Asset Management Program**
 - a. Monitor WSIP scope, cost, and schedule as San Francisco continues an aggressive construction schedule through 2019. Press the SFPUC and the city's political leadership to meet the city's adopted schedule, satisfy the requirements of AB 1823, and respond promptly to BAWSCA's reasonable requests.
 - b. Review and monitor SFPUC’s Regional 10-Year Capital Improvement Program to ensure that identified projects and programs meet the needs of the BAWSCA member agencies in a cost-effective and appropriate manner.
 - c. Review and monitor SFPUC’s Asset Management Program to ensure maintenance and protection of system assets.

- (15.8%) **2. Long-Term Supply Solutions: Ensure a Reliable, High Quality Supply of Water is Available Where and When Needed**
 - a. Implement the actions recommended in the Long-Term Reliable Water Supply Strategy Phase II Final Report.
 - b. Expand activities to support Strategy implementation***
 - ***Extend BAWSCA’s resource investment decision-making framework to incorporate a structured, iterative “adaptive management” process to assist policy makers and BAWSCA management in making decisions in the face of changing conditions and lessons learned with the aim of reducing uncertainty over time.***
 - ***Expand BAWSCA’s water supply reliability analysis to include new, independent modeling capability and incorporate missing, critical regional water reliability planning components including the hydrology and supply reliability of other imported and local supplies that may impact the reliability of the member agencies.***
 - c. Conduct drought response analysis of the BAWSCA service area drought planning, preparedness, and service area response to inform long-term planning including review of 2040 demand and supply gap projections.***

- (12.7%) **3. Near-term Supply Solutions: Water Conservation**
 - a. In cooperation with member agencies, implement drought response actions to achieve necessary water use reductions and minimize likelihood of mandatory rationing.
 - b. Represent agencies in regional and State-level discussions related to the current drought conditions and regulations.
 - c. Administer, implement and expand core water conservation programs that benefit all customers.
 - d. Administer subscription conservation rebate programs that benefit, and are paid for by, participating member agencies.

- (4.4%) **4. Take Actions to Protect Members’ Water Supply Interests in the Administration of the 2009 Water Supply Agreement**
 - a. Review existing Tier 2 drought allocation plan and prepare for modifications as needed due to upcoming 2018 expiration.
 - b. Investigate a Water Supply Agreement contract amendment to incorporate an appropriate alternative supply allocation approach to address the shortcomings of the existing Tier 1 drought allocation formula.
 - c. Protect members’ water supply and financial interests in the SFPUC’s upcoming 2018 decisions and associated Water Management Action Plan (MAP) to support the Commissions’ upcoming 2018 water supply decisions.
 - d. Protect members’ water supply interests to ensure that the SFPUC meets its adopted Water Supply Level of Service Goals.

- (8.3%) **5. Protect Members’ Interests in a Reliable Water Supply**
 - a. Participate in the Restore Hetch Hetchy litigation in which BAWSCA is a named party.***
 - b. Ensure necessary legal & technical resources for monitoring & intervention in the Don Pedro Project and La Grange Project FERC licensing are sufficient to protect customers’ long-term interests in Tuolumne River water supplies.

- (0.2%) **6. Pursue Grant Opportunities Independently and in Coordination with Regional Efforts**
 - a. Pursuit and use of grant funds for water conservation programs and for regional supply projects and programs.
 - b. Investigate potential for grant funds to support the implementation of the Strategy, including 2014 California Water Bond.
- (0.7%) **7. Reporting and Tracking of Water Supply and Conservation Activities**
 - a. Complete BAWSCA FY 2015-16 Annual Survey.
 - b. Complete BAWSCA FY 2015-16 Annual Water Conservation Report.
 - c. *Review and modify, if appropriate, BAWSCA's Water Conservation Database consistent with BAWSCA's recently implemented ConservTrak water conservation management system.*

HIGH QUALITY WATER

- (0.2%) **8. Support Member Agencies in Receiving Reliable Communication of Water Quality Issues**
 - a. Coordinate member agency participation in Water Quality Committee established by the 2009 Water Supply Agreement to ensure it addresses Wholesale Customer needs.
 - b. Review and act on, if necessary, State legislation affecting water quality regulations.

FAIR PRICE

- (18.6%) **9. Perform Matters that Members Delegated to BAWSCA in the Water Supply Agreement**
 - a. Administer the Water Supply Agreement with SF to protect the financial interests of member agencies.
 - b. *Support development and member agency adoption of up to three contract amendments to address resolution of FY 2010-11 WRR settlement, revenue funded capital, and implementation of regional groundwater storage project.*
 - c. Administer bonds issued by BAWSCA to retire capital debt owed to San Francisco.
- (1.1%) **10. Provide Other Support to Protect Financial Interests of Member Agencies**
 - a. *Organize a workshop to review water utility financial best management practices to identify potential actions to better protect BAWSCA member agencies from the financial impacts of drought.*
 - b. *Pursue SFPUC completion of a benchmarking study to evaluate RWS operational efficiency and cost effectiveness.*

AGENCY EFFECTIVENESS

- (2.2%) **11. Maintain Community Allies and Contacts with Environmental Interests**
 - a. Maintain close relationships with BAWSCA's local legislators and allies, and activate them if necessary, to safeguard the health, safety, and economic well-being of residents and communities.
 - b. Maintain a dialogue with responsible environmental and other groups, who will participate in the permitting and approval process for efforts to maintain system reliability.
 - c. Maintain effective communications with member agencies, customers, & others to achieve results and support goals
 - d. In conjunction with San Francisco, conduct or co-sponsor tours of the water system for selected participants.
- (19.0%) **12. Manage the Activities of the Agency Professionally and Efficiently**

Table 2: Activities Not Included in Proposed Work Plan and Operating Budget for FY 2016-17

RELIABLE SUPPLY

1. Implement a pilot water transfer with EBMUD in FY 2016-17, following completion of the pilot transfer plan.
2. Engage in extended or complex applications for grant funds. Application for water conservation grants will continue to be made through or with the Bay Area Water Agency Coalition, the California Urban Water Conservation Council, or other agencies.
3. Introduce major new legislation or supporting/opposing legislation initiated by others. If needed, the agency could support major legislative efforts by redistributing resources, using the contingency budget, or accessing the general reserve, subject to prior Board approval.
4. Initiate litigation or support/oppose litigation initiated by others. If needed, the agency could support major litigation efforts by redistributing resources, using the contingency budget, or accessing the general reserve, subject to prior Board approval.

FAIR PRICE

5. Evaluate potential economic or water supply impacts of State efforts to fix the Delta and other State water management projects.
6. Develop alternative wholesale rate structures that the SFPUC might consider. Actions will be limited to facilitating communication with SFPUC, development of goals and objectives relevant to Wholesale Customers, and addressing the potential relationship to alternative retail rate structures Member Agencies might consider to stabilize water rates and water revenues.
7. Arbitrate issues related to the 2009 Water Supply Agreement.

HIGH WATER QUALITY

8. Perform technical studies of water quality or San Francisco's treatment of the water it delivers to the BAWSCA agencies.
9. Advocate changes to water quality regulations or the manner in which San Francisco treats water for drinking and other purposes.

AGENCY EFFICIENCY

10. Add resources to support additional Board, Board committee, or technical committee meetings.
11. Conduct tours of member agency facilities to acquaint Board members with potential supply projects and their neighboring jurisdictions, other than through co-sponsoring tours with San Francisco.

Table 1: Annual Professional Services Funded Through the Operating Budget

Consultant (Services Provided)	Adopted FY 2015-16	Proposed FY 2016-17
BLX Group (Arbitrage Rebate Compliance Serv)	\$12,500 ¹	\$2,500
Brown and Caldwell (Water Conservation Database)	\$20,000	\$20,000
Burr Pilger Mayer (Auditing, 2009 WSA Administration)	\$15,000	\$15,000
Chavan & Associates (Financial Auditing Services)	\$7,500 ²	\$10,000
Hanson Bridgett (Legal Counsel)	\$586,500	\$651,000
Harlan Wendell (Strategic Counsel)	\$150,000	\$150,000
Hilton Farnkopf Hobson (Engineering, Financial, WSA)	\$20,000	\$20,000
Kelling, Northcross, Nobriga (Financial Counsel)	\$43,500	\$43,500
Orrick, Herrington & Sutcliffe (Bond Doc., Legal Support)	\$12,000	\$12,000
Public Trust Advisors (Investment Advisor)	\$0 ¹	\$10,000
Stetson Engineering (Water Use Analyses)	\$47,500	\$50,000
Terry Roberts Engineering (WSIP, 10–Year CIP)	\$125,000	\$125,000
Total	\$1,039,500	\$1,109,000

**Table 2: Annual Professional Services to Implement
Subscription Conservation Programs Paid for by Participating Agencies**

Consultant/Vendor (Conservation Program/Assistance Provided)
ConserveTrack (Online Rebate System)
EarthCapades (School Assembly Program)
Global Sun Landscape (Lawn Be Gone Inspection Services)
Maddaus Water Management (As Needed Assistance on Demand Model)
Resource Action Program (School Education Programs)
Tuolumne River Trust (Classroom Education Program)
Waterfluence (Large Landscape Conservation Services)
Water Smart (Home Water Use Reports)
Western Municipal Water District (Free Sprinkler Nozzle Program)

¹ In FY 2015-16, professional services, of not to exceed \$10,000, from Public Trust Advisors were obtained under the contract with BLX Group.

² FY 2015-16 budget as part of the three-year contract for Chavan and Associates authorized by the Board on May 16, 2013.

Table 5. Proposed FY 2016-17 Operating Budget by Major Expenditure Category

Cost Category	Approved FY 2015-16 Budget (\$)	Proposed FY 2016-17 Budget (\$)	Change from FY 2015-16 Budget, (\$)
Consultants/ Direct Expenditures			
Reliability	807,450	964,600	157,150
Fair Pricing	415,000	409,000	(6,000)
Administration	85,000	95,000	10,000
<i>Subtotal Consultants</i>	1,307,450	1,468,600	161,150
Administration			
Employee Salaries & Benefits	1,407,529	1,477,395	69,866
Other Post-Emp. Benefits (net)	111,000	103,263	(7,737)
Operational Expenses	313,200	356,450	43,250
<i>Subtotal Administration</i>	1,831,729	1,937,108	105,379
Total Operating Expenses	3,139,179	3,405,708	266,529
Capital Expenses	2,500	2,500	0
Budgeted Contingency	57,500	57,500	0
Regional Financing Authority	1,400	1,250	(150)
Bay Area Water Users Assn.	1,100	1,050	(50)
Grand Total Operating Budget	3,201,679	3,468,008	266,329

Table 6. Examination of a 5% Increase in BAWSCA Assessments

Members	Adopted FY 2015-16 Annual Assessment	5% Increase for FY16-17	Difference
ACWD	\$220,211	\$231,222	\$11,011
Mid Peninsula	\$67,131	\$70,488	\$3,357
Brisbane	\$6,859	\$7,202	\$343
Burlingame	\$91,154	\$95,712	\$4,558
Coastside	\$29,020	\$30,471	\$1,451
Cal Water	\$695,424	\$730,195	\$34,771
Daly City	\$85,094	\$89,348	\$4,255
E. Palo Alto	\$40,154	\$42,161	\$2,008
Estero	\$110,367	\$115,885	\$5,518
GVMID	\$8,558	\$8,986	\$428
Hayward	\$344,087	\$361,292	\$17,204
Hillsborough	\$71,478	\$75,052	\$3,574
Menlo Park	\$64,712	\$67,948	\$3,236
Millbrae	\$51,433	\$54,005	\$2,572
Milpitas	\$132,285	\$138,899	\$6,614
Mtn. View	\$208,303	\$218,718	\$10,415
North Coast	\$64,400	\$67,620	\$3,220
Palo Alto	\$258,465	\$271,388	\$12,923
Purissima Hills	\$40,945	\$42,993	\$2,047
Redwood City	\$220,824	\$231,866	\$11,041
San Bruno	\$45,780	\$48,069	\$2,289
San Jose	\$90,222	\$94,733	\$4,511
Santa Clara	\$76,716	\$80,552	\$3,836
Stanford	\$50,516	\$53,042	\$2,526
Sunnyvale	\$183,799	\$192,989	\$9,190
<u>Westborough</u>	<u>\$18,951</u>	<u>\$19,898</u>	<u>\$948</u>
Total	\$3,276,889	\$3,440,734	\$163,845

APPENDICES

Appendices A through K present additional detail about the proposed Operating Budget.

Appendix A: Future Challenges Facing BAWSCA, Member Agencies, and Their Customers

Each year, BAWSCA’s work plan development process starts by reviewing and updating the major activities over the next 20 years. These activities require coordinated action by BAWSCA and its member agencies to ensure a reliable supply of high quality water at a fair price. Table A-1 lists these activities as they were updated during the FY 2016-17 proposed Work Plan development. In each case, the results identified in Table A-1 will take the form of agreements, legislation, or other legally enforceable work products. Development of these documents will result from skilled negotiations based on rigorous investigations of impacts and alternatives, costs, cost allocation, and other matters.

Table A-1. Future Challenges Facing BAWSCA, Member Agencies, and Their Customers

Year or Period	Major Challenges or Issues
FY 2016 - 2017	<ul style="list-style-type: none"> • Assist agencies during drought to achieve necessary reductions and meet regulatory and other obligations. • Protect BAWSCA member agencies from severe supply shortages and resulting excessive economic impacts. • Assist member agency negotiation of a new Tier 2 drought allocation formula by preparing and analyzing alternatives, facilitating agreement and producing legal documents before the existing one expires at the end of 2018. • Conduct investigations and advocate appropriate positions prior to San Francisco deciding whether or not to make San Jose and Santa Clara permanent Wholesale Customers by 2018. • Conduct investigations & advocate appropriate positions prior to San Francisco deciding whether to provide more than 184 mgd to Wholesale Customers and whether or not to increase the perpetual Supply Assurance by 2018. • Represent member agencies in Federal relicensing of New Don Pedro and to protect SFPUC supplies. • Monitor WSIP implementation to protect interests of member agencies and take steps necessary to ensure all adopted Level of Service goals are achieved. • Monitor SFPUC’s development and implementation of its 10-Year CIP to ensure protection of water supply and financial interests of the water customers. • Monitor SFPUC’s decision on final Mountain Tunnel Solution to ensure protection of water customers’ interests (Summer 2017) • Monitor SFPUC’s asset management program to ensure ongoing maintenance and protection of RWS assets. • Enforce the Water Supply Agreement to ensure San Francisco meets its financial, water supply, quality, maintenance and reporting commitments. • Protect customers from legal and legislative efforts to draining Hetch Hetchy that disregard their interests in reliability, quality and cost.

Year or Period	Major Challenges or Issues
2017 to 2020	<ul style="list-style-type: none"> • Protect BAWSCA member agencies from severe supply shortages and resulting excessive economic impacts. • Assist member agency negotiation of a new Tier 2 drought allocation formula by preparing and analyzing alternatives, facilitating agreement and producing legal documents before the existing one expires at the end of 2018. • Conduct investigations and advocate appropriate positions prior to San Francisco deciding whether or not to make San Jose and Santa Clara permanent Wholesale Customers by 2018. • Conduct investigations & advocate appropriate positions prior to San Francisco deciding whether to provide more than 184 mgd to Wholesale Customers and whether or not to increase the perpetual Supply Assurance by 2018. • Represent member agencies in Federal relicensing of New Don Pedro and to protect SFPUC supplies. • Monitor WSIP implementation to protect interests of member agencies and take steps necessary to ensure all adopted Level of Service goals are achieved. Scheduled completion March 2019. • Monitor SFPUC’s development and implementation of its 10-Year CIP to ensure protection of water supply and financial interests of the water customers. • Monitor SFPUC’s decision on final Mountain Tunnel Solution to ensure protection of water customers’ interests (Summer 2017) • Monitor SFPUC’s asset management program to ensure ongoing maintenance and protection of RWS assets. • Ensure San Francisco maintains its Tuolumne River water rights. • Protect customers from legal and legislative efforts to draining Hetch Hetchy that disregard their interests in reliability, quality and cost. • Enforce the Water Supply Agreement to ensure San Francisco meets its financial, water supply, quality, maintenance and reporting commitments. • SF elects Mayor in 2019.
2021 to 2025	<ul style="list-style-type: none"> • Protect BAWSCA member agencies from severe supply shortages and resulting excessive economic impacts. • Ensure new water supplies are on line to meet future needs that are not met by San Francisco. • Monitor SFPUC’s development and implementation of its 10-Year CIP to ensure protection of water supply and financial interests of the water customers. • Monitor SFPUC’s asset management program to ensure ongoing maintenance and protection of RWS assets. • Ensure San Francisco maintains its Tuolumne River water rights. • Protect customers from legal and legislative efforts to draining Hetch Hetchy that disregard their interests in reliability, quality and cost. • Enforce the Water Supply Agreement to ensure San Francisco meets its financial, water supply, quality, maintenance and reporting commitments. • SF elects Mayor in 2023.

Year or Period	Major Challenges or Issues
2026 to 2040	<ul style="list-style-type: none"> • Ensure new water supplies are on line to meet future needs that are not met by San Francisco. • Extend or renegotiate the Water Supply Agreement before it expires in 2034. • Enforce the Water Supply Agreement to ensure San Francisco meets its financial, water supply, quality, maintenance and reporting commitments. • SF elects Mayor in 2027, 2031, 2035, and 2039.

Appendix B: Uses of Professional Services

Outside professional services are used to provide specialized services and augment staff.

1. Professional engineering services for: a) evaluating and monitoring SFPUC’s asset management program; b) evaluating and monitoring SFPUC’s 10-Year Capital Improvement Program (CIP) development and implementation; c) evaluating Water System Improvement Program project scopes during design and construction; d) monitoring WSIP project cost estimates, bids and schedules; e) monitoring and assessing San Francisco’s performance in implementing the overall WSIP; f) assessing San Francisco’s method for cost estimation, application of contingencies and addressing cost inflation during the WSIP; g) providing specific constructive recommendations for keeping the WSIP on or ahead of schedule; h) analyzing hydraulic records used by San Francisco in setting the wholesale water rates; and g) providing as needed groundwater technical assistance.
2. Water resources analysis and planning services to assist in: a) development of an expanded decision making process for implementing Strategy actions; b) development of a new, regional water system and supply modeling tool; and c) conducting an analysis of the service area response to the drought.
3. General legal services for BAWSCA and the RFA; specialized legal services to support administration of the Water Supply Agreement; specialized legal services for addressing matters related to water supply reliability.
4. Strategic counsel for identifying and addressing strategic and political issues associated with maintaining the progress of the Water System Improvement Program, assisting the Board and the CEO in developing and implementing an effective policy making process that supports the development of the Long-Term Reliable Water Supply Strategy, providing legislative and political support, and providing advice to the CEO and the Board on other issues significant to the water customers and the effectiveness of the agency.
5. Financial advisory services to conduct specified capital financing and rate impacts analyses on a task order basis.
6. Accounting/auditing expertise to assist with implementing the Water Supply Agreement, as well as an independent auditor to prepare and review annual financial statements.

Appendix C: History of Salary and Benefits Adjustments

The information below presents the history of salary and benefits adjustments for BAWSCA staff. Where Cost of Living Adjustments (COLA) to the salary ranges are considered by the Board, BAWSCA relies on the December value for the Consumer Price Index for Urban Wage

Earners and Clerical Workers in the SF-Oak-SJ area. COLA increased for employees are not automatic but can be granted by the CEO on the basis of merit.

- FY 2015-16: The Board approved a 2.09 percent COLA increase to the top step of staff salary ranges. An allowance for merit adjustments was budgeted for employees not yet at top step.
- FY 2014-15: The Board approved a 2.60 percent COLA increase to the top step of staff salary ranges. An allowance for merit adjustments was budgeted for employees not yet at top step.
- FY 2013-14: The Board approved a 2.312 percent COLA increase to the top step of staff salary ranges. An allowance for merit adjustments was budgeted for employees not yet at top step.
- FY 2012-13: The Board approved a 3.10 percent COLA increase to the top step of staff salary ranges. An allowance for merit adjustments was budgeted for employees not yet at top step.
- FY 2011-12: The Operating Budget included no adjustment to the salary for any employee for COLA, merit or any other reasons.
- FY 2010-11: The Board approved a 3.01 percent COLA increase to the top step of staff salary ranges. An allowance for merit adjustments was budgeted for employees not yet at top step.
- FY 2009-10: There was no COLA adjustment. An allowance for merit adjustments was budgeted for employees not yet at top step.

Appendix D: Proposed Budget for the Bay Area Water Users Association (BAWUA)

The proposed FY 2016-17 budget for BAWUA is \$1,050 and includes legal counsel support and a small operations budget allowance. This budget amount appears as a separate line item in the BAWSCA budget and is included in the BAWSCA proposed FY 2016-17 Operating Budget.

Appendix E: Proposed Budget for the Regional Financing Authority Budget

The BAWSCA Board of Directors has continued to agree to fund nominal administrative costs for the Regional Financing Authority (RFA), at least until it became more actively involved and required significant resources. Assuming a continued low level of activity in FY 2016-17, the proposed RFA budget is \$1,400. This budget amount includes legal counsel support and a small operations budget allowance. This budget amount appears as a separate line item in the BAWSCA budget and is included in the BAWSCA proposed FY 2016-17 Operating Budget. The RFA will formally consider and adopt this budget in July 2016.

Appendix F: Historical Use of the BAWSCA General Reserve

Table F-1 displays the historical use of the BAWSCA General Reserve.

Table F-1. Historical Use of the BAWSCA General Reserve

Date	Amount	Description of Use
3/19/2008	\$391,000	To fund FY 2007-08 Operating Budget
1/07/2009	\$349,000	To fund FY 2008-09 Operating Budget
2/09/2009	\$105,000	To fund Conservation Implementation Plan
1/13/2010	\$250,000	To fund FY 2009-10 Operating Budget
1/27/2011	\$163,394	To fund FY 2010-11 Operating Budget
11/30/2011	\$172,190	Refund to Member Agencies
9/30/2012	\$130,000	To fund Pilot Water Transfer Plan
3/31/2013	\$65,000	Initial funding for Water Demand Study
4/21/2014	\$300,000	Final funding for Water Demand Study
6/30/2014	\$98,000	To fund FY 2013-14 OPEB contribution
6/30/2014	\$66,000	To fund Pilot Water Transfer Plan
6/30/2015	\$296,436	To fund FY 2014-15 Operating Budget

Appendix G: Funding for Subscription Conservation Programs

As in prior years, a portion of operating expenses would be reimbursed by agencies that participate in BAWSCA’s subscription water conservation programs. The staff time to be devoted to those programs during FY 2016-17 is estimated to be 1283 hours, including temporary staff time. Agencies participating in subscription programs pay for associated consultant support and direct expenses. As in prior years, those consultant costs and direct expenses are not included in the Operating Budget.

Appendix H: Select Financial Details Related to BAWSCA’s Subscription Conservation Program

Table H-1 provides select financial information for BAWSCA’s subscription conservation programs for the past five years including BAWSCA staff costs that are reimbursed by the participating member agencies. Other costs are not included in Table H-1, for example, rebates and other costs paid directly by the participating member agencies and quantification of grant funds used. More complete details on BAWSCA’s subscription programs, cost, and level of activity, is included in BAWSCA’s Annual Water Conservation Report.

**Table H-1: Select Financial Details Related to BAWSCA
Subscription Conservation Programs**

Fiscal Year and Program Name	Direct Program Cost - Reimbursed	BAWSCA Staff Cost - Reimbursed	BAWSCA Admin. Cost - Reimbursed
2011-12			
EarthCapades	\$61,965	\$1,500	
HET Rebate		\$8,115	\$4,151
Large Landscape Audit	\$99,457	\$1,332	
Lawn Be Gone		\$140	\$2,861
Water Wise Ed. Kits	\$108,951	\$3,221	
Washing Machine Rebate	\$455,290	\$8,559	\$544
Total	\$725,663	\$22,867	\$7,556
2012-13			
EarthCapades	\$64,110	\$1,900	
HET Rebate		\$6,675	\$300
Large Landscape Audit	\$66,045	\$1,332	
Lawn Be Gone		\$380	\$2,434
Water Wise Ed. Kits	\$65,922	\$5,368	\$1,494
Washing Machine Rebate	\$419,625	\$16,851	\$1,581
Total	\$615,702	\$32,506	\$5,808
2013-14			
EarthCapades	\$61,325	\$2,120	
HET		\$6,785	\$300
Large Landscape Audit	\$85,996	\$1,184	
Lawn Be Gone		\$2,420	
Water Wise Ed. Kits	\$89,864	\$2,668	
Washing Machine Rebate	\$325,775	\$9,964	\$1,104
Total	\$562,960	\$25,141	\$1,405
2014-15			
EarthCapades	\$53,380	\$1,980	
HET		\$9,066	\$319
Large Landscape Audit	\$92,521	\$1,332	
Lawn Be Gone		\$6,340	
Water Wise Ed. Kits	\$95,346	\$2,599	
Washing Machine Rebate	\$308,313	\$4,667	\$104
Watersense Giveaways	\$8,893		
Rain Barrel Rebate	\$22,164		
Total	\$580,617	\$25,984	\$423

Appendix I: Historical BAWSCA Operating Budgets and Assessments

BAWSCA’s annual budget is developed to pay for the cost of the annual work plan, which is reviewed by the BPC and approved by the Board. Each year, the work plan is designed to achieve results that support BAWSCA’s three goals – a reliable supply of high-quality water at a fair price – and to implement BAWSCA’s purpose as stated in AB 2058. As a special district, BAWSCA is not like a city council or other community agency. BAWSCA is an issue-driven organization that responds to the needs of its member agencies and the water users who pay for BAWSCA’s work. BAWSCA uses experienced consultants to limit fixed costs.

Two examples of significant annual budget increases to address one-time or unexpected issues that required BAWSCA’s actions in addition to its on-going programs are:

- In FY 2008-2009, the approved budget was 10% higher than the previous year. The issues were: conservation, the new contract with San Francisco, and increased monitoring of major construction spending for the WSIP.
- In FY 2013-2014, the approved budget was 18% higher than the previous year. The issues were long-term water supply reliability, administration of bonds to accelerate paying off capital debt to save significant money for member agencies; administration of the Water Supply Agreement; an unexpected threat from Mountain Tunnel; and monitoring the SFPUC’s Capital Improvement Plan and its Asset Management program.

Resolution of issues also reduces budgets as shown below in FY 2010-2011 (-3%), FY 2011-2012 (-2%), and FY 2014-2015 (-10%). Table I-1 displays the history of BAWSCA’s Operating Budget, assessments and year-end reserves.

Table I-1. Historical Annual Assessments and Year-End Reserves

Fiscal Year	Approved Operating Budget	Budget Change	Assessments	Year-End Reserves
2003-04	\$1,821,350		\$1,668,550	\$276,480
2004-05	\$1,838,490	1%	\$1,641,995	\$246,882
2005-06	\$2,099,997	14%	\$1,953,998	\$240,000
2006-07	\$2,291,904	9%	\$2,117,904	\$654,000
2007-08	\$2,508,967	9%	\$2,117,904	\$691,474
2008-09	\$2,763,196	10%	\$2,309,000	\$507,474
2009-10	\$2,766,945	0%	\$2,517,000	\$407,192
2010-11	\$2,680,394	-3%	\$2,517,000	\$653,763
2011-12	\$2,619,705	-2%	\$2,517,000	\$916,897
2012-13	\$2,780,504	6%	\$2,517,000	\$985,897
2013-14	\$3,280,188	18%	\$2,517,000	\$521,897
2014-15	\$2,939,286	-10%	\$2,642,653	\$225,461
2015-16	\$3,201,679	9%	\$3,276,889	\$851,830 <i>(estimated)</i>

Appendix J: Value for the Cost

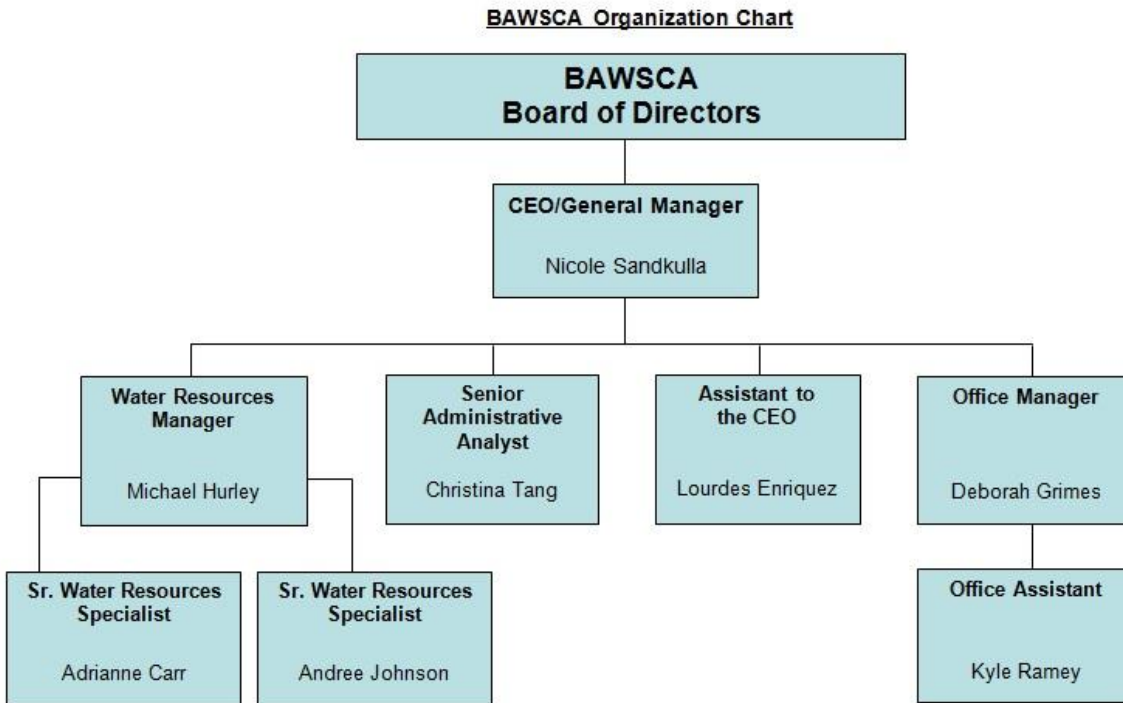
The formula for BAWSCA assessments results in equivalent cost per gallon throughout BAWSCA’s members. All BAWSCA costs are ultimately passed on to water customers through the water rates of the local city, district, or private utility. Table J-1 below provides the estimate annual cost per person and per household (assuming three persons per household) for BAWSCA’s Operating Budget.

Table J-1. Historical Estimated Annual Cost of BAWSCA Operating Budget Per Service Area Household

Fiscal Year	Est. Annual Cost Per Person	Est. Annual Cost Per Household
2010-11	\$1.64	\$4.93
2011-12	\$1.53	\$4.60
2012-13	\$1.52	\$4.56
2013-14	\$1.82	\$5.47
2014-15	\$1.70	\$5.11
2015-16	\$1.84	\$5.51
2016-17	\$1.96 <i>(proposed)</i>	\$5.88 <i>(proposed)</i>

Appendix K: Current Organization and Staffing

The figure below represents the current reporting relationships in the organization.



BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: Approval of Professional Services Contracts for Fiscal Year 2016-17

Summary:

Outside professional services are used for legal, engineering, financial, strategic and water conservation support of BAWSCA's Work Plan and results to be achieved for FY 2016-17. To ensure work begins promptly or continues without interruption, Twenty-one (21) contracts need to be in place by July 1, 2016.

This memorandum presents the overall objectives and scopes for each of these contracts. Individual memoranda present the purpose, qualifications and scopes for each professional services contract.

Following consideration and adoption of a budget for FY 2016-17, the Board will consider each of the twenty-one contracts. Other consulting services that may be needed to complete the FY 2016-17 Work Plan will be brought to the Board for authorization during the year.

Fiscal Impact:

The combined budget for twelve of the professional services contracts that need to be in place on July 1, 2016 and which are funded by the Proposed FY 2016-17 Operating Budget is \$1,109,000. The additional nine contracts are for subscription conservation programs and as such, have no Operating Budget implications.

Board Policy Committee Action:

These contracts have been considered annually and do not represent new policy action for Board consideration. These contracts were presented to the Committee in summary form for information only with no action requested.

Recommendation:

That the Board approve the twenty-one contracts, subject to legal counsel's review, for legal, engineering, financial, strategic and water conservation services needing to be in place by July 1, 2016.

Discussion:

Legal, strategic, financial, and engineering consultants provide professional services critical to BAWSCA's work in achieving the agency's goals and addressing issues related to the administration of the 2009 Water Supply Agreement (WSA), actions by Restore Hetch Hetchy, SFPUC's Water System Improvement Program (WSIP) and 10-Year Capital Improvement Program (CIP), actions to implement BAWSCA's Long-Term Reliable Water Supply Strategy, and implementing water conservation assistance programs.

A separate memorandum for each professional service contract presents the qualifications of the service providers and the scopes of work for FY 2016-17. BAWSCA’s standard form of contract will be used as the basis for each contract.

Table 1 summarizes the costs for the twelve professional services contracts funded by the Proposed FY 2016-17 Operating Budget that need to be in place by July 1, 2016. The combined budget for these professional services is \$1,109,000. The corresponding consulting budgets adopted for FY 2015-16 are also shown in the table.

Table 2 summarizes the nine professional services contracts needed to be in place by July 1, 2016 to implement subscription programs that are paid for by participating member agencies. For these contracts, no contract amount is specified as the total budget is determined after receipt of Applications to Participate from the member agencies.

Table 1: Annual Professional Services Funded Through the Operating Budget

Consultant (Services Provided)	Adopted FY 2015-16	Proposed FY 2016-17
BLX Group (Arbitrage Rebate Compliance Serv.)	\$12,500 ¹	\$2,500
Brown and Caldwell (Water Conservation Database)	\$20,000	\$20,000
Burr Pilger Mayer (Auditing, 2009 WSA Administration)	\$15,000	\$15,000
Chavan & Associates (Financial Auditing Services)	\$7,500 ²	\$10,000
Hanson Bridgett (Legal Counsel)	\$586,500	\$651,000
Harlan Wendell (Strategic Counsel)	\$150,000	\$150,000
Hilton Farnkopf Hobson (Engineering, Financial, WSA)	\$20,000	\$20,000
Kelling, Northcross, Nobriga (Financial Counsel)	\$43,500	\$43,500
Orrick, Herrington & Sutcliffe (Bond Doc., Legal Support)	\$12,000	\$12,000
Public Trust Advisors (Investment Advisor)	\$0 ¹	\$10,000
Stetson Engineering (Water Use Analyses)	\$47,500	\$50,000
Terry Roberts Engineering (WSIP, 10–Year CIP)	\$125,000	\$125,000
Total	\$1,039,500	\$1,109,000

¹ In FY 2015-16, professional services, of not to exceed \$10,000, from Public Trust Advisors were obtained under the contract with BLX Group.

² FY 2015-16 budget as part of the three-year contract for Chavan and Associates authorized by the Board on May 16, 2013.

Table 2: Annual Professional Services to Implement Subscription Conservation Programs Paid for by Participating Agencies

Consultant/Vendor (Conservation Program/Assistance Provided)
ConserveTrack (Online Rebate System)
EarthCapades (School Assembly Program)
Global Sun Landscape (Lawn Be Gone Inspection Services)
Maddaus Water Management (As Needed Assistance on Demand Model)
Resource Action Program (School Education Programs)
Tuolumne River Trust (Classroom Education Program)
Waterfluence (Large Landscape Conservation Services)
Water Smart (Home Water Use Reports)
Western Municipal Water District (Free Sprinkler Nozzle Program)

Legal Counsel Services Funded by the Operating Budget:

Hanson Bridget is BAWSCA’s legal counsel. The proposed budget for legal services is \$64,500 more than the approved budget for FY 2015-16. The overall increase in legal counsel’s budget reflects a continued increase in expenses associated with actions taken by Restore Hetch Hetchy, administration of the 2009 Water Supply Agreement (WSA), including ongoing work with the SFPUC in response to the 2014 Settlement Agreement, SFPUC’s 2018 decisions and SFPUC’s WaterMAP, and increased activities for implementation of BAWSCA’s Strategy.

Strategic Counsel Services Funded by the Operating Budget:

Mr. Wendell has provided strategic counsel for the CEO/General Manager and Board (BAWSCA and BAWUA) since FY 2000-01. In this role, Mr. Wendell has advised the CEO/GM and the Board on a large number of critically important issues that relate directly to BAWSCA’s goals of a reliable supply of high quality water at a fair price, and the results achieved to date by the agency.

Technical Services Funded by the Operating Budget:

Stetson Engineering, Hilton Farnkopf Hobson (HFH), and Terry Roberts are engineering consultants with different areas of expertise.

Stetson Engineering assists BAWSCA in ensuring that the SFPUC’s allocations of costs to the Wholesale Customers are based on accurate data and calculated as specified in the WSA.

HFH will help ensure proper implementation of the WSA, especially in matters dealing with cost allocation. In addition, HFH’s expertise in the 2009 WSA and cost allocation will be useful as part of the analytical tools developed by BAWSCA for examination of the SFPUC WaterMAP.

Mr. Roberts has a track record of successfully implementing complex capital improvement programs for local Bay Area cities including San Jose’s \$3.5 billion, 5-year capital

improvement program. The technical support from Mr. Roberts gives BAWSCA the ability to contribute constructive recommendations to the SFPUC on project implementation, including construction and program management for the WSIP, the 10-Year CIP, and the SFPUC's repair and maintenance programs. His services help BAWSCA ensure that member agencies' needs can be met reliably during and after construction, and that issues pertinent to serving their customers and saving money are identified and addressed.

Financial Services Funded by the Operating Budget:

Burr, Pilger and Mayer, KNN, Orrick, BLX, Public Trust Advisors, and Chavan and Associates are financial, accounting, or bond consultants with different areas of expertise.

Burr, Pilger and Mayer (BPM) is a major accounting firm and supports BAWSCA's administration of the WSA. Their expertise is vital to the proper conduct and interpretation of the annual contract compliance audit performed by San Francisco's auditors.

KNN is BAWSCA's financial advisor. KNN provides services on an as-needed basis. Their expertise protects the Wholesale Customers by ensuring that San Francisco adheres to the many financial provisions in the Water Supply Agreement. Specific examples of value added are provided in the staff report for KNN. KNN provided the preliminary assessment of whether there would be added value for BAWSCA to prepay capital debt owed to San Francisco by Wholesale Customers, and guided BAWSCA through the process of securing other bond-related professional services, securing a high bond rating, and provided financial counsel during the negotiated sale of the bonds.

Orrick served as BAWSCA's Bond Counsel when BAWSCA's revenue bonds were issued in February 2013 to prepay a capital debt that the member agencies owed to San Francisco. Orrick has been providing BAWSCA legal support on the bond documents on an as-needed basis since the bonds were issued.

BLX provides arbitrage rebate compliance services with respect to the revenue bonds. BLX also provided the investment advisory services for BAWSCA's bond funds deposited at the Trustee, Bank of New York (BNY) from FY 2013-14 until FY 2015-16. Public Trust Advisors acquired the investment management practice of the BLX in March 2016. BAWSCA contacted Orrick and three public agencies who are the current clients of Public Trust Advisors. Based on the feedback received, BAWSCA is confident that the same investment team who has been providing the investment advisory services to BAWSCA through BLX will continue to provide good services under the Public Trust Advisors management.

In FY 2016-17, Public Trust Advisors will monitor market conditions and the agency's circumstances on an ongoing basis to provide opportunities to all the agency's bond funds (including stabilization fund, interest fund, and principal fund) deposited at the BNY while satisfying all cash flow, safety and liquidity considerations in a manner consistent with Board's investment policy.

Chavan and Associates is BAWSCA's auditor and specializes in accounting, auditing and consulting, particularly for government entities. The proposed audit contract is for a three-year period.

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Professional Services Contract with BLX Group LLC (Arbitrage Rebate Compliance Services)**

Summary:

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with BLX Group LLC (BLX) for FY 2016-17 to provide arbitrage rebate compliance services with respect to the BAWSCA Revenue Bonds, Series 2013A issued in February 2013. The contract will be prepared in BAWSCA's standard form of agreement.

Fiscal Impact:

The total not-to-exceed amount of \$2,500 with BLX is included in the FY 2016-17 Proposed Operating Budget. The proposed budget is the same as in the current year's adopted Operating Budget with no increase in rates or fees.

Recommendation:

That the Board authorize the CEO/General Manager to negotiate and execute a contract between BAWSCA and BLX, subject to legal counsel's final review, for a not-to-exceed amount of \$2,500 to provide arbitrage compliance services with respect to the BAWSCA Revenue Bonds, Series 2013A issued in February 2013.

Discussion:

BAWSCA retained BLX Group LLC to calculate the arbitrage calculations with respect to the Revenue Bonds, Series 2013A for the first time in FY 2014-15. For FY 2016-17, BLX will perform calculations relating to the arbitrage and rebate requirements contained in the Internal Revenue Code with respect to the Revenue Bonds, Series 2013A.

The IRS requires arbitrage rebate payments submitted every 5 years. BAWSCA budgeted for arbitrage rebate compliance services in FY 2015-16, however the work was not performed as BLX has recommended that BAWSCA undertake the analyses no more frequently than every two years (as opposed to annual calculations).

Scope of Services – Results to be Achieved:

The draft scope of services with BLX for FY 2016-17 is shown in Exhibit A.

Billing Rates:

The following are the FY 2016-17 billing rates for this contract:

Engagement Fee	Waived
Report Fee (BAWSCA level transaction)	\$2,000
Supplemental Fee for Analyses in Excess of 12 months*	\$500

EXHIBIT A

**TO THE CONSULTING SERVICES AGREEMENT
Between the Bay Area Water Supply and Conservation Agency
And BLX Group LLC**

DRAFT

FY 2016-17 SCOPE OF SERVICES

Purpose

For FY 2016-17, BAWSCA requires arbitrage rebate compliance services with respect to the Revenue Bonds, Series 2013A, issued in February 2013.

Work to be Performed:

Anticipated tasks may include the following:

Task 1. Independently determine whether securities allocable to proceeds of the bonds were purchased at fair market value within the meaning of the Treasury Regulations.

Task 2. Perform an audit or review of the investments acquired with gross proceeds or the payment of debt service on the Bonds.

Task 3. Perform calculations or other research as to the desirability of elections or selections that may be available under applicable federal tax law.

Task 4. Review the tax-exempt status of interest on the Bonds or any other aspect of the Bond program except for rebate liability to the extent set forth in this engagement letter.

Task 5. Consider any information obtained by BLX pursuant to this engagement for any purpose other than determining such rebate liability.

Task 6. Update any report delivered hereunder because of events occurring, changes in regulations, or data or information received, subsequent to the date of delivery of such report.

Proposed Budget: \$2,500

Rates & Charges:

Engagement Fee	Waived
Report Fee (BAWSCA level transaction)	\$2,000
Supplemental Fee for Analyses in Excess of 12 months*	\$500

* BLX recommended undertaking analyses no more frequently than every two years, as opposed to annual calculations.

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Professional Services Contract with Brown & Caldwell to Support the Implementation of the BAWSCA Water Conservation Database for FY 2016-17**

Summary:

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with Brown & Caldwell (B&C) to provide as needed technical support services for the on-going implementation of the BAWSCA Water Conservation Database (WCDB) for FY 2016-17.

Fiscal Impact:

The proposed FY 2016-17 BAWSCA budget includes \$20,000 for consulting support services for technical support to implement the WCDB. The proposed budget is consistent with the current year's adopted operating budget.

Recommendation:

That the Board authorize the CEO/General Manager to negotiate and execute a contract between BAWSCA and B&C, subject to legal counsel's final review, for a not-to-exceed amount of \$20,000 to provide as needed technical support services for the implementation of the WCDB in FY 2016-17.

Discussion:

As presented during the budget development process, additional outside resources are necessary to complete the adopted Work Plan for FY 2016-17 in several areas. One such area is the need for additional technical resources to support ongoing implementation of the WCDB for FY 16-17 and the transition to a new WCDB beginning in Spring 2017.

The development of a regional water conservation database was one of the key recommendations from the 2009 Water Conservation Implementation Plan (WCIP). In September 2009, BAWSCA contracted with B&C to develop the WCDB. The WCDB was developed (with member agency input) as an on-line database system that allows agencies to track their water conservation activities, water usage, and other agency-specific information in a consistent and standard format. Data in the WCDB can be easily exported to other software tools such as Microsoft Excel.

In FY 2010-11 through FY 2013-14, BAWSCA contracted with B&C to assist with the implementation of the WCDB and training of the member agencies on use of the database. As part of these contracts, B&C also provided as needed technical support to integrate the WCDB with existing BAWSCA agency database systems and to provide other WCDB system refinements. In FY 2010-11 the budget for this work was \$125,800; in FY 2011-12 the budget was \$75,000; in FY 2012-13 the budget was \$35,000; in FY 2013-14 and FY 2014-15 the budget was \$30,000; and in FY 2015-16 the budget was \$20,000.

BAWSCA intends to upgrade the WCDB in FY 2016-17. This upgrade, which is part of the FY 2016-17 proposed work plan and budget, is necessary to address issues with the system that have arisen due to the outdated MS Sharepoint 2003 platform. The upgraded WCDB is planned for development during FY 2016-17, during which time the existing WCDB will still be used by BAWSCA and the member agencies.

For FY 2016-17, a \$20,000 budget is proposed for B&C to: 1) provide as needed technical support to BAWSCA and the member agencies for on-going implementation of the WCDB and 2) support the transition of data to the updated WCDB when the development of the new system is complete. The consultant to develop the new WCDB will be determined through a competitive solicitation process in Fall 2016. Such technical support activities include adding or deleting additional data sheets as agency water conservation programs evolve, addressing technical issues that arise during agency utilization of the WCDB, and augmenting the database to improve key features and user experience. Use of the WCDB improves the cost-effectiveness of BAWSCA's necessary data collection and management activities for both BAWSCA and the member agencies.

The need for additional resources to implement the WCDB in FY 2016-17 was identified as part of the BAWSCA Proposed Work Plan for FY 2016-17.

Alternatives:

Alternatives to the recommended action are to: (1) not support the WCDB in FY 2016-17, or (2) train BAWSCA staff to support the WCDB rather than enter into a contract with a consultant. BAWSCA does not recommend these alternatives for the reasons stated below.

The value of a regional database system was identified as part of the 2009 Water Conservation Implementation Plan (WCIP). The WCDB serves as a streamlined data collection tool. The data that are collected are needed by BAWSCA to support the Annual Survey, the Annual Water Conservation Report, and other regional reporting that BAWSCA does on water use, conservation activity and service area characteristics. The WCDB also provides a standardized repository for the agencies to store the information that they need to do their own reporting. To abandon the WCDB at this point would waste the time and effort put into the system by BAWSCA and the member agencies to date, and result in the 26 different agencies tracking their data in an inconsistent and potentially incomplete manner which does not lend itself to coordinated regional analysis. For these reasons, Alternative 1 is not recommended.

B&C was selected to provide the WCDB services in 2009 in part because they have a very capable and experienced Information Technology (IT) staff. Maintaining the WCDB requires significant technical skills, including a close familiarity with Microsoft SharePoint, servers, and computer programming, maintenance of the WCDB is most appropriately done by trained IT professionals, which BAWSCA does not have. Supporting the WCDB was one of the tasks identified as needing additional outside support. Without additional technical resources, BAWSCA staff will not have the capacity to accomplish this task.

Conclusion:

The WCDB has enhanced member agency's water conservation and Annual Survey reporting efforts at reasonable cost. The WCDB was also integral to supporting updates to the DSS Models that were completed as part of the Regional Demand and Conservation Projections Project and will provide a critical tool for future model updates. The services provided by B&C during the past five years have been critical to the overall WCDB success. For this reason it is

recommended that BAWSCA continue to contract with B&C or an alternate service provider to maintain the WCDB in FY 2016-17.

Attachment:

The Scope of work for FY 2015-16 is shown in Exhibit A. The scope of work for FY 2015-16 will be updated as necessary during negotiations of a new contract, in particular to incorporate tasks associated with the transition to the upgraded WCDB in Spring 2017.

EXHIBIT A

Scope of Service - BAWSCA CONSERVATION DATABASE, MONITORING AND TRACKING PROJECT – PHASE 6 (FY 15-16)

SCOPE OF SERVICES

Task 1 — On-Call Technical Support

Task 1 Objective: To provide technical support and code maintenance to BAWSCA in identifying and troubleshooting technical issues that may be encountered while using the database.

For BAWSCA’s FY 2015-16, BC will be available during normal business hours to support BAWSCA with its technical issues and change requests as such issues pertain to the WCDB. It is assumed that BAWSCA staff will provide other types of support (e.g., user help with system operation, connectivity issues with the BAWSCA internet, and similar BAWSCA-to-agency interactions). It is also assumed that BAWSCA (through Redwood City and/or Winter and Associates) will provide server and network infrastructure support. Table 1 describes the various service levels and responsibilities associated with technical support.

As issues and change requests are received, BC will develop recommendations that include a schedule and cost as requested by BAWSCA. Once approved by BAWSCA, BC will initiate the recommended actions under this task. BC will implement the fixes and test updates in an internal, replicated version of the WCDB. Once BC confirms that an issue has been resolved, BC will provide BAWSCA the opportunity to review the change prior to deployment. Once BAWSCA approves the results, the update will be deployed in the production version of the WCDB. BC will coordinate with BAWSCA staff to prioritize the specific issues requested by BAWSCA staff, and BC will address them in order of priority to the extent that the Task 1 (On-Call Technical Support) budget allows during FY 2015-16.

Table 1. Technical Support Service Levels and Responsibilities

Service Level	Description	Responsibility
Level 1	'First line' of support for WCDB application users. Typical support activities include helping end-users with application usage and simple troubleshooting. Issues that are a result of server, network or application code failure are elevated to Levels 2 or 3.	BAWSCA
Level 2	Level 2 supports computer infrastructure such as network, operating system or hardware.	Redwood City, "Winter and Associates"
Level 3	Application support and maintenance (i.e., bug fixes and other application specific issues).	Brown and Caldwell

In general, BAWSCA will field and resolve issues from agency members to the best of its ability. If the issue is a result of a server/network issue, BAWSCA will contact Redwood City or Winter and Associates for support. If network and server issues are not the problem source, or if it is determined that the issue is a problem with the WCDB application itself, BAWSCA will contact BC for root-cause analyses. For each request or issue, BC will investigate each problem and provide a recommended solution, schedule and cost associated with addressing the issue. Once BAWSCA provides written notice to proceed, BC will implement the solution. If the cost of the recommendation exceeds the remaining project budget, BC will notify BAWSCA and, based on BAWSCA’s direction, proceed once all needed funding has been secured. BC will only perform work requested and authorized by BAWSCA (i.e., not individual member agencies).

BC strongly advises against further enhancements to the WCDB. Further enhancements may lead to degraded performance, due to the extensive site customization and age of the SharePoint software (i.e., the

current SharePoint software for the WCDB is now 11 years old). Therefore, this scope assumes BC will not develop new features (i.e., no enhancements or expansion of the system) but that BC will continue to provide maintenance for issues encountered by users.

BC's approach to estimating the technical support effort is to calculate a specific number of hours based on an estimated number of support calls per month. BC will maintain a log of support requests and the efforts taken to address them. Support requests will be available online in SharePoint for BAWSCA's review. BC will keep BAWSCA up to date on support effort expended, the nature of assignments and remaining support hours on a monthly basis with invoices.

Task 1 - Roles and Responsibilities: The following needs are outlined as responsibilities for each group:

BC IT Responsibilities:

- ◆ Reproduce, troubleshoot and fix (as directed by BAWSCA) issues identified with the WCDB
- ◆ Deploy updates to the WCDB production site at <http://wcdb.bawasca.org>
- ◆ Provide testing environments for BAWSCA to facilitate the review of new versions of the WCDB

BAWSCA Staff and Member Agency Responsibilities:

- ◆ Help identify suitable solutions that apply to issues
- ◆ Provide written guidance to BC for proceeding with a fix
- ◆ Review and confirm the closure of each issue

Task 1 Assumptions:

- ◆ The level of effort assumes an average of about 8 hours of telephone support a month (or 93 hours total over the 12-month contract duration) for technical and water conservation analysis support and maintenance for a 12-month period. Telephone support includes working with BAWSCA to diagnose the issue and initial research/investigative time sufficient to provide a general recommendation. Detailed investigations that require more than 4 hours of research will be identified and included in the cost estimate for issue resolution, and will be executed only if directed to do so by BAWSCA.
- ◆ BAWSCA will appoint a primary point of contact for all requests for assistance. The point person will provide the assistance, materials and information necessary to reproduce the problem so that BC can efficiently diagnose the problem.
- ◆ BC will be available during normal business hours, 8 a.m. to 6 p.m. PST, Monday through Friday.
- ◆ BC is not responsible for any issues pertaining to server hardware or network infrastructure. BC will provide reasonable efforts to assist BAWSCA and/or Redwood City with troubleshooting or configuration.
- ◆ BC is not responsible for WCDB data backup or recovery. BC will provide reasonable efforts to assist BAWSCA and/or Redwood City with troubleshooting or configuration.
- ◆ BC is not responsible for DSS model support or mapping.
- ◆ Maintenance services will initiate when the WCDB is placed into production and will terminate on June 30, 2016 unless BAWSCA requests additional services under a separate scope of work.
- ◆ Server environments used for testing will be provided through third party hosting solutions. Costs for this hosting will be expensed to the project (approximately \$30 a week during testing, and assuming a maximum of six weeks needed for testing).
- ◆ BC will not develop new features (i.e., no enhancements or expansion of the system) but will continue to provide maintenance for issues encountered by users.
- ◆ BC will provide work to the limit of the budget. Additional work will require an amendment to the contract.

Task 1 Deliverables:

- ◆ Updates to the WCDB application code

Task 2 — Project Management

Task 2 Objective: To provide management resources to keep the project on schedule and budget, and to provide regular communication among project team members.

Under this task, BC will manage project budgets and schedule, maintain files, and prepare invoices. Additionally, BC will prepare project status summaries to relay to BAWSCA the project schedule, budget, progress, and next steps. BC will keep BAWSCA up to date on on-call technical support effort expended, the nature of assignments and remaining budgeted on-call support hours on a monthly basis with invoices.

Task 2 Assumptions: The level of effort includes monthly accounting, invoicing and filing activities, and includes monthly project status summaries sent to BAWSCA staff.

Task 2 Deliverables: Task 2 deliverables include:

- ◆ Monthly invoices
- ◆ Monthly project status summaries, including remaining budgeted on-call support hours

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Professional Services Contract with Burr, Pilger and Mayer
(Audit/Accounting Services)**

Summary:

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with Burr, Pilger and Mayer (BPM) for FY 2016-17 to provide audit and accounting services. The contract will be prepared in BAWSCA's standard form of agreement.

Fiscal Impact:

The contract not-to-exceed amount of \$15,000 is included in the Proposed FY 2016-17 Operating Budget for external auditing services associated with the wholesale revenue requirement and compliance audit. The proposed budget is the same as in the current year's adopted Operating Budget with no increases in billing rates or fees.

Recommendation:

That the Board authorize the CEO/General Manager to negotiate and execute a contract between BAWSCA and BPM, subject to legal counsel's final review, for a not-to-exceed amount of \$15,000 to provide audit and accounting services.

Discussion:

Burr, Pilger and Mayer is a full-service accounting and business consulting firm with expertise in tax preparation, planning, assurance, and audits. Every year, the SFPUC conducts an audit of the wholesale revenue requirement to ensure that the wholesale customers' share of operating and capital expenses for the Regional Water System have been allocated between in-City retail and wholesale customers per the 2009 Water Supply Agreement. BPM's primary role is to assist BAWSCA with its review of the annual wholesale revenue requirement and the annual compliance audit and other SFPUC financial statements.

Scope of Services – Results to be Achieved:

The draft scope of services with BPM for FY 2016-17 is shown in Exhibit A.

Billing Rates:

The following are the FY 2016-17 billing rates for this contract:

- Partner \$350/hour

EXHIBIT A

TO THE CONSULTING SERVICES AGREEMENT
Between the Bay Area Water Supply and Conservation Agency
And Burr, Pilger and Mayer
Auditing and Accounting Advisors

DRAFT

FY 2016-17 SCOPE OF WORK

Purpose:

For FY 2016-17, BAWSCA requires on going professional auditing and accounting analysis to assist in its review of the annual wholesale revenue requirement/compliance audit.

Work to be Performed:

Anticipated tasks include the following:

Task 1. If needed, assist BAWSCA in guiding the procedures to be used in future compliance audits, commencing with the compliance audit for FY 2015-16.

Task 2. Attend the FY 2015-16 compliance audit kick-off meeting (Fall 2016) with the SFPUC's compliance auditor and staff. Represent the wholesale customers' interests in the development of the compliance auditor's work plan.

Task 3. Review the independent compliance auditor's report for the FY 2015-16 wholesale revenue requirement, changes to balancing account, and accompanying management letter. Comment on the report and letter for thoroughness, with special attention paid to any notes concerning internal controls, procedures, material weaknesses, or significant deficiencies, as well as management's response to such, including stated corrective measures.

Not to Exceed Contract Limit: \$15,000

Rates & Charges:

The hourly billing rate is shown below.

- Partner: \$350

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Approval of a three-year Professional Services Contract for Audit Services with Chavan & Associates, LLP.**

Summary:

Water Code Section 81426 requires that the agency's accounts be audited annually by an independent Certified Public Accountant (CPA) "with experience in auditing accounts of local public entities". This item requests authorization for the CEO/General Manager to negotiate and execute a three-year contract with Chavan & Associates, LLP (C&A) to provide auditing services for FY 2015-16, FY 2016-17 and FY 2017-18. The three-year term would begin on July 1, 2016.

Fiscal Impact:

The proposed FY 2016-17 budget contains \$10,000 for these services. This is a three-year contract with subsequent increases of \$500 per fiscal year.

Recommendation:

That the Board authorize the CEO/General Manager to negotiate and execute a three (3) year contract for auditing services with C&A, to provide auditing services for FY 2015-16, FY 2016-17 and FY 2017-18.

Discussion:

C&A has completed its three-year service agreement with BAWSCA which included the fiscal years 2012-13, 2013-14 and 2014-15. C&A's knowledge in relation to BAWSCA's programs and revenue bonds has been a tremendous resource over the past few years and we believe that we would not receive the same guidance from a new audit firm.

Starting with the fiscal year ending June 30, 2014, State law requires that local agencies limit contracts with audit firms to six consecutive fiscal years and then rotate engagement partners or audit firms. C&A has been BAWSCA's auditor since FY 2009-10, however, any contract years prior to fiscal year 2013-14 do not count toward the six-year limitation per the State law. In addition, Sheldon Chavan has been the engagement partner for the FY 2013-14 and FY 2014-15 audits, leaving four more years that BAWSCA can benefit from his expertise in governmental auditing and accounting.

The recommendation is to award a three-year contract to C&A for fiscal years ending FY 2015-16, 2016-17 and 2017-18. The recommendation to continue C&A's services is based on their good record of performance as well as cost-effectiveness.

An alternative to the recommended action would be to not award the contract to C&A and initiate a competitive proposal process. This alternative is not recommended at this time as C&A has proven to provide excellent value to BAWSCA with costs that remain competitive with the proposal received in 2010. C&A was the lowest cost proposal in 2010 and the proposed budget for FY 2016-17 remains below the next closest bid received in 2010. An informal survey conducted by BAWSCA staff of a few member agencies (smaller water districts) supports the finding that C&A provides a cost-competitive service to BAWSCA at the proposed budget.

Background:

C&A is based in San Jose and specializes in accounting, auditing and consulting, particularly for government entities. Sheldon Chavan has practiced public accounting since 1998.

The auditor is charged with auditing the financial statements of BAWSCA, compiling the financial statements of BAWUA, providing a management letter, preparing a report for the State Controller, completing certain federal and state tax filings and other auditing services. A copy of the scope of work is contained in Attachment A.

Attachment A

Chavan & Associates, LLP

Audit Services

PURPOSE

The purpose of an independent audit is to provide an opinion as to whether the financial statements of an entity are fairly presented, in all material respects, and in conformity with generally accepted accounting principles. An audit provides reasonable assurance that an agency's financial statements are free from material misstatement, that adequate records are maintained and procedures are in place to effectively safeguard its assets, and finally, may inform management of any fraudulent reporting or misappropriation of assets and/or violation of laws or governmental regulations that are attributable to acts by management or employees acting on behalf of management.

SCOPE OF WORK

The services to be provided consist of preparing a consolidated audit of the financial statements, transactions, contracts, and records of the Bay Area Water Supply and Conservation Agency and the Bay Area Water Users Association and preparing an annual audit report, with a Management letter, in accordance with applicable State laws and regulations. Specifically, the Auditor shall:

1. Express an opinion on the fair presentation of BAWSCA's and BAWUA's financial statements, their conformity with generally accepted accounting principles and generally accepted auditing standards, and for BAWSCA, compliance with standards and requirements set forth by the California State Department of Finance.
2. Prepare the "Annual Report of Financial Transactions of Special Districts" for submission to the State Controller.
3. Prepare Federal 990 and State 199 Tax filings for BAWUA.
4. Prepare a written report (letter to management) with respect to the adequacy and effectiveness of the Agency's current accounting procedures and controls. This report will include comments of significant changes in the funds' balance sheets, operations, inadequacies, internal control, and other matters deemed appropriate. Interviews with appropriate staff may be required.
5. Prepare the note disclosures required by GASB 45/27 and provide consultation to BAWSCA related to the accounting and reporting requirements of GASB 45/27.
6. Meet with management to keep the Agency informed about the progress of the audit if requested to do so.
7. Attend Agency meetings to discuss the audit or management recommendations as requested.

Records to be Audited

BAWSCA's accounting records consist of a General Fund (operating budget) and one LAIF general reserve account. BAWUA's accounting records consist of one checking account and one savings account which will be compiled but not audited.

Both organizations use the accrual basis of accounting, and both have computerized accounting systems (Quickbooks).

The audit examination shall include all existing funds and any funds that may be created from time to time during the 3-year contract period.

Time Consideration and Reporting Requirements

The Auditor shall initiate performance of financial audit services as early as feasible following the closing of the financial records of both BAWSCA and BAWUA on or shortly after July 30. The Auditor is welcome to schedule earlier review of records that are not dependent upon the closing of the fiscal year records.

The State Controller's Report for BAWSCA must be submitted to the State by October 31st each year. However, the State Controller's Office often extends this date and announces the revised due dates in a letter to the Agency and in their web site each year.

Thirty (30) copies of the Management Letter together with the final Financial Statements and Auditor's opinion thereon will be submitted to the Agency approximately one to two weeks prior to the due date. Prior to the submission of the final report, the Auditor is required to review a draft of the proposed final report and management letter with BAWSCA's general manager. The Management Letter should include a summary statement of audit findings and recommendations affecting the financial statements, internal control, accounting systems, compliance determination, and any other material matter.

Attachment B

Chavan and Associates, LLP Client List

Client	Level of Report	Client	Level of Report
Cities/Towns		Local Education Agencies (Cont'd)	
City of Oroville	CAFR	San Bruno Park School District	Single Audit
City of Pacific Grove	CAFR	San Carlos School District & Bond Audit	Single Audit
City of Point Arena	GASB Financial	San Lorenzo Valley Unified School District & Bond	Single Audit
City of Rocklin	CAFR	Scotts Valley Unified School District & Bond Audit	Single Audit
City of Saratoga	CAFR	Sonoma Valley Unified School District & Bond	Single Audit
City of Tracy	Forensic	South San Francisco Unified School District	Prequalification
Town of Los Gatos	CAFR	Union School District & Bond Audit	Single Audit
Special Districts/JPA's		West County Transportation Agency	GASB Financial
Bay Area Water Supply Conservation Agency	GASB Financial	Woodside Elementary School District & Bond Audit	GASB Financial
Central Marin Sanitation Agency	CAFR	Charter Schools	
East Bay Dischargers Authority	GASB Financial	Credo High School	FASB Financial
Fairfield-Suisun Sewer District	CAFR	Charter School of Morgan Hill	FASB Financial
Midpeninsula Regional Open Space District	GASB Financial	Mission Preparatory School	FASB Financial
Oro Loma Sanitary District	CAFR	Orange County Conservation Corps Charter School	FASB Financial
San Lorenzo Valley Water District	GASB Financial	San Jose Conserv Corps Charter School	GASB Financial
Santa Clara County Regional Open Space Auth	GASB Financial	Stone Bridge Charter School	FASB Financial
Sausalito-Marin City Sanitation District	GASB Financial	Woodland Star Charter School	FASB Financial
Silicon Valley Clean Water	Single Audit	Privately Held Companies	
The Cities' Group	GASB Financial	A Bright Future	FASB Financial
Valley of the Moon Fire District	GASB Financial	Diagnostics for the Real World	Single Audit
West Bay Sanitary District	GASB Financial	Halcyon Molecular	FASB Financial
Westborough Water District	GASB Financial	Pathway to Choices	FASB Financial
Local Education Agencies		Prohealth Homecare	401k Audit
Antelope School District	Single Audit	Sociometrics	Single Audit
Burlingame School District	Single Audit	R&B Wholesale Distribution	401k Audit
Cabrillo Unified School District & Bond Audit	Single Audit	Not for Profit Entities	
Cotati-Rohnert Park Unified School District	Single Audit	Black Adoption Placement and Research Center	FASB Financial
Delano Union School District	Single Audit	Boys and Girls Clubs of Central Sonoma County	Single Audit
Golden Valley Unified School District	Single Audit	Boys and Girls Clubs of Sonoma Valley	Single Audit
Hillsborough City School District	Single Audit	Center for Empowering Refugees & Immigrants	FASB Financial
Las Lomas School District & Bond Audit	GASB Financial	Charter School of Morgan Hill Foundation	FASB Financial
Lassen View Union Elementary School District	GASB Financial	Children of Grace	FASB Financial
Los Altos School District & Bond Audit	CAFR	Collective Roots	FASB Financial
Luther Burbank School District	GASB Financial	Foothill Community Health Center	FASB Financial
Millbrae School District & Bond Audit	Single Audit	Hidaya Foundation	FASB Financial
Mountain View Whisman School District & Bond	Single Audit	Mission Language and Vocational School	FASB Financial
Napa Valley Unified School District	Single Audit	Pyramid Alternatives	FASB Financial
Orchard School District & Bond Audit	GASB Financial	Redwood City Education Foundation	FASB Financial
Pacifica School District	Single Audit	San Jose Conservation Corps	Single Audit
Portola Valley School District	GASB Financial	Singularity University	FASB Financial
Red Bluff Union Elementary School District	Single Audit	work2future Foundation	Single Audit
Sequoia Union High School District & Bond	Single Audit		

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Professional Services Contract with Hanson Bridgett LLP (Legal Services) for FY 2016-17**

Summary:

The annual contract for legal services should be executed by July 1, 2016. In addition to providing general legal services for BAWSCA, BAWUA, and the RFA, next year's proposed scope includes work related to protecting member agency financial interests in implementing the 2009 Water Supply Agreement (WSA), FERC negotiations, Restore Hetch Hetchy lawsuit, and implementation of solutions for meeting near-term and long-term water needs.

This item requests authorization for the CEO/General Manager to execute a contract with Hanson Bridgett for FY 2016-17. The contract will be prepared in BAWSCA's standard form of agreement.

Fiscal Impact:

The contract not-to-exceed amount for legal services is \$651,000 and is contained in the FY 2016-17 Proposed Operating Budget. The proposed budget of \$651,000 is \$64,500 more than the currently approved budget for FY 2015-16 of \$586,500. Lower levels of work are anticipated in supporting certain conservation activities and legislation. Increased levels of effort are anticipated to protect water supplies during the FERC process, member agencies' interests in the early planning phases of the SFPUC WaterMAP process, member agencies' financial interests in implementing the 2009 WSA, and addressing actions by Restore Hetch Hetchy.

Recommendation:

That the Board authorize the CEO/General Manager to negotiate and execute a contract between BAWSCA and Hanson Bridgett for a not-to-exceed amount of \$651,000.

Discussion:

Hanson Bridgett's scope includes routine general legal services and costs related to contract reviews, personnel and other administrative functions. The scope also supports work related to achieving specific results such as water contract administration for the 2009 WSA, implementing solutions for meeting near-term and long-term water needs, assisting in efforts to get the system rebuilt in a way that satisfies water customer needs, protecting the water supply on which member agencies depend, assistance with legislation and defending BAWSCA in anticipated or occurring litigation.

Hanson Bridgett has been providing legal assistance to BAWSCA and its predecessor for more than 25 years. Hanson Bridgett helped negotiate both the prior and the current 2009

WSA with San Francisco. They drafted the legislation that now pressures San Francisco to fix the system, formed the RFA, and enabled the formation of BAWSCA.

Hanson Bridgett has successfully arbitrated settlements totaling several millions of dollars on behalf of the wholesale water customers. Hanson Bridgett's familiarity with the business relationship between the wholesale customers and San Francisco, and their knowledge of the Water Supply Agreement supports continuation of their services through the proposed annual contract.

Exhibit A includes a proposed scope of work and cost breakdown for specific activities. The proposed budget is not intended to cover the costs of new arbitration proceedings, development of legislation, or other major legal activities outside the defined scope of work.

Exhibit B presents the rates and charges for FY 2016-17.

Exhibit A

TO THE CONSULTING SERVICES AGREEMENT
Between the Bay Area Water Supply and Conservation Agency
And Hanson Bridgett LLP

Legal Services

PURPOSE

Hanson Bridgett's legal counsel services typically cover two primary areas:

1. General legal support (e.g., administration, contracting and personnel administration)
2. Assistance for achieving results during FY 2016-17.

FY 2016-17 SCOPE OF WORK

General Legal Services. Provide general legal services for BAWSCA, RFA and BAWUA on an as-needed basis. General legal services for BAWSCA will include legal counsel for activities such as:

- Employee benefits administration
- Personnel management
- Professional services contracts and grant applications
- Maintaining prudent levels of insurance
- Preparation of documents such as Board resolutions and amendments to the Rules of the Board; providing advice on meeting procedures (Brown Act)
- Evaluation of public records act requests
- Other matters associated with the management and administration of a public agency that benefit from legal advice and counsel

General legal services associated with BAWUA will be minimal and largely confined to financial and administrative matters.

General legal services for the RFA are expected to be minimal and administrative. San Francisco has stated it does not foresee using the RFA as a funding mechanism at this time.

Assistance Achieving Results. In addition to general legal support, legal counsel will assist in forming and implementing approaches to a number of activities impacting BAWSCA member agencies and their customers. Planned activities include assistance with:

- Implementation and administration of the 2009 WSA, including the current settlement discussions
- Representing BAWSCA in the Restore Hetch Hetchy lawsuit, in which BAWSCA is a named defendant
- Represent BAWSCA and its member agencies during FERC negotiations related to the relicensing of New Don Pedro Reservoir
- Legal support for monitoring the SFPUC's 10-Year CIP, system maintenance programs, and the WSIP, including the water supply level of service goal and related activities being implemented by SFPUC
- Implementation of Long-Term Reliable Water Supply Strategy recommended actions
- Legal and other support to achieve BAWSCA's objectives and protect the interests of BAWSCA and the member agencies in the SFPUC Water MAP and the SFPUC's related 2018 decisions
- Response to ongoing drought conditions, including implementation of contract provisions and response to state requirements
- Implementation of activities under the Water Conservation Implementation Plan, including both core and subscription water conservation programs
- Routine contract reviews for water conservation activities, partnerships with other agencies, and professional services

The above-mentioned activities may require legal counsel to:

- Provide ongoing counsel to the CEO and Board of Directors.
- Provide support for interpreting the WSA. In situations where differences cannot be resolved administratively, legal counsel may be asked to initiate arbitration proceedings on behalf of the wholesale customers.
- Provide legal input on the preparation and implementation of the new subscription water conservation programs to be offered to member agencies.
- Meet with the CEO and attend meetings of the BAWSCA Board of Directors and the Board Policy Committee.
- Prepare, or approve as to form, resolutions, contracts, all changes to the Rules of the Board and other documents requiring legal review related to the business of BAWSCA, RFA or BAWUA.
- Represent BAWSCA in proceedings before other government agencies, regulatory bodies, and in contacts with professional and public agencies and organizations.
- Meet and confer with other BAWSCA consultants.
- Upon request, review and make recommendations to BAWSCA concerning proposed Federal, state or local legislation, regulations, litigation and/or administrative proceedings and required filings related to the business of BAWSCA, the RFA or BAWUA.

- Represent BAWSCA's Board and management in all suits, administrative proceedings, arbitration hearings and other legal matters to which BAWSCA is a party or in which it is legally interested, except in those instances when BAWSCA determines that the matter should be handled by special counsel

Budgeted Activities and Not to Exceed Contract Limit: \$651,000

The total budget request is based on the following estimates of fees and costs for specified activities:

Conservation, FERC, Urban Water Mgmt. Plans	\$85,000
Water Supply Agreement Administration Fair Pricing	\$241,000
Water Supply Agreement Administration Reliability	\$57,000
SFPUC 10-Year CIP, WSIP and Water Reliability	\$201,000
BAWSCA	\$65,000
RFA & BAWUA	\$2,000
<hr/>	
Total	\$651,000

This breakdown of activities is based on estimates at the time of budgeting. The contract will be managed to provide actual services required within the total not-to-exceed limit of \$651,000. If unanticipated activities require significant legal support, recommended changes would be brought to the Board of Directors.

Exhibit B

**Hanson Bridgett LLP
Rate and Charges**

FY 2016-17

The charges and billing rates for persons/positions associated with this agreement are set forth below for all matters except specialized litigation. There will be changes of approximately 5 percent to the hourly rates for FY 2016-17. The contract will be managed to provide actual services required within the total not-to-exceed limit of \$651,000.

FY 2016-17 RATES

Partner	\$360 per hour
Senior Counsel	\$320 per hour
Associates	\$290 per hour

OUT OF POCKET EXPENSES

At Cost

OTHER CHARGES

Large Scale Photocopying	At cost
Long Distance Telephone	At cost
Mileage	IRS applicable rate

COST SAVING ADJUSTMENTS

In house photocopying no charge

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Professional Services Contract with Harlan P. Wendell,
Management Communications (Strategic Counsel)**

Summary:

This item requests authorization for the CEO/General Manager to execute a contract with Mr. Wendell for FY 2016-17.

Fiscal Impact:

The not-to-exceed amount of \$150,000 for strategic services is included in the proposed Operating Budget for FY 2016-17.

If large unanticipated legislative or other efforts that arise during FY 2016-17 require additional strategic counsel, the Board would be asked to reprogram the FY 2016-17 Work Plan and budget resources, and authorize any additional strategic resources needed.

Recommendation:

That the Board authorize the CEO/General Manager to execute a contract between BAWSCA and Mr. Wendell, subject to legal counsel's final review, for a not-to-exceed amount of \$150,000 to provide strategic services.

Discussion:

Mr. Wendell provides strategic counsel for the CEO/General Manager and Board of Directors. He has provided such counsel for BAWSCA and BAWUA since FY 2000-01. Mr. Wendell's hourly rate and total contract amount have remained unchanged since FY 2007-08.

During FY 2015-16, Mr. Wendell advised the CEO/General Manager and the leadership of the Board on a variety of issues. Examples include the following:

- a) Securing a Commission adopted plan and schedule for the projects necessary to protect Mountain Tunnel from potential failure and the SFPUC's completion of a plan that identifies water supplies to the region's water customers in the event of an unplanned outage of Hetch Hetchy water.
- b) Provided strategic counsel in representing the member agencies, collectively and individually (e.g., East Palo Alto, San Jose, Santa Clara), in the early planning phases of the San Francisco Water Management Action Plan.
- c) Assisted the CEO/General Manager with media relations to improve public understanding of BAWSCA's work and accurate communication of information, with a specific focus on the region's drought response to support overall member agency and BAWSCA's goals for water supply reductions.

Examples of the historical and ongoing value provided by Strategic Counsel:

1. Continuing counsel for the CEO/General Manager to set strategies to interact with elected officials at the state and local level.
Examples: Meetings with state legislators, private-sector allies, and the San Francisco mayor's office.
2. Creating and executing strategies for successful passage of State legislation.
Examples: Strategic services for successful passage of three bills passed by the State legislature and signed by the governor in 2002, and for legislation amending the prior bills during 2006, 2008, 2010, and 2014.
3. Counseling the CEO/General Manager on the most effective ways to present ideas and information in pursuit of our goals.
Example: Assisting the CEO/General Manager in developing negotiating strategies for the 2009 Water Supply Agreement, and communicating at critical junctures to achieve successful completion of the new agreement between San Francisco and BAWSCA's member agencies.
3. Anticipating public issues and avoiding public disputes.
Example: Monitoring WSIP performance.
4. Assisting the CEO/General Manager with media relations to improve public understanding of BAWSCA's work and accurate communication of information.
Example: Assisting the CEO/General Manager to prepare for communications with national and local media on potentially significant stories about water supply and conservation.
5. Facilitating BAWSCA's operations.
Example: Providing advice about materials to ensure clarity, transparency, understanding and effectiveness of communications and presentations.

Qualifications:

Mr. Wendell helped create the Federal Health, Education and Welfare Department, a cabinet form of government for the State of Delaware, and a reorganization of government in the state's largest city. He was director for California U.S. Representative Ed Zschau's campaign for the U.S. Senate and counsel for several mayoral, gubernatorial and congressional campaigns.

His corporate communication experience includes assignments with the chief executives of DuPont, Ford Motor Company, Boeing, Proctor & Gamble, Stanford University, General Electric Aircraft Engines, and Sumitomo Corporation.

Locally, Mr. Wendell assisted former State Senator Becky Morgan to develop and promote Joint Venture: Silicon Valley. Working for BAWSCA's predecessor organization, Mr. Wendell developed and implemented the legislative strategy that resulted in passage of the three Hetch Hetchy bills.

Scope of Services:

Strategic Counsel identifies organizational, political, and communication issues facing the organization, recommends strategies that will successfully address the issues, and provides tactical advice and support necessary to implement the strategies.

For FY 2016-17, strategic services are needed to help BAWSCA achieve its results. A major result to be produced in FY 16-17 will be continued action by the SFPUC on the Mountain Tunnel to protect the water reliability needs of the water customers served by the Regional Water System.

A second major result to be produced in FY 2016-17 is associated with SFPUC's efforts through the Water MAP to answer the critical water supply questions deferred in 2008 when it adopted the Water System Improvement Program (WSIP) and that it committed to answering by 2018.

A third major result will be the successful transition of expanding BAWSCA's oversight from just the WSIP to overseeing the SFPUC's 10-Year Capital Improvement Program (CIP) and system maintenance programs. It is anticipated that Strategic Counsel will work closely with the CEO/GM as part of BAWSCA's efforts to ensure protection of the water customers.

Mr. Wendell will also continue to support the CEO/GM in issues pertaining to Restore Hetch Hetchy and the possible outcome of the recent litigation.

Strategic support is an integral activity to pursue reliable water supply, ensure the water system is rebuilt, create a productive business relationship with San Francisco, and assist in structuring action items so that informed decisions can be made by the BAWSCA Board or individual member agencies, as required. The proposed level of effort supports routine work with legislators and other public officials, but does not necessarily support major legislation or lobbying efforts.

To help manage these challenges and achieve BAWSCA's desired results, Mr. Wendell brings a 64-year governmental and corporate career with extensive organizational, political and communication experience.

BAWSCA operates in a political environment in the best, non-partisan sense of those words. It was established by the state legislature to help get the regional water system rebuilt, find solutions for other regional water problems, and get results through political entities that operate and use the regional system.

The CEO/General Manager spends a significant amount of time working within this political environment to achieve BAWSCA's goals, and requires experienced political support, as well as technical and legal support.

Bud Wendell has experience working with local, state and federal government, as well as the private sector. He has provided invaluable political and strategic counsel for the past ten years.

Exhibit A includes a proposed scope of work.

Exhibit A

**TO THE CONSULTING SERVICES AGREEMENT
Between the Bay Area Water Supply and Conservation Agency
And Harlan P. (Bud) Wendell, Management Communications**

Strategic Counsel

FY 2016-17 SCOPE OF WORK

PURPOSE

Strategic counsel identifies organizational, political, and communication issues facing the organization, recommends strategies, which will successfully address the issues, and provides tactical advice and support necessary to implement the strategies.

Work to be Performed:

Mr. Wendell will recommend organizational, political and communication policies and strategies for the CEO/General Manager and Board to:

- Meet BAWSCA's goals and achieve its results effectively.
- Create a positive identity, based on actions, to earn and maintain public support.
- Maintain close relationships with legislative and other public officials, allies, special interest groups, community leaders, media and other audiences.
- Develop and manage a new, assertive, proactive, collaborative relationship with San Francisco to address BAWSCA's concerns, and fixing the water system.
- Build constructive relationships with other entities and avoid public controversies.
- Identify and address political issues.
- Report to the Board and committees on issues and strategies as needed.
- Provide strategic support for the Long-Term Reliable Water Supply Strategy.

Not to Exceed Contract Limit: \$150,000

Rates and Charges:

Out-of-pocket expenses will be charged at cost.

<u>Name</u>	<u>Hourly Rate</u>
Harlan P. Wendell	\$185

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Professional Services Contract with Hilton, Farnkopf and Hobson
(Engineering/Financial Services)**

Summary:

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with Hilton, Farnkopf and Hobson (HFH) for as needed assistance in administering the 2009 Water Supply Agreement (WSA) and other activities during FY 2016-17. The contract will be prepared in BAWSCA's standard form of agreement.

Fiscal Impact:

The contract for a not-to-exceed amount of \$20,000 is included in the proposed FY 2016-17 Operating Budget. The proposed budget is the same as in the current year's adopted operating budget and with no increase in billing rates or fees.

Recommendation:

That the Board authorize the CEO/General Manager to negotiate and execute a contract between BAWSCA and HFH, subject to legal counsel's final review, for a not-to-exceed amount of \$20,000 to provide as needed assistance in administering the 2009 WSA and other activities during FY 2016-17.

Discussion:

HFH has been providing BAWUA/BAWSCA key financial and rate setting advice for over two decades (though not under contract every year). One of the firm's principals, John Farnkopf, was instrumental in developing the 1984 Master Contract, and assisted in negotiating the WSA. HFH has assisted BAWSCA staff with analyzing the water shortage allocation plan alternatives, and has extensive knowledge of water rate setting, having developed over 120 rate studies for retail and wholesale water, wastewater, and storm water agencies.

For FY 2016-17, HFH will provide reviews and analyses for administration of the WSA on an as-needed basis. Mr. Farnkopf's past experience is invaluable for analyzing certain cost allocation issues during administration of the WSA that ensure the member agencies pay only their fair share of costs associated with the Regional Water System as consistent with the 2009 WSA. In FY 2016-17, it is anticipated that HFH will provide assistance in analyzing the alternative financial and cost allocation impacts of alternatives examined through SFPUC's Water MAP.

Scope of Services – Results to be Achieved:

The draft scope of services with HFH for FY 2016-17 is shown in Exhibit A.

Billing Rates:

The following are the FY 2016-17 billing rates for this contract:

Vice President	\$229
Sr. Analyst/ Sr. Assoc.	\$154
Associate/Analyst	\$98-123

EXHIBIT A

**TO THE CONSULTING SERVICES AGREEMENT
Between the Bay Area Water Supply and Conservation Agency
And Hilton, Farnkopf and Hobson, Financial Advisors**

DRAFT

2016-17 SCOPE OF SERVICES

Purpose

For FY 2016-17, BAWSCA requires on going professional analytical work and expert advice in conjunction with the implementation of the new agreement and possibly other important matters (e.g., water supply allocation, wholesale rate structure, conservation rates, wholesale revenue requirement, calculation of the wholesale capital fund, etc.). As directed, HFH will provide the necessary analytical work, attend meetings with BAWSCA and/or SFPUC staff, and provide written reports or updates as required.

Work to be Performed:

As requested, assist with the implementation of the 2009 Water Supply Agreement; particularly in the areas of cost allocation, wholesale capital fund, interim supply limitations, drought allocations and related tasks.

Not to Exceed Contract Limit: \$20,000

Rates & Charges:

Vice President	\$229
Sr. Analyst/ Sr. Assoc.	\$154
Associate/Analyst	\$98-123

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Professional Services Contract with KNN Public Finance (Financial Services)**

Summary:

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with KNN Public Finance (KNN) for FY 2016-17. The contract will be prepared in BAWSCA's standard form of agreement.

Fiscal Impact:

The contract not-to-exceed amount of \$43,500 is included in the proposed FY 2016-17 Operating Budget. The proposed budget is the same as in the current year's adopted operating budget and with a 6% increase in billing rates. The KNN billing rates had remained unchanged for the previous 3 years

Recommendation:

That the Board authorize the CEO/General Manager to negotiate and execute a contract between BAWSCA and KNN, subject to legal counsel's final review, for a not-to-exceed amount of \$43,500 to provide BAWSCA assistance with its analyses of SFPUC's reports and financial information.

Discussion:

KNN has been BAWSCA's financial advisor since FY 2002-03. KNN provides analyses that help BAWSCA's review and interpretation of SFPUC reports and other financial information. For example, KNN assisted BAWSCA in reviewing the SFPUC's revenue and expenditure projections, bond refund authorizations and proposed operating and capital budgets. During FY 2015-16, KNN assisted BAWSCA staff in reviewing debt service and capital spending calculations and other components of the wholesale revenue requirement.

For FY 2016-17, the consultant will assist in reviewing the FY 2015-16 wholesale revenue requirement calculation, verifying the wholesale share of SFPUC's debt service, supporting BAWSCA's on-going bond administration, and providing recommendations that best serve the interests of the water customers.

Scope of Services – Results to be Achieved:

The draft scope of services with KNN for FY 2016-17 is shown in Exhibit A.

Billing Rates:

The following are the FY 2016-17 billing rates for this contract:

Managing Director	\$345
Vice President	\$315
Asst. Vice President/ Sr. Analyst/ Sr. Assoc.	\$265
Associate	\$220
Analyst	\$195

EXHIBIT A

**TO THE CONSULTING SERVICES AGREEMENT
Between the Bay Area Water Supply and Conservation Agency
And KNN Public Finance**

DRAFT

FY 2016-17 SCOPE OF SERVICES

Purpose

For FY 2016-17, BAWSCA requires on-going professional financial analysis and advice in conjunction with the wholesale revenue requirement, rate and financial implications, bond administration and ongoing implementation of the 2009 Water Supply Agreement.

Work to be Performed:

Anticipated tasks include the following:

Task 1. Review and provide comments on the SFPUC's financing plan, proposed budget, wholesale rate impacts, revenue funded capital projects, debt coverage and working capital components, specific schedules associated with the wholesale revenue requirement or Water Supply Agreement, or other documents or reports related to SFPUC's implementation and/or financing of the Water System Improvement Program (WSIP) or its annual operating and capital budgets or fund balances, or BAWSCA's ongoing bond administration.

Task 2. Provide other analyses as directed or required. Such activities could include updating the database to incorporate revisions to San Francisco's WSIP debt issuances; evaluating the impact of reserve levels on future SFPUC bond issues or ratings; evaluating the advantages and disadvantages of changes in the wholesale rate structure, or examining the potential for the RFA or BAWSCA to issue its own debt; or other assignments.

Not to Exceed Contract Limit: \$43,500

Rates & Charges:

Managing Director	\$345
Vice President	\$315
Asst. Vice President/ Sr. Analyst/ Sr. Assoc.	\$265
Associate	\$220
Analyst	\$195

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Professional Services Contract with Orrick, Herrington & Sutcliffe, LLP (Legal Services)**

Summary:

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with Orrick, Herrington & Sutcliffe, LLP (Orrick) for FY 2016-17 for as needed legal support on the bond documents. The contract will be prepared in BAWSCA's standard form of agreement.

Fiscal Impact:

The contract not-to-exceed amount of \$12,000 is included in the Proposed FY 2016-17 Operating Budget, and is for on-going legal support on the bond documents associated with the Revenue Bonds (Series 2013 A & Series 2013 B (Taxable) sale in February 2013. The proposed budget is the same as the current year's adopted Operating Budget with a 3% increase in billing rates.

Recommendation:

That the Board authorize the CEO/General Manager to negotiate and execute a contract between BAWSCA and Orrick, subject to legal counsel's final review, for a not-to-exceed amount of \$12,000 to provide as needed legal support on the bond documents.

Discussion:

Orrick served as BAWSCA's Bond Counsel when BAWSCA's revenue bonds were issued in FY 2012-13 to prepay a capital debt that the member agencies owed to San Francisco. They prepared the bond documents and provided a broad range of legal advice necessary to establish feasibility of the bond issuance and to achieve the objective of saving member agencies money. The consultant also provided ongoing bond counsel services through the closing of the bonds.

Orrick has been providing BAWSCA legal support on the bond documents associated with the Revenue Bonds since FY 2013-14.

For FY 2016-17, the consultant will continue providing legal support on the bond documents on an as-needed basis to support cost-effective and correct implementation of the bonds. A list of those documents is included in the draft Scope of Work.

Scope of Services – Results to be Achieved:

The draft scope of services with Orrick for FY 2016-17 is shown in Exhibit A.

Billing Rates:

The following are the FY 2016-17 billing rates for this contract:

Stephen A. Spitz	\$825/hour
Devin Brennan	\$735/hour
Richard J. Moore	\$835/hour
Roma Shupe	\$305/hour

EXHIBIT A

**TO THE CONSULTING SERVICES AGREEMENT
Between the Bay Area Water Supply and Conservation Agency
And Orrick, Herrington & Sutcliffe, LLP**

DRAFT

FY 2016-17 SCOPE OF SERVICES

Purpose:

For FY 2016-17, BAWSCA requires on-going legal support on the bond documents prepared by Orrick associated with the Revenue Bonds (Series 2013 A & Series 2013 B (Taxable) sale in February 2013.

Work to be Performed:

If needed, assist BAWSCA in connection with questions relating to the bond documents. The bond documents include:

- Revenue Bond Indenture
- First Supplemental Indenture
- Continuing Disclosure Certificate
- Official Statement
- Prepayment and Collection Agreement with the SFPUC
- Bond Purchase Agreement

Such work will not include any arbitrage rebate calculation services, investment advice, or representation in any litigation or other dispute.

Not to Exceed Contract Limit: \$12,000

Rates and Charges:

<u>Name</u>	<u>Hourly Rate</u>
Stephen A. Spitz	\$825/hour
Devin Brennan	\$735/hour
Richard J. Moore	\$835/hour
Roma Shupe	\$305/hour

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Professional Services Contract with Public Trust Advisors, LLC
(Investment Advisory Services)**

Summary:

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with Public Trust Advisors, LLC (PTA) for FY 2016-17 to provide investment advisory services for BAWSCA's bond funds deposited at the Trustee with respect to the Revenue Bonds, Series 2013A and 2013B issued in February 2013. The contract will be prepared in BAWSCA's standard form of agreement with clauses necessary for the agreement to comply with Securities and Exchange Commission (SEC) requirements.

Fiscal Impact:

The total not-to-exceed amount of \$10,000 with PTA is included in the Proposed FY 2016-17 Operating Budget. The proposed budget is the same as in the current year's adopted Operating Budget for investment advisory services with no increases in billing rates or fees.

Recommendation:

That the Board authorize the CEO/General Manager to negotiate and execute a contract between BAWSCA and PTA, subject to legal counsel's final review, for a total not-to-exceed amount of \$10,000 to provide investment advisory services for BAWSCA's Series 2013A and B bond funds deposited at the Trustee.

Discussion:

BLX Group LLC was BAWSCA's investment advisor for the agency's bond funds deposited at the Trustee, Bank of New York (BNY), from FY 2013-14 to FY 2015-16. In February 2016, BLX informed BAWSCA that PTA was acquiring the BLX investment management practice before the end of March 2016 with no planned change in investment team staff that would be managing our contract. BAWSCA contacted the Bond Counsel at Orrick and three public agencies (City of Fullerton, Southwest Florida Water Management District, and San Jacinto River Authority) who are the current clients of PTA. Based on the feedback received, BAWSCA is confident that the same team who has been providing the investment advisory services to BAWSCA through BLX will continue to provide good services under the PTA management.

For FY 2016-17, PTA will do the following:

- Monitor market conditions and the agency's circumstances on an ongoing basis to provide opportunities to all the agency's bond funds deposited at the BNY while satisfying all cashflow, safety and liquidity considerations in a manner consistent with Board's investment policy. The opportunities include improving returns and reducing risks associated with management of BAWSCA's investments to BAWSCA's financial benefit. The consultant will also prepare monthly and quarterly investment reports which reconcile all of the account investment holdings and activities.

Scope of Services – Results to be Achieved:

The draft scope of services with Public Trust Advisors for FY 2016-17 is shown in Exhibit A.

EXHIBIT A

**TO THE CONSULTING SERVICES AGREEMENT
Between the Bay Area Water Supply and Conservation Agency
And Public Trust Advisors LLC**

DRAFT

FY 2016-17 SCOPE OF SERVICES

Purpose

For FY 2016-17, BAWSCA requires on-going professional investment advisory services on the agency's funds deposited at the Bank of New York in a manner consistent with Board's investment policy.

Work to be Performed:

Anticipated tasks may include the following:

Task 1. Monitor market conditions and the agency's circumstances on an ongoing basis to provide opportunities to all the agency's funds (including stabilization funds, interest funds and principal funds) deposited at the Bank of New York while satisfying all cashflow, safety and liquidity considerations. The opportunities include improving returns and reducing risks.

Task 2. Prepare monthly and quarterly investment reports which reconcile all of the account investment holdings and activities.

Not to Exceed Contract Limit: \$10,000

Rates & Charges:

8 basis points (0.08%) multiplied by the average market value of stabilization funds under management.

Due to the short investment horizon and the current low short-term investment yields, the not to exceed contract limit amount of \$10,000 is a result of PTA waiving all of their management fees to the interest funds and principal funds.

However, PTA anticipates that short-term investment yields may rise during the course of FY 2016-17 providing the agency an opportunity to improve investment earnings by actively investing amounts held in the interest and principal funds. As a result, based upon market conditions and the agency's circumstances, PTA may propose to manage the investments held in the interest and principal funds more actively and charge the agency management fees for such additional services subject to the agency's approval. The additional earnings, net of PTA's management fees, resulting from such active management of amounts held in the interest and principal funds is expected to exceed the earnings the agency would have realized had such amounts remained invested in the money market fund.

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Professional Services Contract with Stetson Engineering**

Summary:

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with Stetson Engineering for FY 2016-17 to assist with administration of the 2009 Water Supply Agreement (WSA). The contract will be prepared in BAWSCA's standard form of agreement.

Fiscal Impact:

The contract not-to-exceed amount of \$50,000 is included in the Proposed FY 2016-17 Operating Budget. The proposed budget is \$2,500 more than the current year's adopted operating budget but with no increase in billing rates or fees. The increased budget will serve as a reserve fund for any unexpected activities.

Recommendation:

That the Board authorize the CEO/General Manager to negotiate and execute a contract between BAWSCA and Stetson Engineering, subject to legal counsel's final review, for a not-to-exceed amount of \$50,000 to assist BAWSCA with administration of the 2009 WSA.

Discussion:

Wholesale and in-City retail customers pay their share of operating and maintenance costs of the Regional Water System based on their proportionate share of water used. Outside engineering services are utilized to ensure proper calculation and measurement of metered water deliveries. Stetson Engineering has provided these services since 1984.

Stetson's familiarity with these assignments has proved valuable to the wholesale customers. In the early 1990's, Stetson discovered inaccuracies in the SFPUC water meters increasing the proportion of costs allocated to the wholesale customers. The savings due to the discovery and correction of the under-recording meters resulted in a one-time payment of \$2M and an ongoing savings estimated at \$1.2M per year.

While the analytical portion of these services could be performed in-house, BAWSCA staff provides greater value doing other tasks that cannot be performed as well by outsiders. Due to Stetson's unique knowledge of the system and water metering equipment, the specialized work, and their competitive hourly rates, continuation of their services is recommended.

Scope of Services – Results to be Achieved:

The draft scope of services with Stetson Engineers for FY 2016-17 is shown in Exhibit A.

Billing Rates:

The following are the FY 2016-17 billing rates for this contract:

Supervisor I	\$195
Associate I	\$110
Associate II	\$105
Assistant I	\$93
Assistant II	\$88
Administrative I	\$68

EXHIBIT A
TO THE CONSULTING SERVICES AGREEMENT
Between the Bay Area Water Supply and Conservation Agency
and Stetson Engineering, Inc.

DRAFT

FY 2016-17 SCOPE OF SERVICES

Purpose:

Stetson Engineering performs two vital tasks associated with administering the Water Supply Agreement:

1. Compiling and analyzing water usage information that is the basis for assigning costs between the wholesale customers and the City
2. Monitoring the repair and calibration of the system meters which measure water usage.

Work to be Performed:

Stetson Engineering will analyze the prior year's (FY 2015-16) water usage information and calculate water use factors in accordance with Exhibit J of WSA. Stetson Engineering will also monitor whether San Francisco performs mainline water meter repair, calibration and testing in accordance with the provisions of the Agreement. As required, Stetson will bring issues and recommendations to the BAWSCA General Manager or designated staff contact. In addition, Stetson will assist on an as needed basis in the implementation of the new water supply agreement.

Specific tasks will include:

- **Task 1.** Compile and analyze monthly water usage data collected by the SFPUC's Customer Services Division and daily totalizer data and monthly reports collected by the Operations division.
- **Task 2.** Record maximum water usage based on daily totalizer data collected by the SFPUC.
- **Task 3.** Concurrent with the SFPUC analyses, prepare J-tables and associated worksheets used in allocating operating and capital expenditures between in-City and suburban users. If necessary, prepare for and attend meetings with the SFPUC pertaining to the finalization of J-tables. Compare analysis with SFPUC, resolve any differences, and reach agreement with the SFPUC on J-table allocation factors.
- **Task 4.** Continue to monitor SFPUC efforts to recalibrate, maintain, or install new meters (system input, J-table, or county-line meters) and provide periodic written updates.

- **Task 5.** As requested, prepare for and attend meetings with the Board or General Manager, attend meetings or conduct field trips with SFPUC representatives when necessary or required, conduct other analyses as directed, and prepare monthly progress and billing reports.

Budgeted Activities:

The total budget request is based on the following *estimates*:

Administration/General	\$ 5,250
Analyze Water Usage	20,000
Max. Day	1,000
J-Tables	5,250
System/County-line Meters	16,000
<u>Unexpected Activities</u>	<u>2,500</u>
Sub-Total	\$50,000

Not-to-Exceed Contract Limit: \$50,000

Rates and Charges:

Hourly billing rates are shown below:

Supervisor I	\$195
Associate I	\$110
Associate II	\$105
Assistant I	\$93
Assistant II	\$88
Administrative I	\$68

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Professional Services Contract with Terry Roberts Consulting, Inc. for FY 2016-17**

Summary:

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with Terry Roberts Consulting, Inc. for FY 2016-17. Mr. Roberts' experience and insights have been an integral part of BAWSCA's review of SFPUC's management of the Water System Improvement Program (WSIP) and Water Enterprise 10-year Capital Improvement Program (10 -Year CIP), as well as preparation of recommendations for SFPUC's consideration. BAWSCA's recommendations to date have ensured that tens of millions of dollars in savings have remained available to benefit the water customers.

Mr. Roberts has an extensive track record of successfully implementing complex capital improvement programs for local Bay Area cities in his prior positions. As former Deputy City Manager for San Jose, Mr. Roberts was responsible for overall direction and leadership in implementing a \$3.5 billion, 5-year CIP. While the Public Works Director for Daly City and Oakland, Mr. Roberts directed departments with annual operating budgets of \$10M (90 employees) and \$100M (700 employees) respectively.

Mr. Roberts' expertise in implementing complex CIPs has been vital to BAWSCA's monitoring of the SFPUC's implementation of the WSIP and 10-Year CIP from the perspective of the water suppliers and customers who rely upon the Regional Water System.

With all but one of the WSIP projects now in construction mode, and the 10-Year CIP in its initial phase, Mr. Roberts' expertise in managing complex capital programs will be especially valuable to ensure that BAWSCA's goal of the WSIP being implemented on schedule, within budget, and on scope to meet the water reliability needs of the member agencies is met. Additionally, Mr. Roberts expertise will be invaluable as BAWSCA monitors the SFPUC's preparation and execution of capital projects to address the deficiencies in the Mountain Tunnel facilities. The contract will be prepared using BAWSCA's standard form of agreement.

Fiscal Impact:

The proposed FY 2016-17 Operating Budget contains \$125,000 for these services. The proposed budget for this consultant is the same as the current year's adopted operating budget with a 1.5% increase in billing rates.

Recommendation:

That the Board authorize the CEO/General Manager to negotiate and execute a contract between BAWSCA and Terry Roberts Consulting, Inc., subject to legal counsel's final review, for a not-to-exceed amount of \$125,000 to provide BAWSCA professional services needed in monitoring SFPUC's implementation of the WSIP and 10-year CIP.

Discussion:

In November 2007, Mr. Roberts was retained to assist in reviewing the progress of the WSIP. In FY 2016-17, the SFPUC's efforts in implementing the WSIP will be predominately engaged in finishing construction of and/or closing out key projects, particularly the Calaveras Reservoir Replacement, Harry Tracy Water Treatment Plant Long-Term Improvements, and Regional Groundwater and Conjunctive Use Project. Additionally, the Alameda Creek Recovery Project will enter the project bidding phase. Mr. Roberts' expertise is critically important to BAWSCA in its continuing review of the WSIP during this construction period.

Further, beginning in FY 2013-14, BAWSCA began reviewing the SFPUC's 10-Year CIP in an effort to influence the scope, schedule and budget of that effort in the early development stages. Work to date has focused on examining the SFPUC's preparation and execution of the proposed Mountain Tunnel capital projects to address the potential failure of this critical piece of infrastructure. In FY 2015-16, BAWSCA was able to secure Commission adoption of a schedule and budget for each of the capital projects associated with Mountain Tunnel and emergency plans in the event of its failure. For FY 2016-17, these efforts are expected to increase.

Finally, beginning FY 2014-15, Mr. Roberts began assisting BAWSCA in its review of the SFPUC Water Enterprise's asset management program. Mr. Roberts' support in this area will continue next year as BAWSCA's efforts in this area continue to expand.

Mr. Roberts' prior experience in implementing complex CIPs in the public sector brings significant value to BAWSCA's review of the WSIP and 10-Year CIP. As former Deputy City Manager for the City of San Jose, Mr. Roberts' was directly responsible for implementation of that city's \$3.5 billion, 5-year CIP, which included \$390 million in utilities, \$350 million in transportation, \$1 billion in airports, \$550 million in libraries, parks and community centers, \$175 million in police and fire facilities, and a \$380 million new city hall. For this project, over 180 projects were completed in each of the last three years for a total of over 850 projects completed in a 5-year period. This "on-the-job" experience is invaluable in looking at the overall implementation of the WSIP from the perspective of the water suppliers who will pay 2/3rds of the cost, and who are in the communities in which a majority of the infrastructure will be constructed.

Scope of Services – Results to Be Achieved:

The draft scope of services with Mr. Roberts for FY 2016-17 is shown in Exhibit A.

Billing Rates:

The following are the FY 2016-17 billing rates for this contract:

- Terry Roberts: \$204/hour
- Jean Gardner: \$128.50/hour

EXHIBIT A

**TO THE CONSULTING SERVICES AGREEMENT
Between the Bay Area Water Supply and Conservation Agency
and Terry Roberts Consulting, Inc.**

DRAFT

FY 2016-17 SCOPE OF SERVICES

Purpose:

Provide expertise in the areas of major capital project development and implementation, project cost estimating, project controls, project scheduling, construction management, and asset management that pulls these areas together to support BAWSCA's continuing review of the SFPUC's WSIP, 10-Year CIP, and asset management program from the perspective of the water agencies and customers that rely upon the Regional Water System.

Work to be Performed:

- Meet or teleconference regularly with BAWSCA staff and other technical resources to identify opportunities to improve water system reliability and coordinate activities
- Assist BAWSCA with 10-Year CIP and WSIP Development and Implementation: Identify critical project or program issues that might warrant BAWSCA's attention or formal comment. At the request of BAWSCA, review current and developing processes within the SFPUC for project development, approval, and implementation.
- Assist BAWSCA in review of the SFPUC's asset management program.
- Support BAWSCA's efforts to monitor detailed progress on the overall regional 10-Year CIP and WSIP by project and as a program, and on a quarterly basis following the release of the SFPUC Quarterly Reports. Contractor shall (1) provide a brief written report of such progress and (2) identify any specific project(s) that require more detailed analysis.
- Participate in discussions with SFPUC staff and consultants and provide expert advice for producing and maintaining realistic project cost estimates and schedules and construction management
- Work with BAWSCA staff to review and comment on related reports prepared by SFPUC and others including Annual AB1823 Reports to State, AB 1823 Program Change Reports, Reports from the California Seismic Safety Commission and Department of Health

Not to Exceed Contract Limit: \$125,000

Rates and Charges:

The hourly billing rate is shown below.

<u>Name</u>	<u>Hourly Rate</u>
Terry Roberts	\$204/hour
Jean Gardner	\$128.50/hour

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Professional Services Contract with ConserveTrack, LLC to Maintain a Conservation Management System for FY 2016-17**

Summary:

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with ConserveTrack, LLC to implement the Conservation Management System for FY 2016-17. The system includes the following two distinct, but related elements: 1) An online conservation rebate application system (Online Rebate System), and 2) a data management system (Data Management System), offered as a subscription water conservation program, to track and manage individual member agency's water conservation programs.

Fiscal Impact:

The BAWSCA budget for FY 2016-17 includes \$1,236 for consulting support services for hosting and maintaining BAWSCA's portion of the Online Rebate System. BAWSCA uses this system for its conservation program reporting and analysis.

The annual maintenance costs for ConserveTrack's Online Rebate System, estimated at \$927 per agency, will be funded by BAWSCA member agencies participating in BAWSCA rebate programs. The Data Management System will be offered as a separate program on a subscription basis. For FY 2016-17, only those agencies that elect to participate in this program will pay the cost of the outside service provider.

Recommendation:

That the Board authorize the CEO/General Manager to:

- 1. Negotiate and execute a contract between BAWSCA and ConserveTrack, LLC, subject to legal counsel's final review, for implementation of the Conservation Management System in FY 2016-17; and,**
- 2. Offer participation in the Data Management System to interested BAWSCA agencies on a subscription basis.**

Discussion:

The Conservation Management System is currently under development and is anticipated to be completed in May 2016. The System incorporates the following elements:

1. An online conservation rebate application system (Online Rebate System), to streamline the rebate application process for applicable BAWSCA rebate programs. This system will be used by all 15 BAWSCA member agencies that participate in the Lawn Be Gone!, High Efficiency Toilet, and Rain Barrel Rebate Programs.
2. A conservation data management system (Data Management System), to enable BAWSCA member agencies to track and manage each individual agency's conservation programs. Currently, two BAWSCA member agencies are utilizing this system.

Development of the Online Rebate System and implementation of the Data Management System for participating agencies will be complete in FY 2015-16. A contract with ConserveTrack, LLC for FY 2016-17 is needed to: (1) support the ongoing operation and maintenance of the Online Rebate System and Data Management System and (2) facilitate the use of the Data Management System by additional BAWSCA member agencies that opt to participate in this subscription program.

Alternatives:

The following alternatives to the recommended actions have been considered:

The alternatives to the recommended action included herein are to (1) not support the Conservation Management System in FY 2016-17, or (2) support only the Online Rebate System portion of the Conservation Management System in FY 2016-17 and discontinue the Data Management System subscription program.

BAWSCA does not recommend the above alternatives for FY 2016-17. Through a competitive selection process in 2015, BAWSCA received proposals from firms qualified to perform the services requested. The Conservation Management System will provide an effective means of administering water conservation activities for BAWSCA and its member agencies. To abandon the system would waste the time and investment put into the system by BAWSCA and member agencies to date, and would decrease the efficiency of operations of both BAWSCA and member agency rebate programs. The agencies have expressed a desire to participate in the Data Management System subscription program in FY 2016-17, as this system provides a valuable tool for maximizing efficiency of water conservation program implementation.

Conclusion:

The Conservation Management System Program provides a cost-effective means of managing and implementing water conservation programs. Efficient operation of water conservation rebate programs is particularly critical in light of increased activity as a result of recent drought conditions. For these reasons, renewal of this water conservation program is recommended.

Attachment:

The scope of work for FY 2015-16 is shown in Exhibit A. This scope will be updated for FY 2016-17 to reflect only ongoing operation and maintenance of the Online Rebate System, as well as the ongoing option for BAWSCA member agencies to implement the Data Management System.

EXHIBIT A

**Scope of Services – ConserveTrack Conservation Management System
Implementation - FY 2015-16**

Implementation Plan

ConserveTrack LLC will implement the BAWSCA system according to the following plan. At each step of the way we will work with BAWSCA and Agency staff to confirm requirements and obtain feedback on the design in an incremental fashion.

Detailed Requirements Definition and Project Plan

The first step is to work with BAWSCA and Agency staff to define and document the detailed requirements and preferences. The Requirements Document will contain the results of this step, and it will guide all the development.

Design and Prototype

Based on the detailed requirements a strawman prototype of the entire system will be developed. This may be in the form of PowerPoint slides that illustrate the detailed user interface and behavior, and portions of the system that are working software.

Programming and Testing

After the detailed design and prototyping are complete, we will begin detailed programming and unit testing.

After the key software units are completed we will conduct integrated system testing. This consists of testing the communications between the BAM Rebate System and the multiple DMS Agency systems.

Stress Testing: We will simulate typical and heavy use loads on the system. This will include simulated multiple simultaneous Rebate Center users and multiple DMS user logins in multiple DMSs. We will simulate typical behaviors and monitor system load and responsiveness.

Final Testing: We will conduct a final test before beginning Beta Testing with BAWSCA and Agency staff.

Note: A very significant amount of the software required for the Agency DMS is already available in ConserveTrack. The majority of the features are ready to use.

Training

After development is nearly complete, training for BAWSCA and Agency staff will be conducted. See Section F for training plan details.

Beta Testing

Beta Testing will be conducted with BAWSCA Staff, and 1-2 Member Agency's staff.

The purpose of beta testing is to use the system as if they were actually using it to complete their every day work. In this case it will include coordinated use by BAWSCA and Agency staff, using pre-scripted activities that simulate actual usage.

The second part of the Beta testing will be to use the entire system, 'in parallel' with the current system. The purpose of this test is to verify that the same data (or more) is saved, and that the new system will work reliably and consistent with how the previous system worked. We suggest 2-3 week period of parallel usage.

When BAWSCA and Agency staff are satisfied of the proper operation of the system, it will be considered accepted.

Historical Rebate Cases Import

For both BAWSCA and Member Agencies, there may be historical Rebate Cases that will require importing into the current systems (BRC and DMS).

We will work with BAWSCA and Agency staff to obtain these past rebate records, to convert and import these into the new system. This work will be dependent on the help and support of technical support staff at BAWSCA and each Agency.

Final Installation and Configuration

After acceptance, we will re-initialize the entire system by clearing out any test data, and loading any initial data that is required (such as rebates from the previous system or other type cases into the DMS for the Agencies that choose to use ConserveTrack).

We will verify the configuration and then conduct final checks.

Rollout

We recommend both the new and previous systems be used in parallel for a period of two-three weeks. This is the rollout period. During this period, the previous system will be the 'master'. During this time the two systems will be compared are the new system will be validated.

After the rollout period, the previous system will be discontinued. This provides a safety option so that if there is any substantial issue found in the new system, users can revert to using the previous system until the issue is resolved. This is considered highly unlikely as any such issues will be considered in the design phase, testing phase or during beta testing.

To begin use of the new system a Start Date will be selected. On that date users will begin using the new system.

Ongoing Hosting, Maintenance and Support Services

This section defines the services we will provide as part of the ongoing hosting, software maintenance, user support and technical support.

System Hosting and Maintenance

The ConserveTrack server will be hosted at a physically secure network facility with dedicated redundant power supplies, and dedicated ultra-high speed, redundant internet connections.

ConserveTrack will provide all hardware, software, software licenses and services required to install and operate the system. Nothing will need to be installed at BAWSCA except the system to execute the periodic export of data from the CC&B billing system to ConserveTrack.

ConserveTrack will be hosted on a professionally managed ConserveTrack server. Only the ConserveTrack staff and the hosting facilities technicians will have access to the computers. The data base will be protected from internet access. The system will be monitored constantly. System performance and responsiveness will be reviewed regularly.

The services included are:

1. Physical server computer(s) and networking equipment.
2. All software, including Microsoft and other third party licenses
3. Facilities: power, air conditioning, and physical security
4. Backups and storage, and emergency RESTORE if needed.
5. System Monitoring

Software Maintenance

The ConserveTrack software is continuously updated and improved. In addition, underlying technology changes require periodic software updates. This section defines the various software maintenance tasks.

1. Software Maintenance and Support, including:
 - a. Bug fixing – any software issues will be resolved in a timely manner
 - b. Technology updates when Operating System and other related software changes
 - c. Version updates of purchased modules and features
 - d. Ongoing system enhancements such as improved user interface
2. Software Enhancements
 - a. Minor software changes are included in the services, for example:
 - i. Text and label changes on web forms and letters
 - ii. Minor changes to reports or letters such as updating text, graphic elements, and formatting.

- b. The quoted service does not include adding new features, changes or additions such as:
- i. Any new feature requiring coding changes
 - ii. New reports
 - iii. New letters
 - iv. New web pages or functions on existing pages
 - v. Major changes to pages such as adding new fields, calculations
 - vi. These types of changes will require a change order and normally will require additional costs. We will provide a written quote for any change request.

User Support

ConserveTrack will provide user support services as a part of the hosted ConserveTrack service:

- User Support – ConserveTrack will provide technical support for users via phone, screen sharing and email. Support will be provided during normal BAWSCA business hours (9 AM – 5 PM).
- Training as needed. We ask that training sessions be scheduled in advance but brief training via GoToMeeting is always available.

Required IT Support

We will require some initial and ongoing support from your IT staff. We try to minimize the impact on IT. ConserveTrack will need the support and help from your IT staff in the following ways:

1. Initial Billing System Synchronization
 - a. We will work with the IT/Utility Billing System technical staff to create scripts to query and extract the required information for ConserveTrack.
 - b. This is a one way data transfer from the billing system to ConserveTrack
 - c. This may be in the form of computer files, or possibly a read-only direct database connection (this depends on the IT preference and system capabilities)
 - d. Configure the data transfer method (e.g. FTP or direct database connection)
 - e. Test the extract data and make necessary adjustments.
2. Ongoing Billing System Synchronization
 - a. On a weekly basis, generate the extracts
 - b. This may be automated or a manual process. Automated is preferred.
 - c. Provide occasional assistance as needed in case of problems
3. Initial Case Data Extract
 - a. We will import all of historical rebate cases into ConserveTrack Cases
 - b. To do this we will need to work with a person who is technically familiar with your current databases, and can help us extract the required data.
 - c. This is a one time task completed as part of the ConserveTrack setup.

BAWSCA Rebate Center System Costs		Quote	
ConserveTrack Cloud-Hosted Conservation Management		8/5/2015	
Final Revision 8/5/2015			
Items	BAWSCA Costs	Agency Costs	
Rebate Center			
Initial Rebate Center System	25,000		
Optional Additional Customizations	5,000		
Total Initial BAWSCA Cost	30,000		
Mini DMS Integration per agency			400 per Agency ¹
Add Future Rebate Programs	1,800 each		
Data Management System (DMS)		Account Multiplier	
The cost per agency depends on # accounts		0-50K	0.18
\$2500 Initial base cost PLUS multiplier* # Accts		50K +	0.15
Training Costs			
BAWSCA Rebate Center	1,400		
DMS (group)			1,500
Mini-DMS (group)			800
Inspectors (group)			800
Hosting, Maintenance and User Support³		Monthly	
BAM Rebate Center Support ⁵	100		
Full DMS Hosting, Maintenance and User Support		Account Multiplier	
\$100 + #Accounts * Multiplier		0-50K	2.8 cents
		50K +	1.8 cents
Mini-DMS Maintenance and Support			75
¹ Mini-DMS Agency Integration includes Mini-Synchronization with Billing System ² Depends on the size of the agency (# accounts and # users). This cost quote includes 4 users. Additional users add \$500 to the DMS initial cost and \$100/month ³ Monthly costs will be discounted depending on how many agencies adopt DMS ⁴ Support fees: we propose a cost of living increase of 3% annually			

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Professional Services Contract with EarthCapades to Conduct School Assembly Program for FY 2016-17**

Summary:

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with EarthCapades to implement School Assembly Program for FY 2016-17. Participation in this water conservation program is voluntary. The opportunity to participate will be extended to all BAWSCA agencies. As a subscription program, participating agencies will pay the entire cost for the program.

Fiscal Impact:

For FY 2016-17, only those agencies that elect to participate in this program will pay the cost of the outside service provider as well as budgeted BAWSCA staff time.

Recommendation:

That the Board authorize the CEO/General Manager to:

- 1. Negotiate and execute a contract between BAWSCA and EarthCapades, subject to legal counsel's final review, for implementation of the School Assembly Program in FY 2016-17; and,**
- 2. Offer participation in the program to interested BAWSCA agencies on a subscription basis.**

Discussion:

Fiscal year 2016-17 will be the sixth year that the School Assembly Program would be offered to BAWSCA member agencies. Thirteen agencies are currently participating in the program. The majority of these agencies have expressed interest in participating in this program again next year. This program is part of the comprehensive package of conservation programs that BAWSCA agencies have asked BAWSCA to support next fiscal year as part of the Regional Demand and Conservation Projections Report.

The contractor, EarthCapades, provides an informative and entertaining assembly at schools that focuses on water conservation. Typically the assemblies reach 250 students at a time at a rough cost of \$2 per student. EarthCapades performances combine age appropriate, state science standards with circus skills, juggling, music, storytelling, comedy, and audience participation to teach environmental awareness, water science and water conservation. Programs are designed to include local water source and watershed information. Using specifics provided by the agencies, EarthCapades integrates the information into their script or writes new routines to convey the agency message. EarthCapades handles the administrative logistics of scheduling the performances with the schools. EarthCapades also collects paper-free evaluations using Survey Monkey, which provides tangible statistics of the effectiveness of their program.

This program will assist participating agencies in implementing the "Foundational: Education – School Education Programs" element of the Best Management Practices for Urban Water Conservation.

Because of its connection with school children, this program would be initiated in August 2016 and run through June 2017. The scope of work for FY 2016-17 is expected to be largely consistent with the scope of work for the prior year's program, which is included as Exhibit A.

Alternatives:

Alternatives to the recommended action included herein are to: (1) not offer the School Assembly Program in FY 2016-17, or (2) offer a potentially different type of School Assembly Program.

BAWSCA does not recommend the above alternatives for FY 2016-17. The agencies have expressed a strong desire to continue to support a School Assembly Program that focuses on water conservation. EarthCapades was selected to provide the School Assembly Program through a competitive process in 2009. The agencies also continue to be pleased with this program and have expressed a desire to continue the School Assembly Program with EarthCapades in FY 2016-17. Given EarthCapades' qualifications and performance, it is appropriate to contract for their services this coming fiscal year.

Conclusion:

The experience with this program to date has shown it to be a cost-effective means of educating students on the value of water and the importance of water conservation. For this reason, renewal of this water conservation program is recommended.

Attachment:

The scope of work for FY 2015-16 is shown in Exhibit A. The scope will be updated for FY 2016-17 and is expected to be largely unchanged.

EXHIBIT A

Scope of Services: EarthCapades School Assembly Program FY 15-16

SCOPE OF WORK

EarthCapades will schedule and perform assembly programs at eligible schools and public events within the Bay Area Water Supply and Conservation Agency (BAWSCA) service area during the Fiscal Year 2015-16 school year, August 2015 through June 2016.

BAWSCA and/or Local Water Agency Roles and Responsibilities:

- BAWSCA will provide EarthCapades with initial information regarding which schools are eligible within each BAWSCA member agency (Local Water Agency) and what the maximum not to exceed budget is for each Local Water Agency by July 2, 2015, or sooner. If, during the course of FY 2015-16, the Local Water Agency wishes to increase or decrease the number of shows and/or budget, the Local Water Agency will coordinate those changes with EarthCapades, who will in turn notify BAWSCA of any changes. A decrease in the total number of shows or budget can be accommodated as long as it does not impact any schools that have already been scheduled.
- BAWSCA and/or the Local Water Agencies will provide EarthCapades with show content requirements by August 1, 2015.
- BAWSCA and/or the Local Water Agencies are responsible for coordinating with EarthCapades if they would like select materials and information distributed as part of a show. Such coordination must occur no later than one week prior to the scheduled show. BAWSCA understands that EarthCapades may not be able to distribute items that are too large or that conflict with the message that EarthCapades is presenting and that BAWSCA or the Local Water Agencies may have to be responsible for the delivery and distribution of item(s) if they exceed EarthCapades' capacity to deliver the materials.
- Local Water Agencies will email a draft Letter of Invitation to eligible schools with a Fax Request Form (Template Letter with Agency-specific information, in a Word Document) to EarthCapades for review by July 25, 2015. EarthCapades will provide comments on drafts to Local Water Agencies by August 1, 2015.
- Local Water Agencies will mail a Letter of Invitation with a Fax Request Form to all eligible schools by August 5, 2015. Eligible schools interested in participating will respond directly to EarthCapades, which shall be responsible for all scheduling.

EarthCapades Roles and Responsibilities:

- EarthCapades will incorporate the content requested by BAWSCA and/or Local Water Agencies into the shows that are conducted within the Local Water Agency Service Area.
- EarthCapades will perform assembly performances that include, but are not limited to, the following information:
 - Everything is connected through water and water is vital to sustain life on Earth.
 - All water is connected through the Water Cycle: Evaporation, Condensation Precipitation;
 - Water is a finite resource;

- Every living being on Earth depends on water to survive and everything that is manufactured uses water to be created;
 - Approximately 70% of our bodies and 90% of our brains are water; and
 - Approximately 70% of the Earth's surface is water, 97% of that is salt water and only 1% is fresh liquid water.
- How water gets from the source to City/Agency homes and schools.
 - PowerPoint and/or visual description of the path the water takes from the Sierra Nevada Mountains to the Hetch Hetchy Reservoir, through the pipeline to local reservoirs to the treatment plant, and then through underground pipes to our homes and schools. This will change according to the local specific information for each agency.
 - How to conserve, protect, and respect water. Conservation tips covered but not limited to:
 - Turn off the water when you're not using it (brushing teeth, washing hands, doing dishes, etc);
 - "Get off the bottle" and use reusable water bottles;
 - Fix leaky faucets and toilets;
 - Install low flow faucets aerators, shower heads and toilets;
 - Use a broom not a hose to clean the sidewalk;
 - Take shorter showers;
 - Run full laundry and dishwashing loads; and
 - Plant native drought resistant plants and water in the mornings and evenings.
 - How to prevent water pollution:
 - Don't litter;
 - Use organic fertilizers, not pesticides on lawns and gardens;
 - Prevent storm water pollution through not pouring anything down the storm drains,
 - Recycle motor oil;
 - Create awareness that everything that goes into the storm drains ends up in nature; and
 - Inspire students to pick up litter ("safe" litter ~ wear gloves and don't pick up anything sharp or containing bodily fluids).
- EarthCapades will schedule performances directly with schools based upon a first come, first served basis.
 - EarthCapades will submit a progress report to BAWSCA on October 15, 2015 regarding how many and which of the eligible schools EarthCapades has been able to successfully enroll. EarthCapades will provide additional school scheduling updates upon request.
 - If EarthCapades is having difficulty enrolling a school in the program, or if that school/classroom has not been enrolled by January 2016, EarthCapades will alert BAWSCA and the Local Water Agency.

- EarthCapades will fax or email each scheduled school a Performance Agreement stating the date and time of performance and EarthCapades' technical needs. The Performance Agreement will be signed and returned by the school's administrator.
- One week prior to performances EarthCapades will send a Reminder fax or email to each scheduled school to re-confirm and remind them to be prepared for the program.
- On the day of the program, EarthCapades will distribute materials provided by BAWSCA and/or the Local Water Agency to the show attendees, if BAWSCA and/or the Local Water Agency have established a mutually agreeable arrangement with EarthCapades as to how to orchestrate the materials delivery and distribution.
- On the day of the program, EarthCapades will e-mail an online evaluation link for teachers and administrators to complete. BAWSCA and the Local Water Agency staff will be provided a link to review survey results at any time. The link will remain open and available to BAWSCA and the Local Water Agency staff until August 1, 2016.
- EarthCapades performer(s) will present a preapproved 35 to 45 minute assembly with different age appropriate versions for grades K-2, 3-5 and 6-8 that teach water conservation and appreciation.
- Agencies have the option to use program funds for performances at alternate locations and/or events as long as it coordinates with EarthCapades availability.
- EarthCapades will invoice BAWSCA monthly for shows performed previous month.
- If a scheduled school cancels before confirmation fax is sent, EarthCapades will reschedule the performance. If the school cancels after the Performance Reminder has been sent, the Local Water Agency will be charged for full amount.
- EarthCapades will manage scheduling and performances to stay within the specified Local Water Agency maximum not to exceed budgets.
- EarthCapades rates for this contract are listed below.

School Shows (45 minutes, maximum of 350 students and staff per show)

EarthCapades will provide BAWSCA with a Final Report by July 1, 2015 that includes:

- Brief Introduction
- Brief Summary of Show content
- Documentation, by Agency, of the schools/locations/events where EarthCapades performed
- Documentation, by Agency, of the number of people/kids that attended each EarthCapades performance
- Select quotes from survey results
- A few photos to give a feel of a performance
- Link to the survey results

Fees for Duo Performer Programs:

- \$700 / 1 show
- \$1050 / 2 shows (back to back)
- \$1315 / 3 shows (same school same day)

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Professional Services Contract with Global Sun Landscape to Implement the Lawn Be Gone! Site Inspection Program for FY 2016-17**

Summary:

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with Global Sun Landscape to implement the Lawn Be Gone! Site Inspection Program (Program) for FY 2016-17. As with all BAWSCA subscription programs, (1) the opportunity to participate is extended to all BAWSCA agencies, (2) participation is voluntary, and (3) the participating agencies will pay the entire cost for the Program.

Fiscal Impact:

This Program is being offered on a subscription basis. For FY 2016-17, only those agencies that elect to participate in the Program will pay the cost of the outside service provider, as well as budgeted BAWSCA staff time.

Recommendation:

That the Board authorize the CEO/General Manager to:

- 1. Negotiate and execute a contract between BAWSCA and Global Sun Landscape, subject to legal counsel’s final review, for implementation of the Lawn Be Gone! Site Inspection Program in FY 2016-17; and,**
- 2. Offer participation in the program to interested BAWSCA agencies on a subscription basis.**

Discussion:

The Lawn Be Gone! Program, a voluntary subscription water conservation program offered to all BAWSCA agencies, provides rebates to customers of participating member agencies for replacing ornamental turf with water-efficient landscaping such as native plants and permeable hardscape. To ensure that sites participating in the program will achieve water savings, each location must meet certain program requirements. To ensure compliance, customer sites must undergo a pre-inspection and post-inspection to determine eligibility and compliance with the program terms.

The Lawn Be Gone! Site Inspection Program has been offered to BAWSCA member agencies since July 2015. The Program provides assistance to BAWSCA member agencies in conducting pre- and post-inspections of residential and commercial landscape sites seeking to participate in BAWSCA’s Lawn Be Gone! Program or similar member agency turf replacement programs.

Currently, five agencies are participating in the Program, and each of these agencies has expressed a strong desire to continue participate in the program next year.

Alternatives:

The alternatives to the recommended action included herein are to (1) not offer the Program in FY 2016-17, or (2) offer a potentially different type of Program.

BAWSCA does not recommend the above alternatives for FY 2016-17. Through a competitive selection process in 2015, BAWSCA received proposals from firms qualified to perform the services requested. The agencies have expressed a desire to participate in the Program in FY 2016-17. In addition, this program will provide a water conservation tool for participating agencies, particularly valuable under State required water use reductions.

Conclusion:

The Lawn Be Gone! Site Inspection Program provides a valuable enhancement to the Lawn Be Gone! Program for the agencies that opt to participate. The Program can be provided by a qualified vendor at a reasonable cost. For these reasons, implementation of the Program is recommended.

Attachment:

The draft scope of work for FY 2016-17 is shown in Exhibit A.

EXHIBIT A

**TO THE CONSULTING SERVICES AGREEMENT
Between the Bay Area Water Supply and Conservation Agency
and Global Sun Landscape**

DRAFT

FY 2016-17 SCOPE OF SERVICES

Purpose:

Provide pre- and post-inspection services for Bay Area Water Supply & Conservation Agency (BAWSCA) member agencies' (Local Water Agency(ies)) customers that participate in the Lawn Be Gone! rebate program (Program) or similar local agency turf replacement rebate programs.

Work to be Performed:

- Conduct pre-inspections of turf replacement project sites, and collect field data and photos to confirm that a site meets program qualification requirements
- Complete the necessary pre-inspection paperwork and photos, and qualify the water customer for participation in the Program by sending out a notice to proceed.
Enter field data and photos into an online database hosted by BAWSCA (the Rebate Center)
- Conduct post-inspections of turf replacement project sites, and collect field data and photos to confirm that the completed project complies with program guidelines.
- Host a Program hotline for customers.

Rates and Charges:

The unit costs are shown below.

<u>Item</u>	<u>Unit Cost (per site)</u>
Pre-Inspection Services - Residential sites and Commercial up to 1,000 sq. ft.	\$94
Post-Inspection Services – Residential sites and Commercial up to 1,000 sq. ft.	\$94
Pre-Inspection Services - Commercial sites over 1,000 sq. ft.	\$124
Post-Inspection Services –Commercial sites over 1,000 sq. ft.	\$124
Lawn Be Gone! Customer Hotline	\$67

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Professional Services Contract with Maddaus Water Management for FY 2016-17**

Summary:

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with Maddaus Water Management (MWM) to provide as-needed assistance on BAWSCA agency water demand and conservation savings projections. Participation in these services by BAWSCA agencies is voluntary. The opportunity to participate will be extended to all BAWSCA agencies. As a subscription program, participating agencies will pay the entire cost for the program.

Fiscal Impact:

For FY 2016-17, only those agencies that elect to participate in this program will pay the cost of the outside service provider as well as budgeted BAWSCA staff time.

Recommendation:

That the Board authorize the CEO/General Manager to:

- 1. Negotiate and execute a contract between BAWSCA and Maddaus Water Management, Inc., subject to legal counsel's final review, to provide professional services related to water demand and conservation savings projections; and,**
- 2. Offer participation in the services to interested BAWSCA agencies on a subscription basis.**

Discussion:

In March 2013, BAWSCA contracted with MWM to complete the Regional Demand and Conservation Projections Project. Through this project, which was completed in July 2014, MWM developed individual Decision Support System models (DSS models) for each BAWSCA agency to project each agency's water demand and conservation savings through 2040. In addition to providing regional demand projections for the Long-Term Reliable Water Supply Strategy, these models were provided to each agency for use in its local planning efforts.

Following completion of this project, BAWSCA entered into a subsequent one-year contract with MWM to provide as-needed services on the DSS Models developed through the Project. BAWSCA agencies have expressed interest in continued services from MWM to support the use of the DSS models in FY 2016-17, in particular, to assist with modifications that may be necessary as part of future water supply planning efforts.

Alternatives:

Alternatives to the recommended action included herein are to: (1) not offer the Demand and Conservation Projections Support Services in FY 2016-17, or (2) offer potentially different services based on a contractor and program selected through a competitive bid process.

BAWSCA does not recommend the above alternatives. MWM was selected to complete the Regional Demand and Conservation Projections Project through a competitive process in 2013. Several agencies have indicated a strong interest in continued use of the DSS Models and as-

needed support services through FY 2016-17. Given MWM's qualifications, it is appropriate to contract with the firm for these services for FY 2016-17.

Conclusion:

The DSS Model continues to provide a valuable tool for the BAWSCA member agencies in their water management planning efforts. For this reason, renewal of this as-needed contract is recommended.

Attachment:

The scope of work for FY 2016-17 is shown in Exhibit A.

EXHIBIT A
TO THE CONSULTING SERVICES AGREEMENT
Between the Bay Area Water Supply and Conservation Agency
and Maddaus Water Management, Inc.

DRAFT

FY 2016-17 SCOPE OF SERVICES

Scope of Services: As-Needed DSS Model Support Services FY 2016-17

Purpose:

Provide technical services and other support for the BAWSCA member agencies associated with the use of the Decision Support System (DSS) Model for water demand projections and conservation program planning.

Work to Be Performed:

Services will be performed on an as-needed basis and may include:

- Modifications to DSS Model Input data
- Additional model runs or scenario testing
- One-on-One DSS Model training
- Technical assistance

Rates and Charges:

The hourly billing rate is \$195 per hour.

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Professional Services Contract with Resource Action Programs to Implement the School Education Program for FY 2016-17**

Summary:

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with Resource Action Programs (RAP) to implement the Water Wise School Education Program for FY 2016-17. Participation in this water conservation program is voluntary. The opportunity to participate will be extended to all BAWSCA agencies. As a subscription program, participating agencies will pay the entire cost for the program.

Fiscal Impact:

For FY 2016-17, only those agencies that elect to participate in this program will pay the cost of the outside service provider as well as budgeted BAWSCA staff time.

Recommendation:

That the Board authorize the CEO/General Manager to:

- 1. Negotiate and execute a contract between BAWSCA and Resource Action Programs, subject to legal counsel's final review, for implementation of the School Education Program in FY 2016-17; and,**
- 2. Offer participation in the program to interested BAWSCA agencies on a subscription basis.**

Discussion:

Fiscal year 2016-17 will be the eleventh year that the Water Wise School Education Program has been offered to BAWSCA member agencies. Eight agencies are currently participating in the program. The majority of these agencies have expressed interest in participating in this program again next year. This program is part of the comprehensive package of conservation programs that BAWSCA agencies have asked BAWSCA to support next fiscal year as part of the Regional Demand and Conservation Projections Report.

The contractor, Resource Action Programs (RAP), offers various programs oriented towards water, energy, and other natural resource conservation and education. Water Wise School Education Program targets 5th grade students and includes (1) an 8-unit curriculum that is given to teachers, and (2) a water audit kit. The kit may be an Indoor or Outdoor Water Audit Kit, depending upon which type of kit the agency opts to fund.

Since its inception, the Water Wise School Education Program has been a cost-effective program that generates real water savings while providing an excellent customer education opportunity.

The BAWSCA Annual Conservation Report, available on the BAWSCA website, provides information on program activity from FY 2005-06 through FY 2014-15.

Furthermore, this program will assist participating agencies in implementing several Best Management Practices for Urban Water Conservation:

- Programmatic: Residential
- Foundational: Education – School Education Programs

Because of its connection with school children, this program would be initiated in September 2016 and run through June 2017. Additional augmentations to the RAP program include incentives for both the students that complete the in-home water audit and for the teachers that complete the entire curriculum and get the most students to complete the in-home water audit. These incentives will be provided by BAWSCA, on behalf of, and paid for by, the participating agencies.

The scope of work for FY 2016-17 is expected to be largely consistent with the scope of work for prior years' programs, a sample of which is included as Exhibits A, and B.

Alternatives:

Alternatives to the recommended action included herein are to (1) not offer the Water Wise School Education Program in FY 2016-17, or (2) offer a potentially different type of School Education Program.

BAWSCA does not recommend the above alternatives for FY 2016-17 for the following reasons. The agencies have expressed a strong desire to continue to support an in-classroom school education program that focuses on water conservation. The agencies also continue to be pleased with the Water Wise School Education Program and have expressed a desire to continue that program with RAP. Given RAP's qualifications and performance, it is appropriate to contract for their services this coming fiscal year.

Conclusion:

The experience with the Water Wise School Education Program to date has shown it to be a cost-effective means of achieving water conservation savings in the home and educating students on the value of water and importance of water conservation. For these reasons, renewal of this water conservation program is recommended.

Attachment:

The scope of work for FY 2015-16 Indoor Water Wise programs and LivingWise program are shown in Exhibits A and B. These scopes will be updated for FY 2016-17 and are expected to be very similar.

EXHIBIT A
Resource Action Programs®
BAWSCA Indoor WaterWise™ Program Description and Scope of Services

BAWSCA Indoor WaterWise™ Program Description and Scope of Services

PROGRAM DESCRIPTION

The **BAWSCA Indoor WaterWise™** program directly addresses the priorities of obtaining measurable water and energy savings results and cost effectiveness through a proven program format, featuring a turn-key set of classroom activities and hands-on home projects. Students receive kits containing home efficiency devices, which are taken home, installed and shared with family members. Students work on subjects required by state learning standards to understand and appreciate the value of natural resources in everyday life. This stimulating program shapes new behaviors and achieves instant savings results through a cost-effective mix of new product installation and resource efficiency knowledge, using the best messengers – children!

Additional Benefits – The quantifiable savings often serve as a basis for excellent PR and company image opportunities through local media coverage. The program provides complete implementation services, can be customized to the needs of the target audience, and can also deliver benefits of customer audit information, strategic partnerships/cost-sharing and promoting other company programs.

BAWSCA Indoor WaterWise at a glance:

- Proven to deliver lasting quantifiable results and measurable savings.
 - Simple and very cost-effective.
 - All implementation services are included.
 - Features a fun and interactive curriculum to shape new family habits and usage.
 - Includes Resource Action Kits to directly install resource-efficient technologies in the home.
- ☑ ***Delivers Measurable Savings Results.*** Students conduct a simple home audit to determine areas where their families are using water and energy inefficiently. Family's work together to improve efficiency by changing usage habits and through the installation of the conservation technologies provided to each student in their Resource Action Kit. Kits include conservation measures and simple test equipment to enable the family to determine the energy and resource conservation opportunities that exist in their home, while providing the installable resource conservation technologies to achieve quantifiable savings. These activities foster family cooperation and help educate parents on the benefits of resource conservation. Students submit reports detailing the results of their conservation activities.
- ☑ ***Water Education.*** The **BAWSCA Indoor WaterWise** Program combines classroom activities with in-home hands-on retrofit projects that students perform with their families. This combination yields quantifiable conservation results and strong practical learning, effectively shaping new resource usage behavior and attitudes. The **BAWSCA Indoor WaterWise** Program is turnkey and comprehensive while providing all materials, supplies, teaching tools and support needed by teachers and participants. Learning is measured via pre/post test comparisons.

- ☑ ***Builds New Resource Habits.*** New habits result from effective education and personal action. The program provides a wide range of teaching tools to maximize learning. The feature-rich program website, www.getwise.org, is a great resource for classes, teachers, and individuals. Beyond these computer resources, the **BAWSCA Indoor WaterWise** program provides videos, posters, workbooks, and varied activities to reach all types of learning preferences. New knowledge translates to action at home with the installation activities. Families discover first-hand the value of the new *knowledge and habits* they have acquired.

TEACHER ACCEPTANCE

Program success is directly correlated to proactive teacher support and involvement. The design and content of the program is proven to motivate teachers to sign up and participate enthusiastically. There are several incentives offered by the program to ensure this:

1. The program satisfies numerous State Curriculum Standards and helps teachers meet their teaching requirements.
2. The program is flexible in structure, allowing teachers to schedule activities around existing lessons. The program can be run in a week or a few months.
3. Program content and activities are comprehensive and well described through accompanying materials so that additional in-service training sessions are generally not necessary.
4. Students LOVE the program, and are both stimulated and highly motivated by the Resource Action Kits and the hands-on projects. Happy students mean happy teachers!
5. The program overcomes an often-challenging hurdle of parental involvement by reaching beyond the classroom to involve parents in their children's education and the schools.

PROGRAM GOALS

- Reshape family habits and reduce residential resource use.
- Develop community awareness about the importance of environmental issues.
- Demonstrate cost effectiveness based on superior savings results, complete turnkey implementation, and satisfaction of sponsor objectives.
- Help generate excellent media coverage, build brand awareness and strengthen community image.

PROGRAM OBJECTIVES

For each 5th grade participant sponsored, the program will attempt to fulfill the following objectives:

- Install 1 High-efficiency Showerhead and 2 faucet aerators
- Check 1 toilet for leaks
- Collect household audit information on 1 residential home
- Reshape family resource usage habits and attitudes for 1 household

ESTIMATED PROGRAM RESULTS

Based on program experience, the following results are estimated per participant sponsored, over a conservative life of 10 years. Savings will continue into the future, since the installed hardware will remain in place, and new usage habits, attitudes, and knowledge will persist. ***Projected 10 year Savings:***

- 2,098 kWh of electricity (assuming 20% electric water heat)
- 441 therms of gas (assuming 80% gas water heat)
- 94,444 gallons of water
- 94,444 gallons of wastewater

(Actual results will vary)

PROGRAM MATERIALS

Each sponsored teacher and student will receive a **BAWSCA Indoor WaterWise** Resource Action Kit that contains the following:

- High-efficiency Showerhead (1.75 G.P.M. max)
- 2 Water Efficient Faucet Aerators (1.5 & 1.0 G.P.M. max)
- Digital Thermometer
- Toilet Leak Detector Tablets
- Miniature Tape Measure
- Rain / Drip Gauge
- Shower Timer
- Resource Facts Slide Chart
- Flow Rate Test Bag
- Teflon Tape
- Additional information provided by BAWSCA

Resource Action Programs reserves the right to change or replace any of the products listed above with products of equal or greater value based on product cost, program improvements, advancements or specific program needs. Resource Action Programs must notify BAWSCA in writing of any proposed changes, and BAWSCA must consent to those changes before they are implemented.

Each sponsored participant will receive a **BAWSCA Indoor WaterWise** Student Workbook and Student Guide that provides a concise set of activities to build knowledge of the importance and value of natural resources and their conservation. Emphasis is placed on home usage of water resources, including efficiency.

Each sponsored teacher will receive a set of **BAWSCA Indoor WaterWise** Teacher Materials that provide complete Activity Guides and Answer Keys, plus Pre and Post Tests with answer keys, supplemental activities, quizzes, games and puzzles. Spanish language materials are included. Activities cover all subject areas and address National and State Learning Standards.

PROGRAM IMPLEMENTATION

Complete implementation services are included with the program. All enrollment, training and communication with teachers, distribution of materials, collection of data, and report preparation

are handled by the Program Fulfillment Center. Press releases will be provided to sponsors upon request. Additionally, the resource action team may assist in scheduling teacher award ceremonies and in the development of media exposure. *There is no obligation or additional cost to sponsors for any of these roles.*

Responsibilities of Contractor:

Resource Action Programs® (Contractor) is responsible for each and every task required to implement the **BAWSCA Indoor WaterWise** Program described in this attachment including but not limited to the following:

A. Providing all school contact and enrollment services. Contractor will work directly with BAWSCA and/or BAWSCA Member Agencies to identify schools eligible to participate in the Program. Contractor will prepare Program marketing material describing the Program that will be sent with the Program enrollment form. The Contractor will e-mail or fax a **WaterWise** Program Enrollment form to each school identified by BAWSCA and/or a BAWSCA Member Agency list to notify all 5th grade teachers that the Program is available in their area and to encourage them to enroll. If the e-mail or fax does not achieve the enrollment level as committed by the sponsor, the Contractor will attempt to contact the individual teachers via telephone or US mail to make them aware of the Program's availability and to encourage enrollment. If Contractor is having difficulty enrolling a school or classroom in the Program, or if that school/classroom has not been enrolled by March 15 2016, Contractor will alert BAWSCA. BAWSCA Member Agencies shall identify the maximum amount of funding committed to the Program and Contractor shall not enroll schools, or schedule Programs that will require expenditures beyond that maximum amount.

B. Providing all **BAWSCA Indoor WaterWise** Materials. Contractor will provide each participant with a **BAWSCA Indoor WaterWise** Resource Action Kit and each teacher with a set of Teacher Materials. A complete description of these materials is already included in the Program Materials section of this document. In addition, Contractor will include the additional information and materials provided by BAWSCA into the kit, as long as such additional materials fit in the kit and do not increase the weight of the kit for shipping purposes. All material preparation and shipping is provided by the Contractor.

C. CONTRACTOR will disseminate the BAWSCA-provided program incentives to the classrooms and participants in accordance with the mutually-agreed-upon terms and conditions of the BAWSCA additional incentive program, which are as follows:

- A \$100 cash prize will be given to the classrooms where the teachers enroll in the BAWSCA Indoor WaterWise program and the WaterWise survey response return rate is at least 80%; and
- A gift with an up to \$5 value will be given to those students that complete the BAWSCA Indoor WaterWise surveys that document whether they installed the water conserving-devices from the kits in their homes, complete all the homework, or score a greater than 80% on the final written test that is given as part of the curriculum.

D. Providing follow-up and support services. Contractor will make courtesy calls to ensure the **BAWSCA Indoor WaterWise** materials were delivered to the schools. Contractor will provide an 800 number (888-GET-WISE) to all participants for help on any program implementation issues or questions, and Contractor will maintain and answer the 800 number in

such a manner to provide assistance and resolve issues raised by all participants calling the 800 number. The Contractor will operate the 800 number with staff who can answer questions Monday - Friday from 7:30 a.m. to 4:30 p.m. Pacific Time, excluding national holidays. Contractor will make follow up calls and send reminder faxes to aid in the collection of the audits as well as the teacher evaluation forms and parent reply cards.

Contractor will answer all questions from participants via telephone (the 800#), email, fax or US mail depending on the need. Participants are also provided with the www.getwise.org web site address where there is a Frequently Asked Questions Section and an email link for questions. Additionally, the Contractor will attempt to contact each teacher via phone or email close to the Program implementation date, as indicated by the teacher upon enrollment, to confirm implementation timing and to provide answers to any questions the teacher may have about the Program at that time.

E. Providing a Program Status Report. The Contractor will inform BAWSCA of each school that decides to participate and the name of each school in which the Program will be presented. The format of such notification will be in the form of a monthly report to BAWSCA. The report will include a listing of all of the schools and classrooms that Contractor is attempting to enroll in the Program and a status for each that includes information as to how many participants have enrolled for each school and classroom. If Contractor is having difficulty enrolling a school or classroom in the Program, or if that school/classroom has not been enrolled by March 15, 2016, CONTRACTOR will alert BAWSCA.

F. Providing a Preliminary Program Summary Report. No later than March 15, 2016, Contractor will provide BAWSCA with a summary of the status of the school enrollment through March 10, 2016. In addition, based on the results of the surveys returned to Contractor by March 10, 2016, Contractor will provide BAWSCA with a preliminary report which will include installation rates of each program. BAWSCA understands that these results are preliminary and may not be statistically significant.

G. Providing a Program Summary Report. The Contractor will gather, process, and tabulate all audits, teacher evaluation forms and parent reply cards that are sent back to the Resource Action Programs Center, by the school year end, in a Program Summary Report. The Contractor will provide a prepaid postage envelope to teachers to encourage the return of the documents as stated above. Contractor will provide this report to the BAWSCA and each sponsoring BAWSCA Member Agency upon completion.

H. Assisting with teacher award ceremonies and with the development of media exposure. Contractor will assist with scheduling and preparing for teacher award ceremonies and with developing and coordinating media exposure, if requested.

PROGRAM TIMETABLE

June 2015 – July 2015	Receive sponsor funding commitment
September 2015 – May 2015	Teacher Outreach / Enrollment Process
September 2015 – May 2015	Program and Kit Delivery
September 2015 – June 2016	Program Implementation
March 15, 2016	Preliminary Report to BAWSCA of school enrollment and kit installation rate to the extent that information is available.
June 30, 2016	Program Summary Report delivered to sponsors for initial program

(The timetable is approximate and may vary depending on program implementation needs and individual sponsor needs).

BAWSCA INDOOR WATERWISE PROGRAM COST

The per participant cost for the Indoor WaterWise program is \$34.95, broken down as follows: \$17.95 Materials, \$9.25 Service Fee, \$5.75 Reporting Service Fee, \$2 for Shipping. **This price is all-inclusive.**

There are no additional charges for implementation, reporting, training or materials. Program sponsors are not required to provide any services or materials in connection with this program. Program sponsors (BAWSCA participating member agencies) will only be billed for participants who receive the WaterWise™ Materials.

BAWSCA Member Agencies shall provide a maximum funding amount they are willing to sponsor. Resource Action Programs will attempt to achieve voluntary enrollment in as many 5th grade classrooms as possible, within the sponsor's service territory, and shall not exceed the funding limits designated by the Program sponsor. Program sponsors will be billed by BAWSCA for the actual number of **BAWSCA Indoor WaterWise** Program Participants that enroll in the program and receive the WaterWise Materials.

Professional Services Agreement/Contract will be with:

**Resource Action Programs®
Program Center
976 United Circle
Sparks, NV 89431
Phone: 1-888-438-9473
Fax: 1-800-544-8051
Contact: Paul Schueller
paulschueller@franklinenergy.com**

jthrasher@resourceaction.com

EXHIBIT B
Resource Action Programs®
BAWSCA LivingWise® Program Description and Scope of Services

PROGRAM DESCRIPTION

The **BAWSCA LivingWise®** program directly addresses the priorities of obtaining measurable water and energy savings results and cost effectiveness through a proven program format, featuring a turn-key set of classroom activities and hands-on home projects. Students receive kits containing home efficiency devices, which are taken home, installed and shared with family members. They work on subjects required by state learning standards to understand and appreciate the value of natural resources in everyday life. This stimulating program shapes new behaviors and achieves instant savings results through a cost-effective mix of new product installation and resource efficiency knowledge, using the best messengers – children!

Additional Benefits The quantifiable savings often serve as a basis for excellent PR and company image opportunities through local media coverage. The program provides complete implementation services, can be customized to the needs of the target audience, and can also deliver benefits of customer audit information, strategic partnerships/cost-sharing and promoting other company programs.

BAWSCA LivingWise at a glance:

- Proven to deliver lasting quantifiable results and measurable savings.
 - Simple and very cost-effective.
 - All implementation services are included.
 - Features a fun and interactive curriculum to shape new family habits and usage.
 - Includes Resource Action Kits to directly install resource-efficient technologies in the home.
- ☑ **Delivers Measurable Savings Results.** Students conduct a simple home audit to determine areas where their families are using water and energy inefficiently. Family's work together to improve efficiency by changing usage habits and through the installation of the conservation technologies provided to each student in their Resource Action Kit. Kits include conservation measures and simple test equipment to enable the family to determine the energy and resource conservation opportunities that exist in their home, while providing the installable resource conservation technologies to achieve quantifiable savings. These activities foster family cooperation and help educate parents on the benefits of resource conservation. Students submit reports detailing the results of their conservation activities.
- ☑ **Water and Energy Education.** The **BAWSCA LivingWise** Program combines classroom activities with in-home hands-on retrofit projects that students perform with their families. This combination yields quantifiable conservation results and strong practical learning, effectively shaping new resource usage behavior and attitudes. The **BAWSCA LivingWise** Program is turnkey and comprehensive while providing all materials, supplies, teaching tools and support needed by teachers and participants. Learning is measured via pre/post-test comparisons.

- ☑ ***Builds New Resource Habits.*** New habits result from effective education and personal action. The program provides a wide range of teaching tools to maximize learning. The feature-rich program website, www.getwise.org, is a great resource for classes, teachers, and individuals. Beyond these computer resources, the **BAWSCA LivingWise** program provides videos, posters, workbooks, and varied activities to reach all types of learning preferences. New knowledge translates to action at home with the installation activities. Families discover first-hand the value of the new *knowledge and habits* they have acquired.

TEACHER ACCEPTANCE

Program success is directly correlated to proactive teacher support and involvement. The design and content of the program is proven to motivate teachers to sign up and participate enthusiastically. There are several incentives offered by the program to ensure this:

1. The program satisfies numerous State Curriculum Standards and helps teachers meet their teaching requirements.
2. The program is flexible in structure, allowing teachers to schedule activities around existing lessons. The program can be run in a week or a few months.
3. Program content and activities are comprehensive and well described through accompanying materials so that additional in-service training sessions are generally not necessary.
4. Students LOVE the program, and are both stimulated and highly motivated by the Resource Action Kits and the hands-on projects. Happy students mean happy teachers!
5. The program overcomes an often-challenging hurdle of parental involvement by reaching beyond the classroom to involve parents in their children's education and the schools.

PROGRAM GOALS

- Reshape family habits and reduce residential resource use.
- Develop community awareness about the importance of environmental issues.
- Demonstrate cost effectiveness based on superior savings results, complete turnkey implementation, and satisfaction of sponsor objectives.
- Help generate excellent media coverage, build brand awareness and strengthen community image.

PROGRAM OBJECTIVES

For each 5th grade participant sponsored, the program will attempt to fulfill the following objectives:

- Install 1 High-efficiency Showerhead and 2 faucet aerators
- Install 13 Watt CFL, LED night light and Filter Tone Alarm
- Check 1 toilet for leaks
- Collect household audit information on 1 residential home
- Reshape family resource usage habits and attitudes for 1 household

ESTIMATED PROGRAM RESULTS

Based on program experience, the following results are estimated per participant sponsored, over a conservative life of 10 years. Savings will continue into the future, since the installed hardware will remain in place, and new usage habits, attitudes, and knowledge will persist.

Projected 10 year Savings:

- 2,735 kWh of electricity (assuming 20% electric water heat)
- 443 therms of gas (assuming 80% gas water heat)
- 94,444 gallons of water
- 94,444 gallons of wastewater

(Actual results will vary)

PROGRAM MATERIALS

Each sponsored teacher and student will receive a **BAWSCA LivingWise** Resource Action Kit that contains the following:

- High-efficiency Showerhead (1.75 G.P.M. max)
- 2 Water Efficient Faucet Aerators (1.5 & 1.0 G.P.M. max)
- 13 Watt CFL
- LED Nightlight
- Filter Tone Alarm
- Digital Thermometer
- Toilet Leak Detector Tablets
- Miniature Tape Measure
- Rain / Drip Gauge
- Shower Timer
- Resource Facts Slide Chart
- Flow Rate Test Bag
- Teflon Tape
- Additional information provided by BAWSCA

Resource Action Programs reserves the right to change or replace any of the products listed above with products of equal or greater value based on product cost, program improvements, advancements or specific program needs. Resource Action Programs must notify BAWSCA in writing of any proposed changes, and BAWSCA must consent to those changes before they are implemented.

Each sponsored participant will receive a **BAWSCA LivingWise** Student Workbook and Student Guide that provides a concise set of activities to build knowledge of the importance and value of natural resources and their conservation. Emphasis is placed on home usage of water and energy resources, including efficiency.

Each sponsored teacher will receive a set of **BAWSCA LivingWise** Teacher Materials that provide complete Activity Guides and Answer Keys, plus Pre and Post Tests with answer keys, supplemental activities, quizzes, games and puzzles. Spanish language materials are included. Activities cover all subject areas and address National and State Learning Standards.

PROGRAM IMPLEMENTATION

Complete implementation services are included with the program. All enrollment, training and communication with teachers, distribution of materials, collection of data, and report preparation are handled by the Program Fulfillment Center. Press releases will be provided to sponsors upon request. Additionally, the resource action team may assist in scheduling teacher award ceremonies and in the development of media exposure. *There is no obligation or additional cost to sponsors for any of these roles.*

Responsibilities of Contractor:

Resource Action Programs® (Contractor) is responsible for each and every task required to implement the **BAWSCA LivingWise** Program described in this attachment including but not limited to the following:

A. Providing all school contact and enrollment services. Contractor will work directly with BAWSCA and/or BAWSCA Member Agencies to identify schools eligible to participate in the Program. Contractor will prepare Program marketing material describing the Program that will be sent with the Program enrollment form. The Contractor will e-mail or fax a LivingWise Program Enrollment form to each school identified by BAWSCA and/or a BAWSCA Member Agency list to notify all 5th grade teachers that the Program is available in their area and to encourage them to enroll. If the e-mail or fax does not achieve the enrollment level as committed by the sponsor, the Contractor will attempt to contact the individual teachers via telephone or US mail to make them aware of the Program's availability and to encourage enrollment. If Contractor is having difficulty enrolling a school or classroom in the Program, or if that school/classroom has not been enrolled by March 2014, Contractor will alert BAWSCA. BAWSCA Member Agencies shall identify the maximum amount of funding committed to the Program and Contractor shall not enroll schools, or schedule Programs that will require expenditures beyond that maximum amount.

B. Providing all **BAWSCA LivingWise** Materials. Contractor will provide each participant with a **BAWSCA LivingWise** Resource Action Kit and each teacher with a set of Teacher Materials. A complete description of these materials is already included in the Program Materials section of this document. In addition, Contractor will include the additional information and materials provided by BAWSCA into the kit, as long as such additional materials fit in the kit and do not increase the weight of the kit for shipping purposes. All material preparation and shipping is provided by the Contractor.

C. CONTRACTOR will disseminate the BAWSCA-provided program incentives to the classrooms and participants in accordance with the mutually-agreed-upon terms and conditions of the BAWSCA additional incentive program, which are as follows:

- A \$100 cash prize will be given to the classrooms where the teachers enroll in the **BAWSCA Indoor LivingWise** program and the **LivingWise** survey response return rate is at least 80%; and
- A gift with an up to \$5 value will be given to those students that complete the **BAWSCA Indoor LivingWise** surveys that document whether they installed the water conserving-devices from the kits in their homes, complete all the homework, or score a greater than 80% on the final written test that is given as part of the curriculum.

D. Providing follow-up and support services. Contractor will make courtesy calls to ensure the **BAWSCA LivingWise** materials were delivered to the schools. Contractor will provide an 800 number (888-GET-WISE) to all participants for help on any program implementation issues or questions, and Contractor will maintain and answer the 800 number in such a manner to provide assistance and resolve issues raised by all participants calling the 800 number. The Contractor will operate the 800 number with staff who can answer questions Monday - Friday from 7:30 a.m. to 4:30 p.m. Pacific Time, excluding national holidays. Contractor will make follow up calls and send reminder faxes to aid in the collection of the audits as well as the teacher evaluation forms and parent reply cards.

Contractor will answer all questions from participants via telephone (the 800#), email, fax or US mail depending on the need. Participants are also provided with the www.getwise.org web site address where there is a Frequently Asked Questions Section and an email link for questions. Additionally, the Contractor will attempt to contact each teacher via phone or email close to the Program implementation date, as indicated by the teacher upon enrollment, to confirm implementation timing and to provide answers to any questions the teacher may have about the Program at that time.

E. Providing a Program Status Report. The Contractor will inform BAWSCA of each school that decides to participate and the name of each school in which the Program will be presented. The format of such notification will be in the form of a monthly report to BAWSCA. The report will include a listing of all of the schools and classrooms that Contractor is attempting to enroll in the Program and a status for each that includes information as to how many participants have enrolled for each school and classroom. If Contractor is having difficulty enrolling a school or classroom in the Program, or if that school/classroom has not been enrolled by March 15, 2016, CONTRACTOR will alert BAWSCA.

F. Providing a Preliminary Program Summary Report. No later than March 15, 2016, Contractor will provide BAWSCA with a summary of the status of the school enrollment through March 10, 2016. In addition, based on the results of the surveys returned to Contractor by March 10, 2016, Contractor will provide BAWSCA with a preliminary report which will include installation rates of each program. BAWSCA understands that these results are preliminary and may not be statistically significant.

G. Providing a Program Summary Report. The Contractor will gather, process, and tabulate all audits, teacher evaluation forms and parent reply cards that are sent back to the Resource Action Programs Center, by the school year end, in a Program Summary Report. The Contractor will provide a prepaid postage envelope to teachers to encourage the return of the documents as stated above. Contractor will provide this report to the BAWSCA and each sponsoring BAWSCA Member Agency upon completion.

H. Assisting with teacher award ceremonies and with the development of media exposure. Contractor will assist with scheduling and preparing for teacher award ceremonies and with developing and coordinating media exposure, if requested.

PROGRAM TIMETABLE

June 2015 – July 2015	Receive sponsor funding commitment
September 2015 – May 2016	Teacher Outreach / Enrollment Process
September 2015 – May 2016	Program and Kit Delivery

September 2015 – June 2016	Program Implementation
March 15, 2016	Preliminary Report to BAWSCA of school enrollment and kit installation rate to the extent that information is available.
June 30, 2016	Program Summary Report delivered to sponsors for initial program

(The timetable is approximate and may vary depending on program implementation needs and individual sponsor needs).

BAWSCA LivingWise PROGRAM COST

The per participant cost for the **LivingWise** Program is \$47.45, broken down as follows: \$30.45 Materials, \$9.25 Service Fee, \$ 5.75 Reporting Service Fee, \$2 for Shipping. **This price is all-inclusive.**

There are no additional charges for implementation, reporting, training or materials. Program sponsors are not required to provide any services or materials in connection with this program. Program sponsors (BAWSCA participating member agencies) will only be billed for participants who receive the **LivingWise** Materials.

BAWSCA Member Agencies shall provide a maximum funding amount they are willing to sponsor. Resource Action Programs will attempt to achieve voluntary enrollment in as many 5th grade classrooms as possible, within the sponsor's service territory, and shall not exceed the funding limits designated by the Program sponsor. Program sponsors will be billed by BAWSCA for the actual number of BAWSCA **LivingWise** Program Participants that enroll in the program and receive the **LivingWise** Materials.

Professional Services Agreement/Contract will be with:

**Resource Action Programs®
Program Center
976 United Circle
Sparks, NV 89431
Phone: 1-888-438-9473
Fax: 1-800-544-8051
Contact: Paul Schueller
paulschueller@franklinenergy.com**

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Professional Services Contract with Tuolumne River Trust to Conduct the Classroom Education Program for FY 2016-17**

Summary:

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with Tuolumne River Trust to implement the “*That’s the Tuolumne in my Tap*” classroom education program for FY 2016-17. Participation in this water conservation program is voluntary. The opportunity to participate will be extended to all BAWSCA agencies. As a subscription program, participating agencies will pay the entire cost for the program.

Fiscal Impact:

For FY 2016-17, only those agencies that elect to participate in this program will pay the cost of the outside service provider as well as budgeted BAWSCA staff time.

Recommendation:

That the Board authorize the CEO/General Manager to:

- 1. Negotiate and execute a contract between BAWSCA and Tuolumne River Trust, subject to legal counsel’s final review, for implementation of this classroom education program in FY 2016-17; and,**
- 2. Offer participation in the program to interested BAWSCA agencies on a subscription basis.**

Discussion:

Fiscal year 2016-17 will be the third year that the Classroom Education Program would be offered to BAWSCA member agencies. Five agencies are currently participating in this program. The majority of these agencies have expressed interest in participating again next year. This program is part of the comprehensive package of conservation programs that BAWSCA agencies have asked BAWSCA to support next fiscal year as part of the Regional Demand and Conservation Projections Project.

The contractor, Tuolumne River Trust, provides an informative and engaging classroom presentation at schools that focuses on water conservation. Typically the presentations reach 25-30 students at a time at a rough cost of \$4 per student. The interactive presentation takes the class on a tour of the Tuolumne River, highlighting the wildlife it supports, a bit of history of the Hetch Hetchy water system, and an overview of some current threats to the river. This is followed by a discussion about the ways water is used and what action can be taken to conserve water in order to protect the Tuolumne River.

This program will assist participating agencies in implementing the “Foundational: Education – School Education Programs” element of the Best Management Practices for Urban Water Conservation.

Because of its connection with school children, this program would be initiated in August 2016 and run through June 2017.

Alternatives:

Alternatives to the recommended action included herein are to: (1) not offer the Classroom Education Program in FY 2016-17, or (2) offer a potentially different type of Classroom Education Program.

BAWSCA does not recommend the above alternatives for FY 2016-17 for the following reasons. The agencies have expressed a strong desire to support a Classroom Education Program that focuses on water conservation. BAWSCA has a long history of partnering with the Tuolumne River Trust on its program, and the agencies have expressed a desire to continue the Classroom Education Program in FY 2016-17. Given Tuolumne River Trust's qualifications and history of working with schools in the BAWSCA service area, it is appropriate to contract for their services this coming fiscal year.

Conclusion:

The experience with this program to date has shown it to be a cost-effective means of educating students on the value of water and the importance of water conservation. For this reason, renewal of this water conservation program is recommended.

Attachment:

The scope of work for FY 2015-16 is shown in Exhibit A. The scope may be updated prior to finalization of the contract. The scope will be updated for FY 2016-17 and is expected to be largely unchanged.

EXHIBIT A

Tuolumne River Trust Classroom Education Program FY 2015-16

SCOPE OF WORK

Tuolumne River Trust will schedule and provide classroom presentations at eligible schools and public events within the Bay Area Water Supply and Conservation Agency (BAWSCA) service area during the Fiscal Year 2015-16 school year, August 2015 through June 2016.

BAWSCA and/or Local Water Agency Roles and Responsibilities:

- BAWSCA will provide Tuolumne River Trust with initial information regarding which schools are eligible within each BAWSCA member agency (Local Water Agency) and what the maximum not to exceed budget is for each Local Water Agency by July 2, 2015, or sooner. If, during the course of FY 2015-15, the Local Water Agency wishes to increase or decrease the number of presentations and/or budget, the Local Water Agency will coordinate those changes with Tuolumne River Trust, who will in turn notify BAWSCA of any changes. A decrease in the total number of presentations or budget can be accommodated as long as it does not impact any schools that have already been scheduled.
- BAWSCA and/or the Local Water Agencies will provide Tuolumne River Trust with show content requirements by August 1, 2015.
- BAWSCA and/or the Local Water Agencies are responsible for coordinating with Tuolumne River Trust if they would like select materials and information distributed as part of a show. Such coordination must occur no later than one week prior to the scheduled show. BAWSCA understands that Tuolumne River Trust may not be able to distribute items that are too large or that conflict with the message that Tuolumne River Trust is presenting and that BAWSCA or the Local Water Agencies may have to be responsible for the delivery and distribution of item(s) if they exceed Tuolumne River Trust's capacity to deliver the materials.
- Local Water Agencies will email a draft Letter of Invitation to eligible schools with a Fax Request Form (Template Letter with Agency-specific information, in a Word Document) to Tuolumne River Trust for review by July 25, 2015. Tuolumne River Trust will provide comments on drafts to Local Water Agencies by August 1, 2015.
- Local Water Agencies will mail a Letter of Invitation with a Fax Request Form to all eligible schools by August 5, 2015. Eligible schools interested in participating will respond directly to Tuolumne River Trust, which shall be responsible for all scheduling.

Tuolumne River Trust Roles and Responsibilities:

- Tuolumne River Trust will incorporate the content requested by BAWSCA and/or Local Water Agencies into the presentations that are conducted within the Local Water Agency Service Area.
- Tuolumne River Trust will perform classroom presentations that include, but are not limited to, the following information:
 - A tour of the Tuolumne River, highlighting the wildlife it supports, history of the Hetch-Hetchy water system, and an overview of some of the current threats to the river.
 - A lively discussion about all the ways we use water, and how we can conserve it in order to protect the River. Conservation tips covered but not limited to:
 - Turn off the water when you're not using it (brushing teeth, washing hands, doing dishes, etc);
 - "Get off the bottle" and use reusable water bottles;
 - Fix leaky faucets and toilets;
 - Install low flow faucets aerators, shower heads and toilets;
 - Use a broom not a hose to clean the sidewalk;
 - Take shorter showers;
 - Run full laundry and dishwashing loads; and
 - Plant native drought resistant plants and water in the mornings and evenings.
- Tuolumne River Trust will schedule presentations directly with schools based upon a first come, first served basis.
- Tuolumne River Trust will submit a progress report to BAWSCA on October 15, 2015 regarding how many and which of the eligible schools Tuolumne River Trust has been able to successfully enroll. Tuolumne River Trust will provide additional school scheduling updates upon request.
- If Tuolumne River Trust is having difficulty enrolling a school in the program, or if that school/classroom has not been enrolled by January 2016, Tuolumne River Trust will alert BAWSCA and the Local Water Agency.
- Tuolumne River Trust will fax or email each scheduled school a Presentation Agreement stating the date and time of presentation and Tuolumne River Trust's technical needs. The Presentation Agreement will be signed and returned by the school's administrator.

- One week prior to presentations Tuolumne River Trust will send a Presentation Reminder fax or email to each scheduled school to re-confirm and remind them to be prepared for the program.
- On the day of the program, Tuolumne River Trust will distribute materials provided by BAWSCA and/or the Local Water Agency to the show attendees, if BAWSCA and/or the Local Water Agency have established a mutually agreeable arrangement with Tuolumne River Trust as to how to orchestrate the materials delivery and distribution.
- Tuolumne River Trust presenter(s) will present a preapproved 1 hour classroom presentation for grades 4-6 that teach water conservation and appreciation.
- Agencies have the option to use program funds for presentations at alternate locations and/or events as long as it coordinates with Tuolumne River Trust availability.
- Tuolumne River Trust will invoice BAWSCA monthly for presentations performed in the previous month.
- If a scheduled school cancels before confirmation fax is sent, Tuolumne River Trust will reschedule the presentation. If the school cancels after the Presentation Reminder has been sent, the Local Water Agency will be charged for full amount.
- Tuolumne River Trust will manage scheduling and presentations to stay within the specified Local Water Agency maximum not to exceed budgets.
- Tuolumne River Trust will provide BAWSCA with a Final Report by July 1, 2016 that includes the following:
 - a. Brief Introduction
 - b. Brief Summary of Show content
 - c. Documentation, by Agency, of the schools/locations/events where Tuolumne River Trust presented
 - d. Documentation, by Agency, of the number of people/kids that attended each Tuolumne River Trust presentation
 - e. A few photos to give a feel of a presentation

Tuolumne River Trust rates for this contract are listed below.

- Classroom Presentation (*1hour*) - \$100 per presentation

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Professional Services Contract with Waterfluence, LLC to Implement the Large Landscape Conservation Services Program for FY 2016-17**

Summary:

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with Waterfluence to implement the Large Landscape Conservation Services Program (LLCSP) for FY 2016-17. Participation in this water conservation program is voluntary. The opportunity to participate will be extended to all BAWSCA agencies. As a subscription program, participating agencies will pay the entire cost for the program.

Fiscal Impact:

For FY 2016-17, only those agencies that elect to participate in this program will pay the cost of the outside service provider as well as budgeted BAWSCA staff time.

Recommendation:

That the Board authorize the CEO/General Manager to:

- 1. Negotiate and execute a contract between BAWSCA and Waterfluence, LLC, subject to legal counsel’s final review, to implement the Large Landscape Conservation Services Program; and,**
- 2. Offer participation in the program to interested BAWSCA agencies on a subscription basis.**

Discussion:

Fiscal Year 2016-17 will be the fifteenth year that a Large Landscape Conservation Services Program (LLCSP) is offered to BAWSCA member agencies. Nine agencies are currently participating in the program through BAWSCA. These agencies have expressed interest in participating in this program again next year. This program is part of the comprehensive package of conservation programs that the BAWSCA agencies have asked BAWSCA to support next fiscal year as part of the Regional Demand and Conservation Projections Report.

Since its inception, the LLCSP has been a very cost-effective program that generates real and significant water savings. The BAWSCA Annual Conservation Report, available on the BAWSCA website, provides information for program activity from FY 2002-03 through FY 2014-15.

The LLCSP addresses the “Programmatic-Landscaping BMP”, which requires water agencies to implement conservation programs to improve landscape irrigation efficiency. Specific activities for this program include water use budgeting, water use surveys, and supplemental landscape programs. Creating an economy of scale by using a single consultant with the requisite expertise, the LLCSP enables participating agencies to implement large landscape water budgets and water use surveys more cost effectively than if they were to hire consultants individually.

The scope of work for FY 2016-17 is expected to be consistent with the scope of work for prior year’s program.

Alternatives:

Alternatives to the recommended action included herein are to: (1) not offer the LLCSP in FY 2016-17, or (2) offer a potentially different version of the LLCSP based on a contractor and program selected through a competitive bid process.

BAWSCA does not recommend the above alternatives. John B. Whitcomb (Waterfluence) was selected to provide the LLCSP services through a competitive process in 2002. His proposal was the most responsive and his proposed costs were highly competitive. His services during the past fourteen years have been critical to the overall program's success. The agencies continue to be pleased with this program and have expressed a desire to continue the LLCSP in FY 2016-17 with Mr. Whitcomb through his firm, Waterfluence. Given Mr. Whitcomb's qualifications, performance, and value received, it is appropriate to contract for his services this coming fiscal year.

Conclusion:

The LLCSP has enhanced member agencies' water conservation efforts at reasonable cost. For this reason, renewal of this water conservation assistance program is recommended.

Attachment:

The scope of work for FY 2015-16 is shown in Exhibit A. The scope of work for FY 2016-17 will be updated as necessary during negotiation of a new contract.

EXHIBIT A

Scope of Work – John B. Whitcomb (Waterfluence) FY 2015-16

A. LARGE LANDSCAPE PROGRAM

Program Initiation and Site Setup (first 60 days)

1. Site Selection. Local Water Agency provides Contractor with account billing information for potential landscape sites. Contractor consolidates accounts to sites and ranks sites with respect to potential water savings. Local Water Agency selects sites to participate in program.
2. Data Collection. For selected sites, Contractor adds customer information used in site selection into its database. Contractor collects water prices and local weather data from CIMIS, NOAA, or other sources.
3. Site Map. Contractor creates a map for each site using aerial imagery. The maps include square footage measurements of irrigated turf, irrigated shrubs/trees, and water features using Google Earth Pro or ArcMap.
4. Water Use Report. Contractor creates a one-page report for each site containing customer information, site characteristics, historical water use, a water budget range based on site characteristics and daily local weather matched exactly in time with billing cycle, financial losses from overwatering, and customized messaging. The report also includes a percentile score ranging from 1 (poor) to 100 (excellent) based on how closely actual water use tracks to its budget range over the last 12 months relative to all other sites in the program. If a site's water use stays within the budget range in each month, its score is 100. As water use strays from the budget range, the percentile score falls, especially for water use over the budget range. Local Water Agencies can opt out of publishing the ranking on the report.
5. Introduction Packet. Contractor produces and distributes a packet to each site that includes an introduction letter, site map, first Water Use Report, and FAQ sheet. Contractor provides a generic introduction letter to Local Water Agency to customize.
6. Site Contact Follow-up. Contractor contacts each site about two weeks after sending the Introduction Packet to check if it got to the right person, get details about the site contacts (email addresses), identify the landscaper and/or others involved with irrigation decisions, and answer any questions about the program.

Report Distribution (ongoing)

1. Data Collection. Local Water Agency forwards Contractor a water use file at the beginning of each month with the previous month's water use for each account in the program. Contractor collects daily weather data from CIMIS, NOAA, or other sources and updates water rates when relevant.
2. Water Use Report Distribution. Each month, Contractor distributes reports to all site contacts via email or mail.
3. Local Water Agency Review. Contractor provides Local Water Agency with electronic access to review all Water Use Reports, Site Maps, and Landscape Field Survey Reports (described in next section).
4. Site Contact Maintenance. Contractor will continually update site contact information. This includes monitoring changes in account number, investigating returned mail envelopes, and investigating email bounce backs. Site contacts can be added or modified via Contractor website or toll free telephone. Primary site contact (water bill payer) needs to authorize any changes in site contacts to become effective.
5. Site Map Updating. Contractor will correct any map errors identified by site contacts.
6. Customer Service. Contractor provides customer service to site contacts via website and toll free telephone number.
7. Messaging. Local Water Agencies and BAWSCA can have Contractor send specific messages to particular sites or group of sites via the Water Use Report. Messages might include information on other landscape programs (e.g., financial incentive programs), events, useful hyperlinks, or policies.

8. **Premium Site Contact Management.** For Local Water Agencies requesting premium site contact management, Contractor will a) send a direct email to all site contacts not reading their reports in last 3 months, b) direct telephone call to all site contacts not reading their reports in last 6 months, and c) provide a detailed annual report on the frequency of readership and survey results by all site contacts associated with Local Water Agency sites.

Landscape Field Surveys (optional)

1. **Targeting and Marketing.** Using the Water Use Reports, Local Water Agency can target sites eligible to receive a Landscape Field Survey. Contractor will market this option to eligible sites via the Water Use Report and/or direct email.
2. **Performing Survey.** For sites requesting a Landscape Field Survey that is approved by Local Water Agency, Contractor will schedule the survey with the primary site contact, the relevant landscaper, and/or other parties. Survey steps include: a) re-measuring irrigated areas and improving the site map, b) operating portions of the irrigation system to evaluate performance, and c) document findings and recommendations in a Landscape Field Survey Report.
3. **Distributing Report.** Contractor will distribute completed Landscape Field Survey Reports to all contacts at the site and address any follow up questions.

Summary of Local Water Agency Tasks

1. Provide Contractor with water use data from customer billing database.
2. Select participating sites from a ranked list of potential sites created by Contractor.
3. Customize Introduction Letter sent within Introduction Packet.
4. Review Water Use Reports sent out each month.
5. Add messaging to Water Use Reports for any site or group of sites, as needed.
6. Approve sites eligible for Landscape Field Survey, if relevant.

Deliverables

Contractor provides the following project deliverables:

1. **Contractor Web Portal Access.** Local Water Agency staff get access to the Contractor web portal via a username/password to:
 - a. View their most current Water Use Reports, site maps and, if relevant, Landscape Field Survey Reports.
 - b. Sort sites by characteristics such as total water use, water over budget, or site rank.
 - c. Target and approve sites to receive a Landscape Field Survey.
 - d. View site contacts and the last date the report was viewed (for sites getting their report electronically).
 - e. View a Fiscal Year history of program activity including:
 - i. Number of sites
 - ii. Total landscape acres
 - iii. Total water use
 - iv. Total over budget water use
 - v. Total water savings
 - vi. Number of Landscape Field Surveys
 - vii. Summary of all Controller Rebate details and totals
2. **BAWSCA Fiscal Year Report.** BAWSCA receives a spreadsheet table showing the aggregate program activity fields shown above for all sites participating from their member agencies by fiscal year.

3. Contractor Report and Website Content Changes. Contractor is continually expanding and evolving the content shown on the Water Use Report and its website. All participating Local Water Agencies and BAWSCA will be notified of significant changes in content.

B. IRRIGATION CONTROLLER PERFORMANCE-BASED REBATE PROGRAM

1. Program Description. Local Water Agency customers at landscape sites ("Site" or "Sites") can purchase qualified weather-based irrigation controllers and receive a combined 50% Rebate from their Local Water Agency: 25% Instant Rebate and another 25% Performance Rebate conditional on the Site reducing Overwatering over the subsequent 12 months after purchase.
2. Qualifying Sites. Sites currently monitored through the Contractor Large Landscape Program that, in the last 12 months, have overwatered by more than 100 CCF.
3. Qualified Weather-Based Irrigation Controllers ("Controllers"). Controllers must be listed on the Irrigation Association's SWAT website at www.irrigation.org/swat/.
4. Performance Goal. To qualify for the full rebate, a Site must reduce the sum of Overwatering in the 12 months after the Controller(s) purchase date as compared to the sum of overwatering in the 12 months prior to the purchase date by at least one billing unit (e.g., 1 CCF).
5. Overwatering. Overwatering is defined as water use exceeding the calculated water budget in any given billing period. Overwatering for the 12-month Performance Goal period is cumulative. Water use less than the calculated water budget (under-watering) in any given billing period does not result in a net decrease of the sum of Overwatering. Example: Site X purchases a controller in January 2015 and applies for the rebate. Site X overwatered by 150 CCF from January 2014 through December 2014. In February 2016, it is determined that Site X overwatered by 149 CCF from February 2015 through January 2016. Site X has met the Performance Goal.
6. Site Contacts. At least one individual representing each of the following stakeholder groups present or involved at a Site must be listed as an active Site contact: Customer of Record, Property Management Company, Homeowners Association Board, Landscaper/ Landscape Contractor. The Site's active Main Contact must represent the Property Management Company, Homeowners Association, or Customer of Record. The Customer of Record may designate a Main Contact from the Property Management Company or Homeowners Association authorized to monitor and make decisions on their behalf regarding the rebate program. Main Contacts will be the only people allowed to apply for a Controller Rebate. All others with access to Site can view status.
7. Total Rebate Amount. The total possible Rebate dollar amount for each Site equals 50% of the purchase price and sales tax of Controller(s) and excludes labor, installation, maintenance, delivery, and other charges. The total Rebate cannot exceed \$5,000 per Site. A Site can only participate once in this program.
8. Rebate Application. The online Rebate application is available via the Contractor website and must be filled out by the Main Contact listed for the qualifying site. The Main Contact must apply for Rebate within 90 days of the Controller purchase date and send a scanned receipt of the purchase to info@waterfluence.com.
9. On-Site Verification. The Site agrees to on-site verification of Controller(s). Controller(s) must be installed and operational prior to the delivery of any Rebate amount, and for at least one year after installation to qualify for the full Rebate.
10. Rebate Delivery. The Rebate will be delivered in two equal parts. Upon successful completion of the Rebate application and possible on-site verification, the first half of the Rebate (25% of the purchase price, not to exceed \$2,500), will be issued to the Site. The second half of the Rebate will be issued if the Site meets the Overwatering reduction Performance Goal. The Rebate amount for each half will be mailed by the Water Agency to the Customer of Record listed in the billing database.

11. Notification & Web Portal. Contractor will include a summary of Site location and contact information (Site contacts and Main Contact), Rebate amount totals, number of Controllers and Controller stations, type(s) of Controller(s), and status of Rebate payment on its Web Portal for the Local Water Agency to access.

Local Water Agency Responsibilities. Contractor will notify Local Water Agency staff of new Rebate applications and the need for On-Site Verifications within 5 business days of receiving a Rebate application. Local Water Agency staff will complete on-site verification and will share results with Contractor. On a monthly basis, Contractor will notify Local Water Agency staff of Sites that need a Rebate check and Sites that meet the Overwatering reduction Performance Goal. Local Water Agency will send check to official Customer of Record in billing database and record check Issue Date online in the Contractor Web Po

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Professional Services Contract with WaterSmart Software to Implement a Home Water Use Report Program for FY 2016-17**

Summary:

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with WaterSmart Software, Inc. to implement the Home Water Use Reports Program for FY 2016-17. As with all BAWSCA subscription programs, participation in this water conservation program is voluntary and participating agencies will pay the entire cost for the program. The opportunity to participate will be extended to all BAWSCA agencies.

Fiscal Impact:

This program is being offered on a subscription basis. For FY 2016-17, only those agencies that elect to participate in this program will pay the cost of the outside service provider. Participating agencies will receive, through BAWSCA, partial reimbursement for program expenditures from the Prop 84 IRWM grant.

Recommendation:

That the Board authorize the CEO/General Manager to:

- 1. Negotiate and execute a contract between BAWSCA and WaterSmart Software, subject to legal counsel’s final review, for implementation of the Home Water Use Reports Program in FY 2016-17; and,**
- 2. Offer participation in the program to interested BAWSCA agencies on a subscription basis.**

Discussion:

The Home Water Use Reports program has been offered to BAWSCA member agencies since September 2014. Currently three agencies are participating in the program; and each of these agencies has expressed a strong desire to continue to participate in the program next year.

The contractor, WaterSmart Software, develops and delivers water use reports to individual households. These reports use data analytics and behavioral science techniques to provide customized water consumption information, messaging, and water saving recommendations. The objective is to motivate customers to improve water use efficiency through changes in behavior or adoption of more water efficient technology by increasing customer awareness of household water usage when compared to peers. The reports are targeted towards single-family residential customers.

BAWSCA’s share of the Bay Area Integrated Regional Water Management (IRWM) Prop 84 grant includes funding for Home Water Use Reports. The grant will provide reimbursement to participating agencies of \$3 per household per year for up to 50,000 households

Alternatives:

The alternatives to the recommended action included herein are to (1) not offer the Home Water Use Reports Subscription Program in FY 2016-17, or (2) offer a potentially different type of Home Water Use Reports Program.

BAWSCA does not recommend the above alternatives for FY 2016-17. Through a competitive selection process in 2014, BAWSCA received proposals from firms qualified to perform the services requested. The agencies have expressed a desire to participate in the Home Water Use Reports program in FY 2016-17. In addition, this program will provide a water conservation and outreach tool for participating agencies, particularly valuable under water use reductions required by the State Water Resources Control Board.

Conclusion:

The Home Water Use Reports Program provides a cost-effective means of achieving water conservation savings and customer engagement. In addition, this program provides a water conservation and outreach tool for participating agencies, particularly valuable under water use reductions required by the State Water Resources Control Board.

Attachment:

The scope of work for FY 2015-16 is shown in Exhibit A. This scope will be updated for FY 2016-17 and is expected to be very similar.

EXHIBIT A

**Scope of Services – WaterSmart Software Home Water Use Reports
FY 2015-16**

WaterSmart Software (“WaterSmart”) will work to implement a program with each participating Bay Area Water Supply and Conservation Agency (“BAWSCA”) member agency (“Participating Agency”), which will include configuring the technology platform, integrating BAWSCA and Participating Agency data streams while following all data security and privacy requirements, and designing a detailed rollout plan.

This Scope of Work lays out all steps and responsibilities. Participating Agencies may select from three levels of service (“Standard”, “Lite”, and “AMI”) using the “APPLICATION TO PARTICIPATE IN THE WATERSMART SOFTWARE HOME WATER USE REPORTS PROGRAM” (Exhibit C in Professional Services Agreement). The costs due to BAWSCA from the Participating Agency from each program and level of service is provided in the Application to Participate. This Scope of Work includes information for the “Standard” “Lite” and “AMI” implementations specified in the Application to Participate.

Section 1: Program Initialization

1.1 — Cohort Group Methodology

WaterSmart has the capability to divide each Participating Agency’s residential enrolled accounts, in coordination with Participating Agency staff, into groups of similar residences in order to maximize the relevance of water use comparisons and potential water savings. WaterSmart will also work with Participating Agency staff to select a control group that will not receive WaterSmart communications but will be used for measurement and verification purposes.

Based on prior experience implementing similar programs, WaterSmart proposes dividing households into sets of comparable residences based on one or more of the following variables:

- Number of occupants per home (based on user-generated information)
- Irrigable area (e.g. small, medium, large, etc.) to be determined based on home size and lot size information contained in real estate data obtained by WaterSmart, or optionally, provided by Participating Agency if it already possesses such information
- Residence location (e.g. city, zip code, etc.) for utilities which span large areas

In the absence of customer-supplied occupancy data, WaterSmart recommends using the number of bedrooms (based on real estate or census data) per residence as a proxy for number of occupants.

In addition, WaterSmart also randomly may assign groups of households to receive different messages in the Home Water Reports or Portal, to test the effectiveness of

various approaches. Participating Agency will be informed of these messages and the results of such tests.

1.2 — Design of Products

All of the customer-facing materials that WaterSmart develops for Participating Agency, including the print and email Home Water Reports and the Customer Portal, are based on existing, WaterSmart product templates. These materials will be white-labeled with the Participating Agency's name and logo. Content and design of all materials are subject to change over time, as WaterSmart incorporates new features.

The format, design and content of **Home Water Reports** will be based on existing WaterSmart documents, a current version of which is shown in Appendix A.

The **Customer Portal** Web application design will be based on WaterSmart's existing portal, a current version of which is shown in Appendix B.

Every page on the **Customer Portal** will include a link to WaterSmart's privacy policy and terms and conditions. Such files will be located on Participating Agency's Customer Portal server.

The **Utility Dashboard** design will be based on WaterSmart's existing online Participating Agency dashboard, a current version of which is shown in Appendix C.

1.3 — Customization of Home Water Reports & Web Applications

WaterSmart provides a SaaS (Software-as-a-Service) solution. The product set is fully functional and ready to launch as soon as Participating Agency provides the Consumption and Residence data files specified in Section 5.1 below, as well as a high-resolution file of Participating Agency's logo. Product can be launched after WaterSmart completes its standard quality assurance setup procedures. Product content may be customized, at Participating Agency's option, at the start of the program, as listed herein.

Standard

With a 'Standard' implementation, each Participating Agency has the option to add or substitute the following content, as applicable to the then current design of the Home Water Report:

- Availability and/or value of Participating Agency's incentive/rebate programs
- Customized descriptions for each of the personalized ways to save, within space constraints
- Customized messages for the Data Insights/Messaging section of the Report
- Inclusion of a comparison to customer's water allocation, budget based billing information or water conservation goal in lieu of one of the similar household comparisons
- Email address which should be shown as sender of email Home Water Reports
- List of up to ten (10) recipients of courtesy copies of print or email home water reports
- Program participation data for individual households, which will be used to generate relevant recommendations and analytics. Programs can include rebates, event participation, water waste citations, etc.

The WaterSmart project manager assigned to Participating Agency will assist in customizing this content at the start of the Program. Participating Agency and WaterSmart agree to complete this process in a timely manner, and it is expected that this will be no more than ten (10) business days from when initial materials are provided to Participating Agency.

Once the above content is customized, if desired, and approved by Participating Agency, WaterSmart will use its Recommendation Engine to generate customized Reports featuring this content for each household.

LITE

WaterSmart's SaaS solution is fully functional with existing recommendations, pictures, messages and language that engage customers and provide targeted recommendations. With a 'Standard' implementation, each Participating Agency has the option to add or substitute the following content, as applicable to the then current design of the Home Water Report:

- Email address which should be shown as sender of email Home Water Reports

All other content will be based on WaterSmart's existing language and content.

AMI

With an 'AMI' implementation, each Participating Agency has the option to add or substitute the following content, as applicable to the then current design of the Home Water Report:

- Availability and/or value of Participating Agency's incentive/rebate programs
- Customized descriptions for each of the personalized ways to save, within space constraints
- Customized messages for the Data Insights/Messaging section of the Report
- Inclusion of a comparison to customer's water allocation, budget based billing information or water conservation goal in lieu of one of the similar household comparisons
- Email address which should be shown as sender of email Home Water Reports
- List of up to ten (10) recipients of courtesy copies of print or email home water reports
- Program participation data for individual households, which will be used to generate relevant recommendations and analytics. Programs can include rebates, event participation, water waste citations, etc.
- Leak alert messaging and parameters for notification

The WaterSmart project manager assigned to each Participating Agency will assist in customizing this content at the start of the Program. Participating Agency and WaterSmart agree to complete this process in a timely manner, and it is expected that this will be no more than ten (10) business days from when initial materials are provided to Participating Agency.

1.4 — Data Specifications & Transfer Protocols

WaterSmart will work with Participating Agency to provide file specifications that maximize the ease of data extraction on Participating Agency’s behalf and optimize the process of data integration on WaterSmart’s behalf.

In general, WaterSmart will require two files, one that describes residences and accounts (“the **Residence File**”) and another that details consumption history and billing amounts (the “**Consumption File**”). In the **Residence File**, WaterSmart will request such fields as, but not limited to:

- Account Number
- Account Sequence Number
- Property APN, where available
- Meter Size
- Service Address
- Billing Address
- Customer Name
- Customer Email, where available

In the **Consumption File**, WaterSmart will request, for at least the last two years, but ideally for five to ten years in the past, such fields as, but not limited to:

- Account Number
- Account Sequence Number
- Meter I.D. (serial number)
- Current Meter Read
- Previous Meter Read
- Days in Billing Cycle
- Consumption
-
- Bill and water allocation details as mutually agreed

The above list of fields is intended to serve as an example. During the project kickoff process, WaterSmart and Participating Agency will work together to discuss the ramifications of the presence or absence of data in the feeds.

WaterSmart will provide Participating Agency with a private, password-protected FTP destination for regular delivery of the data. This secure FTP site will be hosted on WaterSmart’s server infrastructure.

1.5 — Customer Confidentiality & Data Security

WaterSmart will not share personally identifiable customer information or customer-specific water use information with any third party without prior consent from Participating Agency.

WaterSmart will continue to enact standard controls, policies, and procedures to ensure the security of Participating Agency’s data and customer provided information, including but not limited to choosing a reputable cloud-server vendor with appropriate physical

security of server infrastructure, secure public-private key-based login to all WaterSmart server infrastructure, password authentication on all Web site interaction, and audit logging.

1.6 – Staff Training

Standard

At the start of the Program, WaterSmart will conduct an in-person initial training meeting with Participating Agency. The standard training will orient Participating Agency staff involved in the Program with the Reports and Web Applications. WaterSmart suggests Participating Agency include a representative from each functional group that will be involved with the implementation of the program. Additional training may be available subject to the mutual agreement of the parties and may require additional compensation.

Lite

At the start of the Program, WaterSmart will provide a link to an online video training for use by Participating Agency staff. The training will include information on the Home Water Report, Customer Portal and Utility Dashboard. WaterSmart will also provide a digital copy of a WaterSmart Utility Guide that provides information to answer frequently asked questions.

AMI

At the start of the Program, WaterSmart will conduct an in-person initial training meeting with Participating Agency. The standard training will orient Participating Agency staff involved in the Program with the Reports and Web Applications. WaterSmart suggests Participating Agency include a representative from each functional group that will be involved with the implementation of the program. Additional training may be available subject to the mutual agreement of the parties and may require additional compensation.

Section 2: Program Implementation

2.1 - Customer Insight Survey

Standard

WaterSmart will prepare and mail a paper survey or mail a digital survey link to all of the Participating Agency's enrolled residential accounts. The Survey has been prepared with input and guidance from Maddaus Water Management and UC Berkeley Professor Michael Hanemann. The survey may have approximately 30 questions related to occupancy, fixtures, appliances, demographics, water-related attitudes and behaviors. The generic Survey will be updated with Participating Agency's specific information, such as service area and mailing address. If it wishes, Participating Agency may add/replace two additional questions to the Survey, in coordination with WaterSmart.

The results of the Survey are used to establish baseline attitudes and customer satisfaction, occupancy rates, saturation rates of fixtures and appliances, and customer willingness to implement various water use efficiency behaviors and upgrades, and to gather email addresses. The Surveys help WaterSmart and Participating Agency improve the targeting of water-saving actions at the household level and in aggregate.

WaterSmart will share all results of the Surveys with Participating Agency. WaterSmart will provide a report to Participating Agency with an analysis of aggregate survey responses. WaterSmart also can provide access to the complete set of Survey responses, so that Participating Agency may view all entries, including residents' responses to open-ended questions, to which Participating Agency may wish to respond.

LITE

A customer survey is not included in the 'Lite' implementation.

AMI

WaterSmart will prepare and mail a paper survey or mail a digital survey link to all of the Participating Agency's enrolled residential accounts. The Survey has been prepared with input and guidance from Maddaus Water Management and UC Berkeley Professor Michael Hanemann. The survey may have approximately 30 questions related to occupancy, fixtures, appliances, demographics, water-related attitudes and behaviors. The generic Survey will be updated with Participating Agency's specific information, such as service area and mailing address. If it wishes, Participating Agency may add/replace two additional questions to the Survey, in coordination with WaterSmart.

The results of the Survey are used to establish baseline attitudes and customer satisfaction, occupancy rates, saturation rates of fixtures and appliances, and customer willingness to implement various water use efficiency behaviors and upgrades, and to gather email addresses. The Surveys help WaterSmart and Participating Agency improve the targeting of water-saving actions at the household level and in aggregate.

WaterSmart will share all results of the Surveys with Participating Agency. WaterSmart will provide a report to Participating Agency with an analysis of aggregate survey responses. WaterSmart also can provide access to the complete set of Survey responses, so that Participating Agency may view all entries, including residents' responses to open-ended questions, to which Participating Agency may wish to respond.

2.2 – Welcome letter

Standard

WaterSmart will send a one-page welcome letter printed on Participating Agency's digital letterhead to all residential accounts included in the mailing of the Customer Insight Survey. This welcome letter will inform residents about the program and what they can expect to receive. WaterSmart will provide one or more samples, which Participating Agency may edit or approve as-is. The finalization of this content will be completed at the start of the Program within the same times and timeframes as the customization of other program content.

Lite

A welcome letter is not included in the 'Lite' implementation. Welcome, orientation messages will be included in the rotating content on the first Home Water Report.

AMI

WaterSmart will send a one-page welcome letter printed on Participating Agency’s digital letterhead to all residential accounts included in the first mailing of the Customer Insight Survey. This welcome letter will inform residents about the program and what they can expect to receive. WaterSmart will provide one or more samples, which Participating Agency may edit or approve as-is. The finalization of this content will be completed at the start of the Program within the same times and timeframes as the customization of other program content.

2.3 — Email Home Water Reports

WaterSmart will email Home Water Reports on a bi-monthly basis to enrolled accounts for which an email address is available (through the Customer Insight Survey or other means). Each email Home Water Report will contain the design and content as outlined in Section 3. WaterSmart shall strive to produce the email Reports within seven (7) business days of WaterSmart’s receipt of all Customer data files from Participating Agency for that billing cycle.

2.4 — Print Home Water Reports

WaterSmart will produce, print and mail paper Home Water Reports on a bi-monthly basis for enrolled accounts where a valid email address is not available. The accounts chosen to receive print Home Water Reports will be provided by Participating Agency, or designated by clear criteria (e.g. 25% of accounts with highest water consumption in a given period.) The format of the Home Water Reports will be based on WaterSmart’s existing product, as specified in Section 3. WaterSmart shall strive to produce the paper Reports within seven (7) business days of WaterSmart’s receipt of all Customer data files from Participating Agency for that billing cycle.

2.5 — Customer Service Support

Participating Agency shall have the primary responsibility for providing customer service to Customers. WaterSmart will provide a list of Frequently Asked Questions to both enrolled Customers and Participating Agency staff to facilitate this process. WaterSmart also provides the Customer Support section within the Utility Dashboard, which is designed to help customer service representatives respond to Customers.

Standard

WaterSmart will provide service and support to Participating Agency’s staff regarding their technical questions about WaterSmart’s **Customer Portal** and **Utility Dashboard** Web applications and Home Water Reports between the hours of 9 a.m. and 5 p.m. PST on Monday thru Friday, excluding federal holidays. For clarity, this does not include questions related to hardware, software, third party services, or other technical questions beyond the specific scope of the **Customer Portal** and **Utility Dashboard** or Home Water Reports.

WaterSmart’s project manager will work with Participating Agency’s primary contact to assist in addressing additional customer issues. All inquiries from Participating Agency customers outside the scope indicated above, including without limitation questions about water data, will be directed to Participating Agency.

LITE

WaterSmart will provide service and support to Participating Agency’s staff regarding their technical questions about WaterSmart’s **Customer Portal** and **Utility Dashboard** Web applications and Home Water Reports via email during normal business hours. For the first month after implementation, five hours of technical support are available to each Participating Agency per month. Following the first month, two hours of technical support are available to each Participating Agency per month. Utilities will be notified when the allotted technical support time has been spent for a given month. Additional time spent for technical assistance will be billed on an hourly basis at a rate of \$150 per hour. For clarity, this does not include questions related to hardware, software, third party services, or other technical questions beyond the specific scope of the **Customer Portal** and **Utility Dashboard** or Home Water Reports.

WaterSmart’s project manager will work with Participating Agency’s primary contact to assist in addressing additional customer issues. All inquiries from Participating Agency customers outside the scope indicated above, including without limitation questions about water data, will be directed to Participating Agency.

AMI

WaterSmart will provide service and support to Participating Agency’s staff regarding their technical questions about WaterSmart’s **Customer Portal** and **Utility Dashboard** Web applications and Home Water Reports between the hours of 9 a.m. and 5 p.m. PST on Monday thru Friday, excluding federal holidays. For clarity, this does not include questions related to hardware, software, third party services, or other technical questions beyond the specific scope of the **Customer Portal** and **Utility Dashboard** or Home Water Reports.

WaterSmart’s project manager will work with Participating Agency’s primary contact to assist in addressing additional customer issues. All inquiries from Participating Agency customers outside the scope indicated above, including without limitation questions about water data, will be directed to Participating Agency.

2.6 – Marketing and Advertising

Participating Agency agrees to allow WaterSmart, during the term of this Contract, to use Participating Agency’s name in promotional materials including, but not limited to, a name and logo listing on the corporate website of WaterSmart and in press releases and in conversations with the public, investors, partners and media.

Additionally, BAWSCA agrees to allow WaterSmart, during the term of this Contract, to use BAWSCA’s name in promotional materials including, but not limited to, a name and logo listing on the corporate website of WaterSmart and in press releases and in conversations with the public, investors, partners and media.

Section 3: Design of Products

3.1 — Customer Portal

The **Customer Portal** Web application, provided by WaterSmart and accessible to all enrolled residential accounts, shall contain content such as that specified below.

The **Customer Portal** Web application initially shall be assigned the following URL address:

<https://utility.waterinsight.com/>

Additionally, Participating Agency may notify WaterSmart of and set up a redirect to the URL above from a page of their own website, such as "http://[utility website]/waterinsight" in order to promote their own domain. In such a case, WaterSmart would publish this Participating Agency page URL on all resident-facing materials. WaterSmart will launch the **Customer Portal** and **Utility Dashboard** Web applications prior to the delivery of the first Home Water Reports. WaterSmart will maintain commercially reasonable systems and controls designed to maximize monthly uptime and minimize unscheduled outages of the **Customer Portal** and **Utility Dashboard**.

Excluding any down time for maintenance and/or upgrades, WaterSmart will make strong efforts to provide the customers and Participating Agency with access to their respective Web applications on a continuous basis. WaterSmart will provide advance notification of any planned outages and will notify Participating Agency without unreasonable delay if it detects or receives actual notice of any material problems relating to the **Customer Portal** and/or the **Utility Dashboard**.

Functionality:

Standard

With respect to each Customer and subject to availability of source data from Participating Agency:

- Water use consumption
- Water use comparisons among comparable residences
- Water score (per billing period)
- Water score and ranking (gallons per capita per day)
- Availability and/or value of Participating Agency's incentive/rebates programs (if provided)
- Historical water use comparisons
- Indoor/outdoor water use estimates, highlighting end uses of water
- Suggested ways to save - per WaterSmart Recommendation Engine
- Library of ways to save - water efficient tips with ranking/sorting capabilities
- Sign-up/request capability
- Ability to download historical consumption data

Lite

With respect to each Customer and subject to availability of source data from Participating Agency:

- Water use consumption

- Water use comparisons among comparable residences
- Water score (per billing period)
- Water score and ranking (gallons per capita per day)
- Historical water use comparisons
- Indoor/outdoor water use estimates, highlighting end uses of water
- Suggested ways to save - per WaterSmart Recommendation Engine
- Library of ways to save - water efficient tips with ranking/sorting capabilities
- Ability to download historical consumption data

AMI

With respect to each Customer and subject to availability of source data from Participating Agency:

- Water use consumption, including ‘Real Time’ tab
- Water use comparisons among comparable residences
- Water score (per billing period)
- Water score and ranking (gallons per capita per day)
- Availability and/or value of Participating Agency’s incentive/rebates programs (if provided)
- Historical water use comparisons
- Indoor/outdoor water use estimates, highlighting end uses of water
- Suggested ways to save - per WaterSmart Recommendation Engine
- Library of ways to save - water efficient tips with ranking/sorting capabilities
- Sign-up/request capability
- Ability to download historical consumption data
- Leak alerts

3.2 — Utility Dashboard

The **Utility Dashboard** Web application, provided by WaterSmart and viewable only by Participating Agency staff, shall contain content such as that specified below and shall include all individually metered residential accounts, including control group.

Functionality:

With respect to each Customer and subject to availability of source data from Participating Agency, WaterSmart shall provide:

Customer Support:

- Customer residence profile
- Customer WaterScore and consumption
- Median water use for comparable residences
- Portal user profile
- Map of customer property

- Ability to log customer calls and view call history
- Ability to view every customer's Portal
- Ability to view the unique Report sent to each customer, each billing period
- Customer historical usage and neighbor comparison
- Ability to view customer survey responses

Program and Participating Agency-Wide Analytics:

- Reading detail report for all participants
- Households which may have leaks
- Median and efficient water use for each group of comparable residences
- Top 200 users per billing period and annually
- Participating Agency Program effectiveness report
- User engagement (registrations, calls, emails)
- Home Water Report mailing statistics

Maps:

- Top 200 users
- Program participants
- Participating Agency Program effectiveness report
- User engagement

3.3 — Home Water Report

The Home Water Reports provided by WaterSmart, in coordination with Participating Agency, initially shall contain features such as the following:

- Water use consumption
- Water score (per billing period)
- Water use comparisons among similar size households (based on methodology described in Section 1.3)
- Personalized ways to save, selected from WaterSmart's library of recommendations, based upon specific eligibility requirements for each recommendation
- URL link to home page of **Customer Portal** Web application and unique registration code (if needed)
- Messaging area featuring data insights (such as end uses of water and comparisons to prior year's use), incentives, rebates, promotions and/or other water use efficiency-related content
- Prompt/Link to encourage customers to sign up for email reports (print version only)
- Direct links to individual ways to save (email version only)
- Conditional subject lines for email Home Water Report (email version only)

The Recommendation Engine outputs the most pertinent, water-saving offers for each household, based on consumption levels, seasonal water use patterns, occupancy rates, the age of the residence, survey responses, program participation data and/or other factors. No additional approvals will be required before each subsequent report is distributed, per the agreed upon annual schedule.

Section 4: Project Management

4.1 BAWSCA KickOFF Meeting

WaterSmart and BAWSCA will hold a BAWSCA-wide kickoff meeting at the start of the program. Each Participating Agency will send one or two representatives to meeting. WaterSmart and BAWSCA staff will present on the structure and elements of the program. BAWSCA and Participating Agency staff will discuss how to collaborate through program implementation phase. BAWSCA staff will also be invited to periodic check in meetings with Participating Agency staff to receive updates on program results.

4.2 Participating Agency Project Management

Standard

In order to ensure adherence to the agreed-upon schedule and budget WaterSmart will designate an individual to serve as a Project Manager, who will, among other responsibilities:

- Organize initial project kickoff meeting (remote or online)
- Monitor the status of all deliverables
- Provide regular project status report updates
- Prepare meeting agendas (including input from Participating Agency)
- Monitor engagement rates and message effectiveness
- Communicate project feature requests to WaterSmart team

During the pre-launch implementation process, WaterSmart recommends weekly phone meetings between WaterSmart customer service and Participating Agency staff, to review open action items and promptly address any issues. Subsequent to the launch, WaterSmart recommends a minimum of quarterly progress meetings, by webinar or in person, to review project status and to address opportunities to better serve residents and achieve the Participating Agency's and BAWSCA's goals. BAWSCA staff will be invited to the quarterly progress meetings.

LITE

In order to ensure adherence to the agreed-upon schedule and budget WaterSmart will designate an individual to serve as a Project Manager, who will, among other responsibilities:

- Organize initial project kickoff meeting (remote or online)
- Monitor the status of all deliverables
- Monitor engagement rates and message effectiveness
- Communicate project feature requests to WaterSmart team

During the pre-launch implementation process, WaterSmart recommends weekly phone meetings between WaterSmart customer service and Participating Agency staff, to review open action items and promptly address any issues. Subsequent to the launch, WaterSmart will provide a quarterly update on results to the Participating Agency and BAWSCA via email.

AMI

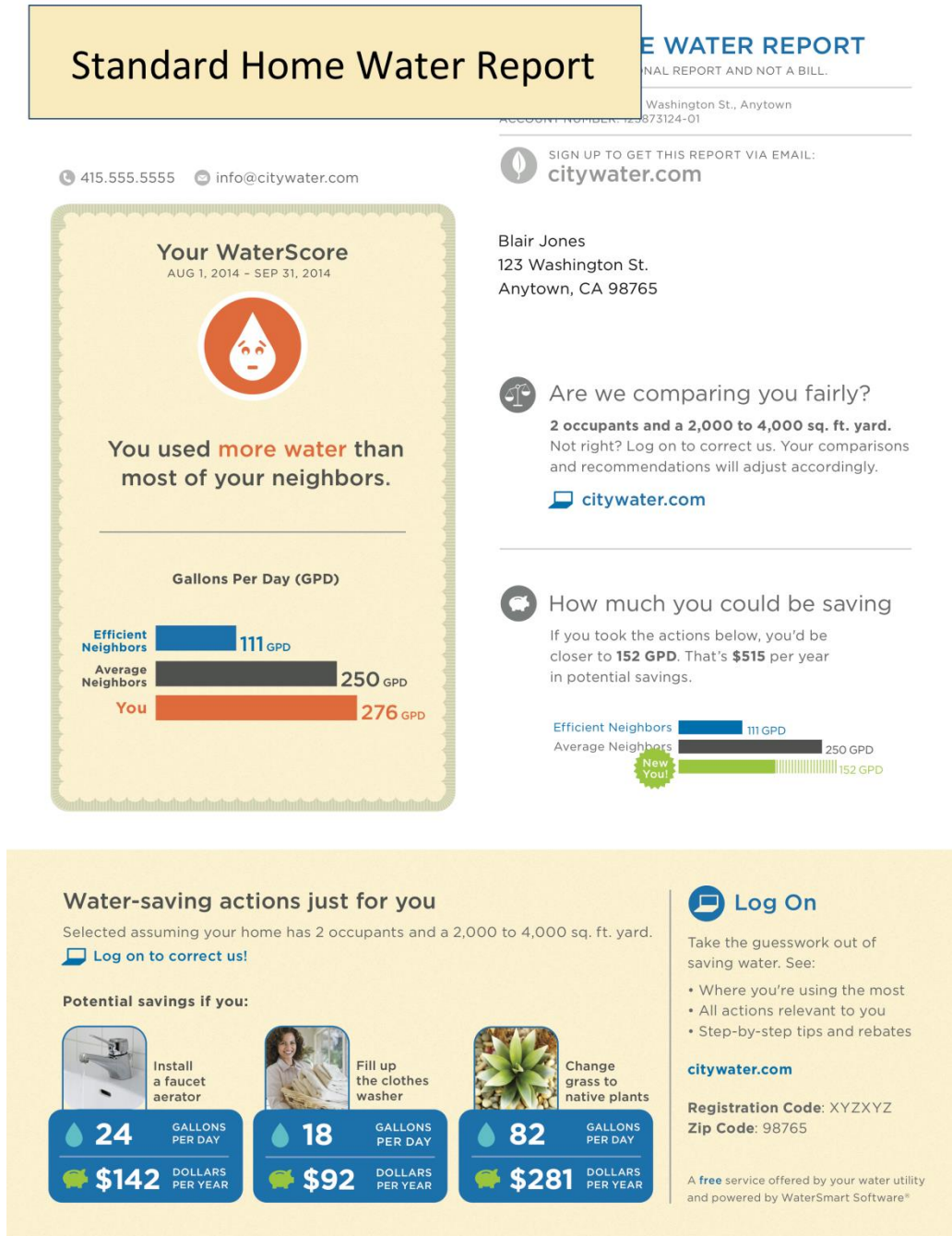
In order to ensure adherence to the agreed-upon schedule and budget WaterSmart will designate an individual to serve as a Project Manager, who will, among other responsibilities:

- Organize initial project kickoff meeting (remote or online)
- Monitor the status of all deliverables
- Provide regular project status report updates
- Prepare meeting agendas (including input from Participating Agency)
- Monitor engagement rates and message effectiveness
- Communicate project feature requests to WaterSmart team

During the pre-launch implementation process, WaterSmart recommends weekly phone meetings between WaterSmart customer service and Participating Agency staff, to review open action items and promptly address any issues. Subsequent to the launch, WaterSmart recommends a minimum of quarterly progress meetings, by webinar or in person, to review project status and to address opportunities to better serve residents and achieve the Participating Agency's and BAWSCA's goals. BAWSCA staff will be invited to the quarterly progress meetings.

Appendix A — Print Home Water Report

Figure 1: Standard Home Water Report Example



Appendix B — Customer Portal

Figure 2: Screenshot of Customer Portal

City of WaterSmart WaterInsight Program Welcome, Dominique
Settings -
Household -

[Home](#) [Track Usage](#) [Real-Time](#) [Ways To Save](#) [My Actions](#)

! We can give you much better recommendations if we know just a bit more about you. [Add to your household profile.](#) 23% complete

Compare Your Use: June – August

	608 GPD You
	325 GPD All Neighbors
	259 GPD Efficient Neighbors

Compared to homes with [similar water needs](#).

[See more analysis >>](#)

Recommended Water Saving Actions

	Install High-Efficiency Toilets + Start action Rebate!	95 gpd \$373/year
	Think Before You Flush + Start action	50 gpd \$197/year
	Install Faucet Aerators + Start action	46 gpd \$222/year

[See more actions >>](#)

Appendix C — Utility Dashboard

Figure 3: Screenshot of Utility Dashboard

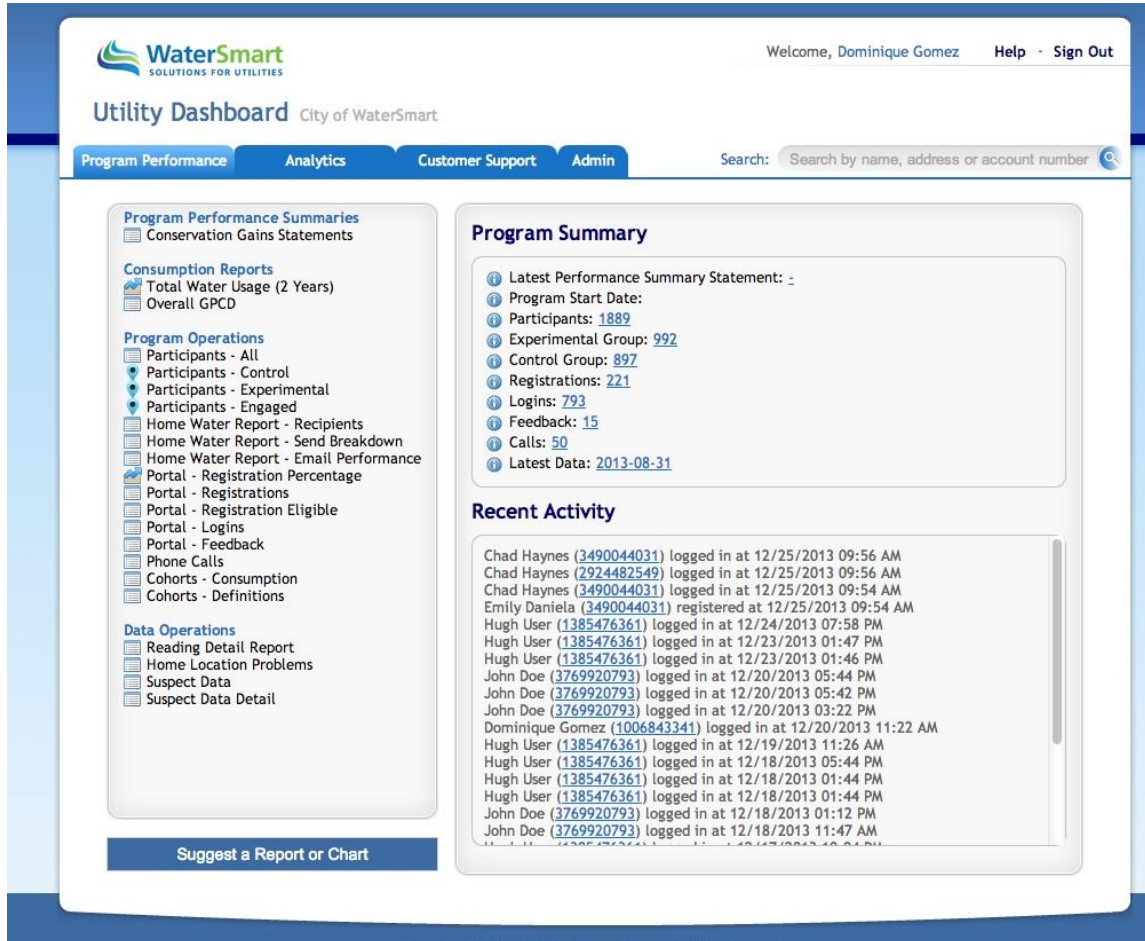


Exhibit C: Schedule of Performance

Launch Schedule

WaterSmart proposes the following schedule to complete all work required to launch the Program.

Standard

Week 0: Sign Agreement	<ul style="list-style-type: none"> ✓ Participating Agency has signed all forms needed for enrollment. BAWSCA, staff from Participating Agencies and WaterSmart hold BAWSCA-wide kick off meeting.
Week 1: Finalize Partnership	<ul style="list-style-type: none"> ✓ WaterSmart and Participating Agency identify the staff involved in the partnership and clarify the role of each team member in the launch process. ✓ WaterSmart and Participating Agency coordinate the schedule of our weekly status calls. ✓ WaterSmart and Participating Agency jointly complete the Pre-Launch Participating Agency Questionnaire that provides both the Participating Agency and WaterSmart the necessary information needed for an efficient launch.
Week 2-3: Share Data	<ul style="list-style-type: none"> ✓ Participating Agency transmits initial account data to WaterSmart. ✓ Participating Agency sends program participation data about historical rebate adoption and audits. ✓ Participating Agency tells WaterSmart about existing rebate programs. ✓ WaterSmart works with Participating Agency staff and, if needed, vendors to set up ongoing transfer of meter data from all accounts. ✓ WaterSmart customizes water saving recommendations with Participating Agency -specific information including videos, language, links, and promotional programs.
Week 3-4: Approve the Content	<ul style="list-style-type: none"> ✓ Participating Agency reviews and approves all written content. ✓ WaterSmart implements Participating Agency-requested changes to content, where possible.
Week 5-6: Train and Launch	<ul style="list-style-type: none"> ✓ WaterSmart trains Participating Agency customer service representatives on the WaterSmart platform including Home Water Reports, Customer Portal and the Utility Dashboard. ✓ WaterSmart prepares Participating Agency’s team to answer questions from customers about the new program.

Lite

Week 0: Sign Agreement	<ul style="list-style-type: none"> ✓ Participating Agency has signed all forms needed for enrollment. BAWSCA, staff from Participating Agencies and WaterSmart hold BAWSCA-wide kick off meeting.
-------------------------------	--

Week 1: Finalize Partnership	<ul style="list-style-type: none"> ✓ WaterSmart and Participating Agency identify the staff involved in the partnership and clarify the role of each team member in the launch process. ✓ WaterSmart and Participating Agency coordinate the schedule of our weekly status calls. ✓ WaterSmart and Participating Agency jointly complete the Lite Pre-Launch Utility Questionnaire that provides both the Participating Agency and WaterSmart the necessary information needed for an efficient launch.
Week 2-3: Share Data	<ul style="list-style-type: none"> ✓ Participating Agency transmits initial account data to WaterSmart. ✓ WaterSmart works with Participating Agency staff and, if needed, vendors to set up ongoing transfer of meter data from all accounts.
Week 3-6: Train and Launch	<ul style="list-style-type: none"> ✓ WaterSmart provides training link and materials via email.

AMI

Week 0: Sign Agreement	<ul style="list-style-type: none"> ✓ Participating Agency has signed all forms needed for enrollment. BAWSCA, staff from Participating Agencies and WaterSmart hold BAWSCA-wide kick off meeting.
Week 1: Finalize Partnership	<ul style="list-style-type: none"> ✓ WaterSmart and Participating Agency identify the staff involved in the partnership and clarify the role of each team member in the launch process. ✓ WaterSmart and Participating Agency coordinate the schedule of our weekly status calls. ✓ WaterSmart and Participating Agency jointly complete the Pre-Launch Utility Questionnaire that provides both the Participating Agency and WaterSmart the necessary information needed for an efficient launch.
Week 2-3: Share Data	<ul style="list-style-type: none"> ✓ Participating Agency transmits initial account data to WaterSmart. ✓ Participating Agency sends program participation data about historical rebate adoption and audits and tells WaterSmart about existing rebate programs. ✓ WaterSmart works with Participating Agency staff and, if needed, vendors to set up ongoing transfer of meter data from all accounts. ✓ WaterSmart customizes water saving recommendations with Participating Agency -specific information including videos, language, links, and promotional programs.
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Week 5-6: Train and Launch	<ul style="list-style-type: none"> ✓ WaterSmart trains Participating Agency customer service representatives on the WaterSmart platform including Home Water Reports, Customer Portal and the Utility Dashboard. ✓ WaterSmart prepares Participating Agency’s team to answer questions from customers about the new program.

Implementation Schedule

WaterSmart proposes the following schedule to complete all work required to fulfill the Scope of Work.

Standard

Week 0: Program Launch	✓ WaterSmart web applications are live, surveys have been mailed, content approved, and training completed.
Month 1	<ul style="list-style-type: none"> ✓ WaterSmart collects Customer Insight Survey and digitizes and aggregates results. ✓ WaterSmart and Participating Agency finalize content for first Home Water Report. ✓ WaterSmart holds check-in meeting with Participating Agency.
Month 2	<ul style="list-style-type: none"> ✓ WaterSmart mails and emails first round of Home Water Report. ✓ WaterSmart provides results of survey to Participating Agency. ✓ WaterSmart holds check-in meeting with Participating Agency. ✓ WaterSmart regularly solicits feedback from the Participating Agency.
Month 3	✓ WaterSmart finalizes content for second Home Water Report.
Month 4	✓ WaterSmart mails and emails second round of Home Water Report.
Month 5	✓ WaterSmart finalizes content for third Home Water Report.
Month 6	✓ WaterSmart mails and emails third round of Home Water Report.
Month 7	<ul style="list-style-type: none"> ✓ WaterSmart finalizes content for fourth Home Water Report. ✓ WaterSmart shares initial results with Participating Agency and BAWSCA staff.
Month 8	✓ WaterSmart mails and emails fourth round of Home Water Report.
Month 9	✓ WaterSmart finalizes content for fifth Home Water Report.
Month 10	✓ WaterSmart mails and emails fifth round of Home Water Report.
Month 11	✓ WaterSmart finalizes content for sixth/final Home Water Report.
Month 12	<ul style="list-style-type: none"> ✓ WaterSmart mails and emails sixth round of Home Water Report. ✓ WaterSmart provides end-of-year summary of program to Participating Agency and BAWSCA staff.

Lite

Week 0: Program Launch	✓ WaterSmart web applications are live.
Month 1	✓ WaterSmart finalizes content for first Home Water Report.
Month 2	✓ WaterSmart mails and emails first round of Home Water Report.
Month 3	<ul style="list-style-type: none"> ✓ WaterSmart finalizes content for second Home Water Report. ✓ WaterSmart provides program update via email.

Month 4	✓ WaterSmart mails and emails second round of Home Water Report.
Month 5	✓ WaterSmart finalizes content for third Home Water Report.
Month 6	✓ WaterSmart mails and emails third round of Home Water Report. ✓ WaterSmart provides program update via email.
Month 7	✓ WaterSmart finalizes content for fourth Home Water Report. ✓ WaterSmart shares initial results with Participating Agency and BAWSCA staff via email.
Month 8	✓ WaterSmart mails and emails fourth round of Home Water Report.
Month 9	✓ WaterSmart finalizes content for fifth Home Water Report. ✓ WaterSmart provides program update via email.
Month 10	✓ WaterSmart mails and emails fifth round of Home Water Report.
Month 11	✓ WaterSmart finalizes content for sixth/final Home Water Report.
Month 12	✓ WaterSmart mails and emails sixth round of Home Water Report. ✓ WaterSmart provides end-of-year summary of program to Participating Agency and BAWSCA staff.

AMI

Week 0: Program Launch	✓ WaterSmart web applications are live, surveys have been mailed, content approved, and training completed.
Month 1	✓ WaterSmart collects Customer Insight Survey and digitizes and aggregates results. ✓ WaterSmart and Participating Agency finalize content for first Home Water Report. ✓ WaterSmart holds check-in meeting with Participating Agency.
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Month 6	✓ WaterSmart mails and emails third round of Home Water Report.
Month 7	✓ WaterSmart finalizes content for fourth Home Water Report. ✓ WaterSmart shares initial results with Participating Agency and BAWSCA staff.
Month 8	✓ WaterSmart mails and emails fourth round of Home Water Report.
Month 9	✓ WaterSmart finalizes content for fifth Home Water Report.

Month 10	✓ WaterSmart mails and emails fifth round of Home Water Report.
Month 11	✓ WaterSmart finalizes content for sixth/final Home Water Report.
Month 12	✓ WaterSmart mails and emails sixth round of Home Water Report. ✓ WaterSmart provides end-of-year summary of program to Participating Agency and BAWSCA staff.

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Memorandum of Understanding between BAWSCA and the Western Municipal Water District for Participation in the Free Sprinkler Nozzles Program for FY 2016-17**

Summary:

This item requests authorization for the CEO/General Manager to negotiate and execute a Memorandum of Understanding (MOU) with Western Municipal Water District (WMWD) to implement the Free Sprinkler Nozzles Program (Program) for FY 2016-17. As with all BAWSCA subscription programs, (1) the opportunity to participate is extended to all BAWSCA agencies, (2) participation is voluntary, and (3) the participating agencies will pay the entire cost for the all Program costs.

Fiscal Impact:

For FY 2016-17, only those agencies that elect to participate in this program will pay the cost of the outside service provider as well as budgeted BAWSCA staff time.

Recommendation:

That the Board authorize the CEO/General Manager to:

- 1. Negotiate and execute a Memorandum of Understanding between BAWSCA and WMWD, subject to legal counsel’s final review, for participation in the Program in FY 2016-17; and,**
- 2. Offer participation in the Program to interested BAWSCA agencies on a subscription basis.**

Discussion:

The Free Sprinkler Nozzles Program (Program) is an existing statewide water conservation program that provides customers of participating water agencies with vouchers for free, high efficiency sprinkler nozzles to replace the existing sprinkler nozzles in their outdoor irrigation systems. The Program is a collaboration of 28 water agencies throughout California and is administered by the Western Municipal Water District (WMWD) in Riverside County.

In July 2015, BAWSCA joined the Program and offered the Program as a new subscription water conservation program to support the member agencies’ efforts to reduce outdoor water use during the drought and to meet the State Water Resources Control Board (SWRCB) mandatory water use reduction targets. Currently, four BAWSCA member agencies are participating in the Program.

Compared to conventional fixed spray nozzles, the high-efficiency sprinkler nozzles provided through the Program reduce outdoor water use by improving the efficiency of an existing irrigation system. Customers can easily replace most existing pop-up spray heads with the high-efficiency sprinkler nozzles and no specialized tools for adjustment are required. Compared to conventional fixed spray nozzles, the high-efficiency nozzles improve:

- Distribution Uniformity (water is applied in a more even manner);

- Precipitation Rate Reduction (reducing the amount of water put out by a sprinkler); and
- Run-off Reduction (multiple sizes are available so the proper nozzle can be selected to reduce over-spray).

The Program is administered via the FreeSprinklerNozzles.com website. To receive a voucher, customers must log in to the website using their water agency account information. Single family customers then watch a sequence of videos on 1) how the nozzles work, 2) how to identify the appropriate nozzles for their irrigation system, and 3) proper nozzle installation. Vouchers are issued for standard amounts of 25 nozzles per single family customer or 100 nozzles per commercial or multi-family customers. In addition, customers can request special vouchers for as many nozzles as needed for a site, to be considered by the local water agency. Customers redeem vouchers at participating distributors in their area.

For every water-efficient sprinkler nozzle for which a voucher is redeemed at a participating irrigation store, WMWD will invoice BAWSCA, and BAWSCA will invoice the participating member agency. Each participating agency will determine its maximum not-to-exceed budget for the program. The per-nozzle price to be paid by participating water agencies will range from \$3.60 to \$5.00 per nozzle, depending on the type of nozzle required for a particular customer site. By comparison, these nozzles retail for \$5.00 to \$12.00 each. Program setup and administration costs are included in the per-nozzle pricing.

Alternatives:

The alternatives to the recommended action included herein are to (1) not offer the Free Sprinkler Nozzles Subscription Program in FY 2016-17, or (2) offer a potentially different type of high-efficiency sprinkler nozzle rebate or incentive program.

BAWSCA does not recommend the above alternatives for FY 2015-16. The Free Sprinkler Nozzles Program provides a turn-key program which has been successful in reducing outdoor water use for water agencies throughout California. Four agencies are currently participating the Program, and these agencies have expressed a desire to continue participating in the Program in FY 2016-17. In addition, this program will provide a valuable water conservation tool for participating agencies with near-term water savings potential, particularly valuable under the State Water Resources Control Board required water use reductions.

Conclusion:

The experience with this program to date has shown it to be a cost-effective means of improving outdoor water use efficiency. For this reason, renewal of this water conservation program is recommended.

Attachment:

The MOU for FY 2015-16 is shown in Attachment A. The MOU will be updated for FY 2016-17 and is expected to be largely unchanged.

ATTACHMENT A

**Memorandum of Understanding Between the Western Municipal Water District
("WESTERN"),
Bay Area Water Supply & Conservation Agency ("PROGRAM PARTICIPANT")
Participation in Free Sprinkler Nozzles Program
and
Reimbursement Payments Associated Therewith**

Background:

1. WESTERN and PROGRAM PARTICIPANT hereby enter into this Memorandum of Understanding ("MOU") in order to partner for the sole purpose of extending Western's FreeSprinklerNozzles.com Program to the residential, commercial and irrigation customers within the PROGRAM PARTICIPANT's member agencies' (Member Agencies) service areas. In the event the parties have not previously entered into a memorandum of understanding, then this MOU shall be deemed to be the contractual arrangement between the parties on the matters addressed herein.
2. The FreeSprinklerNozzles.com Program budget within the PROGRAM PARTICIPANT's Member Agencies' service areas, funded by the PROGRAM PARTICIPANT, will seek to incentivize the installation of water-efficient sprinkler nozzles for residential customers and Commercial/Irrigation customers (collectively referred to as "Nozzles") during the program offering period of August 1, 2015 to June 30, 2016.
3. The maximum Program budget shall be based on (1) the number of PROGRAM PARTICIPANT's Member Agencies that return a Program Participation Agreement to PROGRAM PARTICIPANT, and (2) the maximum budget identified by each Member Agency of PROGRAM PARTICIPANT in the Participation Agreements which are returned to PROGRAM PARTICIPANT. A sample Participation Agreement to be used by a Member Agency is attached hereto as Exhibit A. PROGRAM PARTICIPANT shall notify WESTERN by August 26, 2015 as to the maximum budget ("Maximum Amount"), provided, however, that if a Member Agency modifies its Participation Agreement's budget after August 26, 2015, PROGRAM PARTICIPANT shall notify WESTERN promptly in writing of any change in the Maximum Amount and shall be responsible for any additional payments. In the event that a Member Agency exercises its right to terminate its participation in the Program, WESTERN will be compensated for costs incurred up to the effective date of such termination. PROGRAM PARTICIPANT's Member Agencies shall each decide their eligible customer categories, which information PROGRAM PARTICIPANT will provide to WESTERN. In no event shall WESTERN be responsible for obtaining information from Member Agencies, or otherwise implementing this MOU in connection with Member Agencies. WESTERN'S sole source of contact shall be PROGRAM PARTICIPANT. WESTERN and PROGRAM PARTICIPANT have agreed to work together and coordinate the implementation of the FreeSprinklerNozzles.com Program as set forth in this MOU and as further described at the FreeSprinklerNozzles.com website.
4. Nothing in this MOU shall be deemed to be the provision of any service or other activity outside of each party's respective service area, and to the extent the performance of any aspect of this MOU can be considered a "service," California Government Code Section

54981 permits a local agency to contract with another local agency for performance by the latter of municipal services or functions within the territory of the former. The purpose of this MOU is to facilitate implementation of the FreeSprinklerNozzles.com Program in order to further each party's conservation goals. In addition, WESTERN desires to enter into this MOU in order to obtain funding and other operational support toward the cost and requirements for implementation of the FreeSprinklerNozzles.com Program.

Understandings and Agreements:

1. WESTERN has developed and currently administers a customer self-service website, FreeSprinklerNozzles.com, for the dissemination of product vouchers within its service area. Under the FreeSprinklerNozzles.com Program, the Commercial/Irrigation customer is responsible for selecting the nozzle type and manufacturer prior to being eligible to receive a voucher. Residential customers are offered a voucher for fixed spray nozzles only. Neither WESTERN nor PROGRAM PARTICIPANT shall be responsible for making, or assisting in making, the selection of a Nozzle and shall not be liable in connection with the results, or lack thereof, from the use of such Nozzles.
2. WESTERN has agreed to extend the use of the FreeSprinklerNozzles.com website to the PROGRAM PARTICIPANT, for the purpose of extending the Program to the PROGRAM PARTICIPANT's Member Agencies' service areas.
3. Customers, within the PROGRAM PARTICIPANT's Member Agencies' service areas, will, when participating on the FreeSprinklerNozzles.com website, be issued a voucher that is redeemable at participating landscape irrigation equipment suppliers.
4. For every water-efficient sprinkler Nozzle for which a voucher is redeemed at a participating irrigation store, WESTERN will invoice PROGRAM PARTICIPANT, and PROGRAM PARTICIPANT shall pay the amounts shown below or any other amounts which may be in effect as of the date of the applicable invoice as determined by WESTERN under the FreeSprinklerNozzles.com Program, provided, however that the maximum amount payable by PROGRAM PARTICIPANT pursuant to this MOU shall not exceed the Maximum Amount set forth in this MOU, provided that PROGRAM PARTICIPANT has promptly notified WESTERN of any change in Maximum Amount as required under this MOU. The Maximum Amount shall apply to all Nozzles regardless of whether Nozzles are for residential, commercial or irrigation customers. PROGRAM PARTICIPANT shall ensure that its Member Agencies are not be permitted to allocate a certain portion of the Maximum Amount for certain types of customers, Nozzles or manufacturers.

Unless different amounts are in effect as of the date of the applicable invoice, as determined by WESTERN, the per unit price for each Nozzle shall be as follows:

- Toro Precision Series Spray Nozzle: \$3.60
- Toro Precision Series Rotating Nozzle: \$5.00
- Hunter MP Rotator Nozzle: \$5.00
- Rain Bird Rotating Nozzle: \$4.00
- Rain Bird Rotating Variable Arc Nozzle: \$5.00

_____ By initializing this paragraph, PROGRAM PARTICIPANT is hereby opting to allow and fund both the fixed spray and rotating Commercial/Irrigation Nozzles in connection with requests from Member Agencies' Commercial/Irrigation customers. The refusal or failure to initial this paragraph shall indicate that PROGRAM PARTICIPANT will only allow and fund

fixed spray Commercial/Irrigation Nozzles in connection with requests from Commercial/Irrigation customers.

5. Additionally, WESTERN will, on a monthly or quarterly basis, as determined by WESTERN, prepare a fully documented invoice, for the amounts due as set forth above stating the amount due for the number of water-efficient sprinkler Nozzles processed during the previous period, that were distributed by way of the voucher program within the PROGRAM PARTICIPANT' Member Agencies' service areas. Each invoice shall be accompanied by back up documentation that shall include at least the following: Member Agency name, participant account number, participant address and number of Nozzles distributed to each individual participant. PROGRAM PARTICIPANT shall pay each invoice within thirty (30) days from the date of PROGRAM PARTICIPANT's receipt of the applicable invoice.
6. PROGRAM PARTICIPANT, if it elects to do so, will have the responsibility to audit and verify the installation of the water-efficient sprinkler Nozzles distributed by the FreeSprinklerNozzles.com Program, within its Member Agencies' respective service areas. PROGRAM PARTICIPANT shall be solely responsible, at its sole cost and expense, to enter into the applicable arrangements, if applicable, and take any action which may be required, in order to enforce the requirements of its Member Agencies as set forth herein.
7. PROGRAM PARTICIPANT has an approved Maximum Amount , as specified in this MOU, to support the implementation of the FreeSprinklerNozzles.com Program within the PROGRAM PARTICIPANT's Member Agencies' service areas . Notwithstanding anything to the contrary in this MOU, PROGRAM PARTICIPANT shall have no obligation to spend funds in excess of the Maximum Amount without further written authorization in the form of a written amendment to this MOU, signed by each party's authorized signatory, provided that PROGRAM PARTICIPANT has promptly notified WESTERN of any change in Maximum Amount as required under this MOU .
8. PROGRAM PARTICIPANT will coordinate and participate in the overall administrative oversight of, and foster the multiple-agency participation in, the FreeSprinklerNozzles.com Program within the PROGRAM PARTICIPANT's Member Agencies' service areas as applicable. Specifically, PROGRAM PARTICIPANT will be responsible for providing the Member Agencies' customer information as requested.
9. The term of this MOU shall extend from the date of full execution until June 30, 2016. This Agreement shall remain in effect during the term unless earlier terminated under the following procedures:

(a) If either party to this MOU believes that the other party has failed to perform any obligation of that party in accordance with the terms of this MOU ("Default"), the party alleging the Default shall provide written notice ("Default Notice") to the other party, setting forth the nature of the alleged Default. Unless otherwise provided by a specific term of this MOU, the party claimed to be in Default shall have (i) with respect to a Default involving the payment of money, ten (10) days after its receipt of the Default Notice to completely cure such Default, and (ii) with respect to any other type of Default, thirty (30) days from the receipt of the Default Notice to completely cure such Default or, if such Default cannot reasonably be cured within such thirty (30) day period, to commence the cure of such Default within the thirty (30) day period and diligently prosecute the cure to completion thereafter. If the party claimed to be in Default does

not cure such Default within the time periods and procedures as set forth herein, the party alleging Default may then pursue the applicable legal and equitable remedies.

(b) In the event either party determines it is not feasible or permissible to continue to perform this MOU due to issues regarding whether a service or activity is being performed outside of a party's service area, either party may terminate this agreement upon ten (10) days prior written notice to the other party. In the event of any such termination, the parties will remain obligated to perform and pay for any obligation incurred prior to the effective date of said termination unless otherwise prohibited by law or regulation.

(c) Either party may terminate this MOU for convenience at any time upon thirty (30) days written notice. In the event of any such termination, the parties will remain obligated to perform and pay for any obligation incurred prior to the effective date of said termination unless otherwise prohibited by law or regulation.

(d) Upon termination of the Agreement, WESTERN shall immediately stop using any data (including the Confidential Data) provided by PROGRAM PARTICIPANT to WESTERN and shall, as directed by PROGRAM PARTICIPANT, return or destroy the Confidential Data and certified the destruction of the same.

(e) Surviving Obligations. Obligations with respect to confidentiality, use, and destruction of the Confidential Data, indemnification, and payment shall survive the termination of this Agreement.

10. Confidentiality and Usage of Data.

(a) PROGRAM PARTICIPANT agrees to provide WESTERN with PROGRAM PARTICIPANT's Member Agencies' customer names, addresses and account numbers ("Confidential Data") solely for the purpose of allowing PROGRAM PARTICIPANT's Member Agencies' customers to participate in the FreeSprinklerNozzles.com Program (the "Authorized Use"). The Confidential Data will remain the property of PROGRAM PARTICIPANT's Member Agencies and their customers. WESTERN shall use the Confidential Data solely for the Authorized Use. WESTERN shall not use the Confidential Data for commercial purposes or for any other use other than the Authorized Use.

(b) The Confidential Data or any confidential information disclosed by the disclosing party to the receiving party shall be treated as confidential and maintained in confidence by the receiving party. The receiving party shall not disclose any confidential information of the disclosing party except to its own personnel who have a need to know. Without limiting the foregoing, the receiving party shall take at least the same steps and use the same methods to prevent the unauthorized use or disclosure of Confidential Data of the disclosing party as it takes to protect its own confidential or proprietary information.

(c) Public Records Act. In the event a public records request is made to either party ("Receiving Party") for information regarding customers or other information from the other party ("Subject Party"), the Receiving Party shall provide notice to the Subject Party in order to provide the Subject Party with the opportunity to pursue the applicable action for withholding any such records from disclosure.

(d) Data Security and Distribution. WESTERN will ensure that any Confidential Information included in the Data is stored on computers and storage media accessible only by those WESTERN personnel with a need to use those portions of the Data, and that only the minimum number of copies reasonably necessary to accomplish the Authorized Use will be made. Confidential Data stored in an electronic format will be stored using industry-standard encryption and security features. (e) WESTERN shall not, and will inform all users that they may not:

- (i) Disclose any portions of the Data that are individually identifiable or that otherwise identifies persons, directly or indirectly, except as permitted under this MOU;
- (ii) Use the Data to learn the identity of any person or entity included in the Data or to contact any such person or entity for any purpose, except as permitted under this MOU;
- (iii) Distribute or publish the Data to anyone other than as expressly permitted under this MOU;

11. General Provisions

(a) Indemnification Each party hereby agrees to defend, indemnify and hold free and harmless the other party from and against any and all liability, expense, including defense costs and legal fees, and claims for damages of any nature whatsoever, including, but not limited to, breaches of confidentiality or misuse of any data provided by PROGRAM PARTICIPANT or obtained by WESTERN in connection with this MOU; bodily injury, personal injury, death or property damage, arising from or connected with Indemnitor's activities under this MOU, including any Worker's Compensation suits, liability, or expense, arising from or connected with services performed on behalf of Indemnitor by any person pursuant to this MOU, whether such claims, damages, liabilities, costs and/or judgments are based upon alleged negligence, a dangerous condition of public property, or any other theory of liability. Indemnitor's duty to indemnify the Indemnitee shall survive the expiration or other termination of this MOU as to any injuries, occurrences or claims occurring or alleged to have occurred prior to its expiration or termination.

(b) Relationship of the Parties Nothing contained in this MOU shall be deemed or construed by the parties or by any third person to create the relationship of principal and agent, or partnership or joint venture, or any association between the parties, and none of the provisions contained in this MOU or any act of the parties shall be deemed to create any relationship other than as specified herein, nor shall this MOU be construed, except as expressly provided herein, to authorize any of the parties to act as the agent for the other.

(c) Notices

All notices or other communications to either party by the other will be deemed given when made in writing and delivered or mailed to such party at their respective addresses as follows:

To WESTERN:

Mallory Gandara
14205 Meridian Parkway
Riverside, California 92518

To PROGRAM PARTICIPANT

:

Nicole Sandkulla
155 Bovet Road, Suite 650
San Mateo, California 94402

(d) Incorporation of Recitals The Recitals set forth above are incorporated herein and made an operative part of this MOU.

(e) Complete Agreement This MOU constitutes the entire agreement between the parties, both written and oral, with respect to the subject matter hereof. Any prior agreements respecting the subject matter hereof, written or oral, express or implied, between the Parties, are hereby canceled.

BAWSCA

WESTERN MUNICIPAL WATER DISTRICT

Nicole Sandkulla (Date)
Chief Executive Officer

John V. Rossi (Date)
General Manager

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: Results of Survey on Board Meeting Time and Location Change

Summary:

Due to worsening traffic conditions, the Board Policy Committee suggested an evaluation of the benefits to moving the Board Meetings to the daytime, when traffic congestion is potentially less. The meeting day, 3rd Thursday bi-monthly, and duration of two and a half hours will remain. Interest in alternative meeting locations with access to CalTrain has also been expressed.

The date, time, and location of BAWSCA Board meetings are established through its Rules of the Board. Any permanent change to regular Board meeting date, time or location would need to be approved as an amendment to the Rules of the Board by an affirmative vote of the majority of the full Board.

BAWSCA conducted two separate surveys related to traffic concerns and possible changes to regular Board meeting times. The responses to the survey and potential conclusions are shown below.

Fiscal Impact:

None at this time.

Board Policy Committee Action:

As this was a discussion item, no action by the Committee was requested or received. The Committee discussed the survey results and possible actions that could be taken in response. The Committee suggested that it could be useful to have a full discussion of the issue with the Board at the May Board meeting.

Recommendation:

That the Board provide feedback on survey responses and direction to the CEO/General Manager regarding a potential change in meeting time and location.

Discussion:

In compliance with the Brown Act, BAWSCA conducted two separate anonymous surveys of Board Members, with a total of five questions. The complete responses are shown on Exhibit A.

Based on the survey responses, a few conclusions can be made:

- 69% of responding board members are negatively affected by the current traffic congestion on the way to the 7 pm Board meetings;
- 61% of responding board members say a daytime meeting will be better for their schedule;
- Changing to a daytime meeting will negatively impact one board member and possibly impact 10 other board members; and
- There was no overwhelming 1st choice for a new meeting time.

BAWSCA is also investigating alternative meeting locations that are within walking distance of a Cal Train station in the San Mateo/Belmont area to facilitate the use of public transportation. The preferred alternative location is the San Mateo Public Library on El Camino due to its size and configuration. This location is available on BAWSCA's regular meeting days for all meeting times except BAWSCA's current 7 pm meeting as the Library closes at 8 pm. The 2nd alternative location is the Emergency Operating Center meeting room at Belmont's City Hall. The configuration of this room is not ideal but can accommodate the size of the BAWSCA board meeting. This meeting location is available for all possible meeting times under consideration, including the current 7 pm meeting time.

BAWSCA Rules of the Board

BAWSCA's enabling legislation grants the Agency discretion to establish and change the time, place, and frequency of its Board meetings.

BAWSCA's Board established the time and place of its regular meetings through its Rules of the Board, which are its bylaws, adopted on September 2003, and amended in June 2004 and July 2011.

BAWSCA's Rules of the Board state that:

- Regular meetings of the Board shall be held on the third Thursday of January, March, May, July, September and November at the hour of 7 P.M.
- The date, time, and/or location of a particular regular meeting may be changed by the Board as needed to accommodate scheduling conflicts, subject to the notice requirements in Rule II.B.
- Special meetings of the Board may be called by the Chairperson or by a majority of the members of the Board. The notice of the meeting shall state the particular business to be conducted. The Board may not consider other business at such meetings
- All regular meetings of the Board shall be held at the Foster City Library-Community Center, 1000 East Hillsdale Boulevard. When that location is unavailable, or when it is otherwise in the public's interest, a meeting may be held at another location determined by the Chairperson.

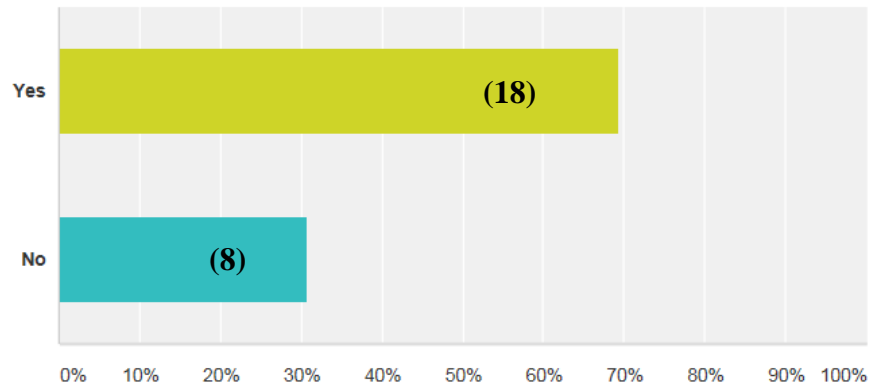
Rule VI requires an affirmative vote by the majority of the full Board to amend the Rules. The Board will need to amend the Rules of the Board through a majority vote of the full Board in order to permanently change its regular meeting date or time.

Exhibit A

BAWSCA Meeting Time Change Survey #1

Q1: Are you negatively affected by the current traffic congestion in your commute to the BAWSCA Board meetings at 7pm?

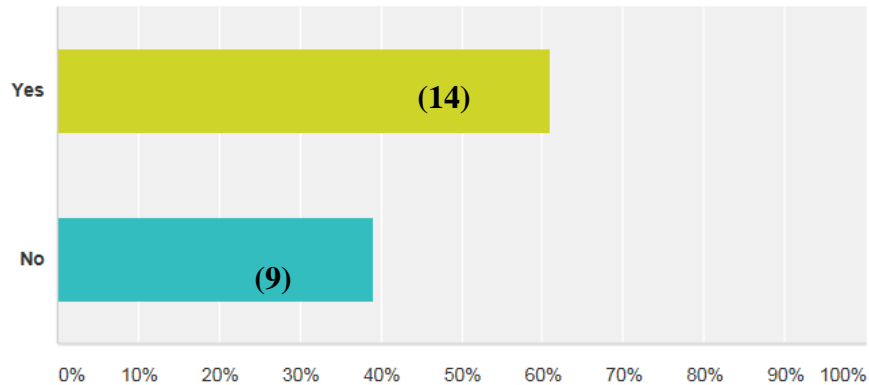
Answered: 26 Skipped: 0



Answer Choices	Responses
Yes	69.23% 18
No	30.77% 8
Total	26

Q2: Will a daytime meeting be better for your schedule?

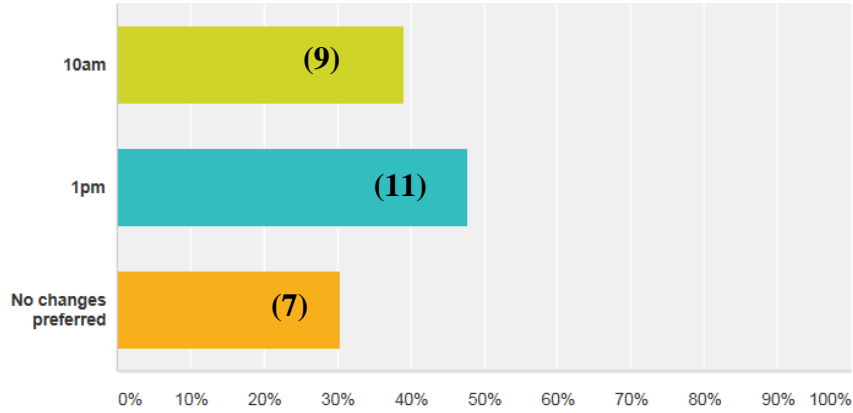
Answered: 23 Skipped: 3



Answer Choices	Responses
Yes	60.87% 14
No	39.13% 9
Total	23

Q3: If the Board Meeting time was to change given the worsening traffic conditions, what time do you think it should be changed to?

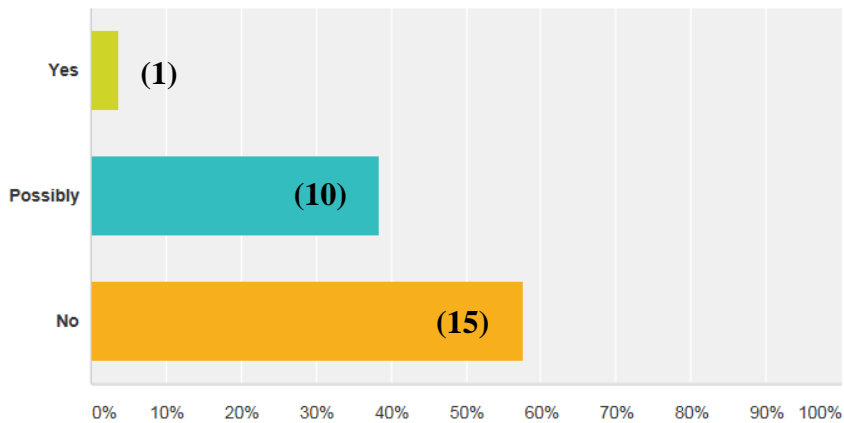
Answered: 23 Skipped: 3



Answer Choices	Responses
10am	39.13% 9
1pm	47.83% 11
No changes preferred	30.43% 7
Total Respondents: 23	

Q4: Would changing the meeting time to a daytime meeting impact your ability to serve as a BAWSCA Board Member?

Answered: 26 Skipped: 0

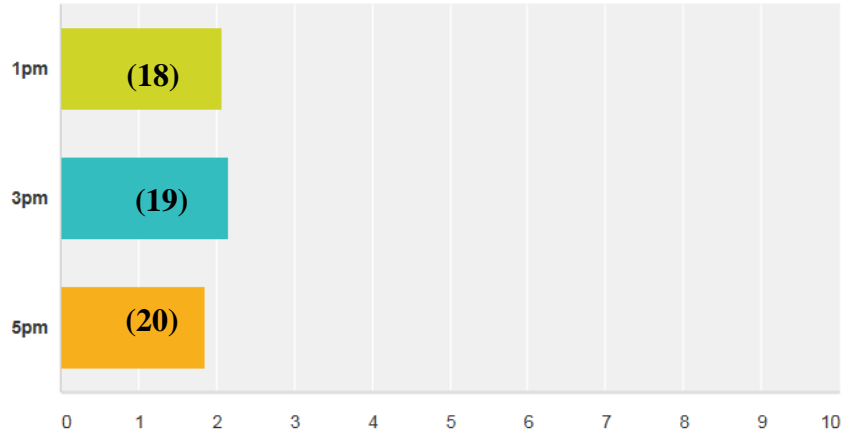


Answer Choices	Responses
Yes	3.85% 1
Possibly	38.46% 10
No	57.69% 15
Total	26

BAWSCA Meeting Time Change Survey #2

Q5: BAWSCA is considering changing the meeting time for its bi-monthly meetings that occur on the 3rd Thursday of odd numbered months. Please rank in order, with #1 being the top preferred option, the following potential meeting times:

Answered: 20 Skipped: 0



	1	2	3	Total	Score
1pm	38.89% 7	27.78% 5	33.33% 6	18	2.06
3pm	26.32% 5	63.16% 12	10.53% 2	19	2.16
5pm	40.00% 8	5.00% 1	55.00% 11	20	1.85

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B/B/B/B/B
Bay Area Bay Area Bay Area Bay Area Bay Area

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: May 13, 2016
SUBJECT: Chief Executive Officer/General Manager's Letter

SFPUC Water System Improvement Program:

On April 26th, the SFPUC approved changes to the schedule and scope of the Water System Improvement Program (WSIP). The most significant change was the extension of the overall program completion date from May 24, 2019 to December 20, 2019. The following projects also received extensions to their completion dates:

- Calaveras Dam Replacement Project
- Alameda Creek Recapture Project
- Regional Groundwater Storage and Recovery
- Long Term Mitigation Endowment
- Bioregional Habitat Restoration
- Watershed Environmental Improvement Program

An \$80.0M increase in the overall WSIP budget, from \$4,766M to \$4,846M, was approved by the Commission on February 9, 2016 as part of the SFPUC's adoption of its FY16-17 and FY17-18 Capital Improvement Programs. The project with the largest cost increase is the Calaveras Dam Replacement Project (CDRP), which will receive a \$92M increase from the 2014 approved project budget.

At the April 26th public hearing to adopt the proposed changes to the WSIP, CEO Sandkulla spoke before the Commission highlighting key points from BAWSCA's comment letter on the proposed changes to WSIP budget, scope and schedule. She urged the SFPUC to continue to undertake steps to reduce and control the remaining costs of the WSIP, which was supported by the Commission. President Vietor and the Commission requested that SFPUC staff return back to the Commission with staff's proposed response to BAWSCA's eight recommendations.

Mountain Tunnel Status:

BAWSCA continues to meet regularly with the SFPUC to discuss efforts to address the preparation for and implementation of necessary improvements to structural defects in the Mountain Tunnel lining. The SFPUC is focused on three key efforts: 1) the Mountain

Tunnel Improvement Project, which consists of a series of capital projects to improve access to the facility and ultimately, the inspection and repair or replacement of the tunnel, 2) an Emergency Restoration Plan to return the facility to service within 3 months of a tunnel failure, and 3) an Emergency Response Plan to provide for alternative water supplies under both planned and unplanned outage scenarios.

The initial efforts under the Mountain Tunnel Improvement Project, to improve tunnel adits (i.e., entrances) and access roads, is already under way. These improvements will increase accessibility to those portions of the tunnel where defects have been identified. This effort is in preparation for the planned shutdown in January 2017 when initial tunnel repairs will be made and a thorough inspection of the tunnel lining will be undertaken.

The SFPUC also continues its implementation of Emergency Restoration Plan should there be an unforeseen outage of the Mountain Tunnel. Staff is performing both real-time and simulated emergency exercises (or tabletop exercise) in preparation for the execution of the plan should it be necessary. Further preparations are planned, including an Emergency Planning Workshop that will include a joint emergency exercise with the BAWSCA member agencies in June. Additionally, an analysis of environmental permitting considerations for repair of the tunnel in the event of unplanned outage are underway.

Finally, BAWSCA and the SFPUC continue discussions on the implementation of the Emergency Response Plan, which identifies the necessary actions to manage and supplement existing supplies to meet Bay Area water needs in the event of both planned and unplanned outages. Current efforts focus on the potential use of existing interties to introduce supplies from the East Bay Municipal Utility District and Santa Clara Valley Water District, including potential amendments to existing intertie operating agreements and the identification of necessary preparations should conditions require their use.

Groundwater Reliability Partnership:

BAWSCA hosted the third meeting of the Groundwater Reliability Partnership for the San Mateo Plain Sub-basin (Partnership) on Tuesday, April 19th in Redwood City. The San Mateo Plain Sub-basin (Basin) underlies the cities of East Palo Alto, Menlo Park, Redwood City, San Carlos, Belmont, San Mateo, Foster City, Burlingame, and the Town of Hillsborough. The Basin is overlain primarily by BAWSCA member agencies that utilize the Basin supplies to varying degrees. BAWSCA has a direct interest in ensuring the reliability of the Basin for all its member agencies given the interconnectivity of this Basin with other adjacent basins that are utilized by member agencies.

The meeting attracted over 40 stakeholder attendees, including BAWSCA water managers, other local agency staff, representatives from environmental groups, and concerned citizens. At the meeting, Alameda County Water District gave a presentation about the use and management of the Niles Cone Sub-basin, which is adjacent to and connected to the Basin. In addition, staff from the West Bay Sanitary Agency presented information about their planned recycled water project for the Sharron Heights Golf Course. The agenda also consisted of updates on activities in the Basin and adjacent areas from San Mateo County, the City of Palo Alto, the City of East Palo Alto, and the Westside Basin Partners.

Funding to support BAWSCA's efforts in spearheading the formation of the Partnership are included in the proposed FY2016-17 budget. BAWSCA is committed to continuing to host

meetings to further the goals of the Partnership: increased understanding of the hydrology and geology of the Basin, serving as a forum for sharing information among all stakeholders, and continued sustainable use of the Basin to maintain groundwater quality and quantity and protect beneficial uses.

San Mateo County recently launched work on their Groundwater Basin Assessment for the San Mateo Plain Sub-basin and are hosting a workshop on Tuesday May 17th at the San Mateo Public Library's Oak Room at 55 West 3rd Avenue in San Mateo from 9-11 AM. BAWSCA looks forward to working cooperatively with the County in expanding the knowledge of the San Mateo Plain basin, including providing the County with regional groundwater model that BAWSCA developed for the Strategy. Combined with new data that the County plans to gather, BAWSCA's Strategy Groundwater Model could be a useful tool for the County in investigating conditions in the Basin.

Status of FY 2014-15 Wholesale Revenue Requirement Review

Pursuant to Section 7.06A of the 2009 WSA, BAWSCA conducted its review of SFPUC's calculation of the annual Wholesale Revenue Requirement (WRR) and the changes in the balancing account for FY 2014-15, which was submitted by the SFPUC on February 23, 2016. As a result of the WRR review, BAWSCA sent some questions and concerns to the SFPUC on April 19. BAWSCA is awaiting the SFPUC response. The deadline for both parties to enter into a settlement agreement for FY 2014-15 or for the wholesale customers to file a demand for arbitration on any unsolved issues is February 20, 2017.

ACWA Spring 2016 Conference

The Association of California Water Agencies (ACWA) Spring Conference was held on May 3-6 in Monterey, CA. BAWSCA Chair, Randy Breault, CEO, Nicole Sandkulla, and Water Resources Manager, Michael Hurley attended the conference as representatives of BAWSCA. A major focus of the conference was the ongoing drought conditions and the anticipated actions by Governor Brown, the State Water Resources Control Board (SWRCB), and the Department of Water Resources.

BAWSCA's involvement in ACWA at the State-level regarding ACWA's position on the drought regulations, long-term conservation efforts, and water supply reliability planning and reporting has increased significantly over the past several months to ensure that Northern California (particularly the BAWSCA member agency) interests are accurately and appropriately represented and addressed by ACWA. This increased involvement has resulted in BAWSCA's participation in small group meetings with ACWA and SWRCB to discuss the drought and implications of proposed actions by SWRCB. BAWSCA will be discussing further with other local water agencies the need to increase the Northern California presence at ACWA.

2016 Regional Water System Tours:

The SFPUC will host a one-day tour of the Calaveras Dam Project Site in June and a 2-day Hetch Hetchy tour in September for BAWSCA Board members.

The Calaveras Dam Project Site tour will be on June 17th. It will begin at approximately 9:00 am and finish at around 12:00 pm (noon) at Sunol. During the tour, participants will have the opportunity to see major portions of the Calaveras Dam construction site.

The 2-day Hetch Hetchy tour will be on September 28th -29th. A private tour bus will depart at 8:00 am on September 28th from the BAWSCA office location, 155 Bovet Rd, San Mateo. The bus will return to BAWSCA at approximately 5:30pm on September 29th. Overnight lodging will be at the Hetch Hetchy Reservoir in one of three cabins owned by the SFPUC.

During the two-day tour, participants will have an opportunity to have a behind-the-scenes look at some of SFPUC's key facilities, such as the Calaveras Dam Project, Moccasin Powerhouse, and Hetch Hetchy Reservoir. Participants will also learn about SFPUC's recent and upcoming infrastructure investments, as well as the many environmental stewardship initiatives moving towards a more sustainable future.

Space on both tours are limited, and will be reserved for BAWSCA Board Members on a first come first serve basis. Space that becomes available will be opened up to Water Management Representatives.

SFPUC will provide BAWSCA a registration link in the next few weeks, which will be forwarded to all Board members. Board members interested in participating in one or both of the tours are required to register online.

Work Plan Progress for FY 2015-16

Each year, the work plan is developed around key results to be achieved. The attached Table 1 presents the work plan progress toward selected FY 2015-16 results to be achieved.

Table 1: Work Plan Progress Toward Selected FY 2015-16 Projected Results
(Progress updated as of May 13, 2016)

Task	Status
1. Implement Strategy Phase II Final Report recommended actions.	★
2. Implement projects to improve drought reliability, including monitoring & documenting service area water use.	★
3. Support members' efforts to develop required 2015 Urban Water Management Plans.	✓
4. Implement and measure regional water conservation programs.	★
5. Monitor progress and make recommendations for the WSIP, 10-Year CIP, and Asset Mgmt. Program	★
6. Protect member agencies' interests in legal actions taken by proponents of draining Hetch Hetchy Reservoir.	★
7. Monitor legal and technical issues of FERC re-licensing of New Don Pedro and intervene as necessary.	★
8. Protect constituents' water supply and financial interests in administration of the 2009 WSA.	★
9. Pursue new grant funding and use awarded California grants for conservation programs.	★
10. Administer BAWSCA's bonds to prepay capital debt to San Francisco.	★
11. Facilitate tours of SFPUC and other water system facilities to explain potential supply projects.	★
12. Support member agencies in receiving reliable communication of water quality issues.	★
13. Manage BAWSCA professionally.	★

✓	Complete	★	Ongoing & On Schedule	●	Experiencing Delay	!	Needs attention
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Board of Directors Policy Calendar through January 2017

BPC Meeting	Purpose	Issue or Topic
May 2016	D&A D&A D D	Consideration of Proposed FY 2016-17 Work Plan and Budget Consideration of time and location change for regular Board meetings Review of Water Supply Forecast Introduction to SFPUC's Water Management Action Plan (MAP)
July 2016	D&A D&A D&A R&D	Annual Review and Consideration of Statement of Investment Policy Consideration of New Water Management Consultant Contracts Discussion and possible action on CEO Performance Evaluation Procedure Review of SFPUC's Water Management Action Plan (MAP)
Sept. 2016	D&A D&A	Resolution Approving Temporary Appointment of A. Jensen as Special Counsel to the CEO/GM CEO/GM Evaluation
November 2016	D&A R&D	Review and Consideration of BAWSCA's General Reserve Policy BAWSCA Mid-Year Review for FY 2016-17 Work Plan and Budget Extend contract with PG&E for Regional Washing Machine Rebate Program
January 2017	D&A R&D	BAWSCA Mid-Year Review for FY 2016-17 Work Plan and Budget Work Plan and Budget Planning for FY 2017-18

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

Meeting Schedule through July 2017

Schedule for BAWSCA Board Meetings (Meetings are held from approx. 7:00 – 9:00 p.m.)	
<u>Date</u>	<u>Location</u>
Thursday – May 19, 2016	Wind Room, Foster City Community Center
Thursday – July 21, 2016	Wind Room, Foster City Community Center
Thursday – September 15, 2016	Wind Room, Foster City Community Center
Thursday – November 17, 2016	Wind Room, Foster City Community Center
Thursday – January 19, 2017	Wind Room, Foster City Community Center
Thursday – March 16, 2017	Wind Room, Foster City Community Center
Thursday – May 18, 2017	Wind Room, Foster City Community Center

Schedule for RFA Board Meetings (Meeting time will be announced)	
<u>Date</u>	<u>Location</u>
Thursday – July 21, 2016	Wind Room, Foster City Community Center
Thursday – January 19, 2017	Wind Room, Foster City Community Center
Thursday – July 20, 2017	Wind Room, Foster City Community Center

Schedule for BAWSCA Board Policy Committee Meetings (Meetings held from 1:30-4:00 p.m.)	
<u>Date</u>	<u>Location</u>
Wednesday – June 8, 2016	155 Bovet Rd., San Mateo – 1 st Floor Conf. Rm.
Wednesday – August 10, 2016	155 Bovet Rd., San Mateo – 1 st Floor Conf. Rm.
Wednesday – October 12, 2016	155 Bovet Rd., San Mateo – 1 st Floor Conf. Rm.
Wednesday – December 14, 2016	155 Bovet Rd., San Mateo – 1 st Floor Conf. Rm.
Wednesday – February 8, 2017	155 Bovet Rd., San Mateo – 1 st Floor Conf. Rm.
Wednesday – April 12, 2017	155 Bovet Rd., San Mateo – 1 st Floor Conf. Rm.
Wednesday – June 14, 2017	155 Bovet Rd., San Mateo – 1 st Floor Conf. Rm.