

BAWSCA

Bay Area Water Supply & Conservation Agency

BOARD POLICY COMMITTEE

June 13, 2012

1:30 p.m.

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

(One member of the Committee may participate in this meeting by Teleconference. Locales shall be: 155 Bovet Road, San Mateo, CA 94402 and 4402 South Chaps Ave., Boise, ID 83709-7603. If any member of the board participates by teleconference, all votes taken at this meeting will be by roll call vote.)

AGENDA

<u>Agenda Item</u>	<u>Presenter</u>	<u>Page#</u>
1. <u>Call To Order, and Roll Call</u>	(Klein)	Pg 3
Roster of Committee members (<i>Attachment</i>)		
2. <u>Comments by Chair</u>	(Klein)	
3. <u>Public Comment</u>	(Klein)	
<i>Members of the public may address the committee on any issues not listed on the agenda that are within the purview of the committee. Comments on matters that are listed on the agenda may be made at the time the committee is considering each item. Each speaker is allowed a maximum of three (3) minutes.</i>		
4. <u>Consent Calendar</u>	(Klein)	
A. Approval of Minutes from the April 11, 2012 meeting (<i>Attachment</i>)		Pg 5
B. Approval of revisions to Personnel Handbook (<i>Attachment</i>)		Pg 17
5. <u>Special Report</u>	(Schutte/Tang)	
A. Potential Bond Issuance to Prepay Debt Owed to SFPUC (<i>Attachment</i>)		Pg 21
<u>Issue:</u> What progress has been made investigating the feasibility for the possible prepayment of old capital investment that BAWSA members owe to San Francisco?		
<u>Information to Committee:</u> Memo on progress and oral report.		
<u>Committee Action Requested:</u> Comments, questions and advice.		
6. <u>Action Items</u>		
A. Authorization to Amend the Contract with Orrick, Herrington & Sutcliffe, LLP (Bond Counsel) (<i>Attachment</i>)	(Schutte/Tang)	Pg 25
<u>Issue:</u> Should the contract for bond legal counsel be amended at this time?		
<u>Information to Committee:</u> Memo stating the need for Orrick's services and the scope of services to be provided.		
<u>Committee Action Requested:</u> Recommend Board approval of the proposed contract amendment.		

- B. Professional Services Contract with Brown & Caldwell to Support the Implementation of the BAWSCA Water Conservation Database for FY 2012-13 (*Attachment*) (Sandkulla/Dutton) Pg 29

Issue: Continued development and support of the Water Conservation Database to meet the needs of the member agencies is included in the adopted work plan for FY 2012-13. Outside consultant resources are needed to assist BAWSCA in that effort.

Information to Committee: Staff memo.

Committee Action Requested: Recommend Board approval of the proposed contract.

7. Reports

- A. Long-Term Reliable Water Supply Strategy (Strategy) (Sandkulla/Dutton)

Issue: How will the Board be involved in the formation of the policy statements on the Strategy that are anticipated for Board action in September?

Information to Committee: Brief oral presentation to Committee on the objective for the July Board workshop and how Board input on policy decisions will be solicited.

Committee Action Requested: Advice and suggestions.

- B. Water System Improvement Program – Status Report
C. July Board meeting scheduled with RFA Meeting

8. Comments by Committee Members (Klein)

9. Adjournment to the next meeting on August 8, 2012 at 1:30pm in the 1st floor conference room of the BAWSCA office building, at 155 Bovet Road, San Mateo. (Klein)

Upon request, the Board Policy Committee of the Bay Area Water Supply and Conservation Agency (BAWSCA) will provide for written agenda materials in appropriate alternative formats, or disability-related modification or accommodation, including auxiliary aids or services, to enable individuals with disabilities to participate in public meetings. Please send a written request, including your name, mailing address, phone number and brief description of the requested materials and the preferred alternative format or auxiliary aid or service at least two (2) days before the meeting. Requests should be sent to: Bay Area Water Supply & Conservation Agency, 155 Bovet Road, Suite 650, San Mateo, CA 94402 or by e-mail at bawasca@bawasca.org

All public records that relate to an open session item of a meeting of the Board Policy Committee that are distributed to a majority of the Committee less than 72 hours before the meeting, excluding records that are exempt from disclosure pursuant to the California Public Records Act, will be available for inspection at BAWSCA, 155 Bovet Road, Suite 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 BAWSCA

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

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



BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD POLICY COMMITTEE

Committee Roster:

Larry Klein, City of Palo Alto (Chair)

Rob Guzzetta, California Water Service Company (Vice-Chair)

Ruben Abrica, City of East Palo Alto

Robert Anderson, Purissima Hills Water District

Randy Breault, City of Brisbane/GVMID

Jamie McLeod, City of Santa Clara

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

Tom Piccolotti, North Coast County Water District

Barbara Pierce, Redwood City (BAWSCA Chair)

John Weed, Alameda County Water District

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

**April 11, 2012 – 1:30 p.m.
BAWSCA Offices, 155 Bovet Road, San Mateo, 1st Floor Conference Room**

MINUTES

1. Call to Order: 1:35 p.m.

Committee Chair Larry Klein called the meeting to order at 1:30pm. Nine members of the committee were present, constituting a quorum. A list of the directors present (9) and absent (1) and members of the community who attended is attached.

- 2. Public Comments:** Peter Drekmeier of Tuolumne River Trust (TRT), provided public comments regarding TRT's concerns with the Environmental Impact Report for the proposed water transfer between MID and the SFPUC. TRT stated that San Francisco's water customers will pay \$1.5 million every year even if water is only transferred during drought years. TRT believes that the water may not be needed. Mr. Drekmeier said that when the WSIP was approved in 2008, the system was using 257 mgd. That number went down to 220mgd last year. Mr. Drekmeier said it was not clear that the water would be needed and that the cost will add to the already increasing water rates. .

3. Consent Calendar:

- A. Approval of the Minutes from the February 8, 2012 Meeting: **Director Klein made a motion, seconded by Director O'Connell, to approve the Minutes of February 8, 2011. The motion carried unanimously with one abstention.**
- B. Approval of Revisions to Personnel Handbook: Director Klein stated that Director McLeod had additional considerations for the handbook, and that they will be discussed with the CEO and Legal Counsel.

Director Klein made a motion, seconded by Director O'Connell that the revisions to the Personnel Handbook be brought back to the BPC for review and discussion at its June meeting, after the CEO and Legal Counsel has addressed Director McLeod's additional items for consideration. The Committee voted unanimously to pass the motion.

5. Action Items:

- A. FY 2012-13 Proposed Work Plan and Budget: Mr. Jensen presented the refinements made to the Work Plan and proposed Operating Budget since the March Board meeting. The recommendation is a proposed Operating Budget of \$2,585,214, no change in the level of assessments, and a plan for managing the General Reserve.

The proposed Operating Budget is within 1% less than the current operating budget for FY 2011-12. It is also \$7,500 less than what was presented at the March Board meeting. Mr.

Jensen explained that at the February BPC meeting, the committee was presented with, and discussed two budget ranges. A higher end included \$435,000 to fund a one-time cost to look at the feasibility of a bond issuance. A lower end excluded that one-time cost as well as a portion of an as-needed consultant budgets, COLA adjustments and salary adjustments to the top-step salaries of two positions.

Based on comments made by the Committee in February, the preliminary budget presented to the Board in March was to be between those two extremes by excluding the bond issuance costs and the small reduction in as-needed consultant costs, but including COLA adjustments to the top step of staff salaries, and salary adjustments for two positions.

Mr. Jensen explained that while the Board memo presenting the Work Plan and Operating Budget presented to the Board in March reflected the Committee's input, the table in the memo presented the lower end range instead of the middle range incorporating committee input.

The memo to the Committee correctly shows an Operating Budget of \$2,585,214. The table in the memo contains the corrected information. The table in the memo shows a significant reduction in the contingency budget from \$106,000 to \$77,500 that result from budgeting as-needed consultants in the traditional fashion. It also includes a reduction in legal cost associated with legislation which is anticipated to be less in FY 2012-13.

Mr. Jensen stated that the results to be achieved remain as they were presented to the Board in March. He noted a refinement in the wording of an item under reliable supply.

The recommendation to the Committee for managing the General Reserve is consistent with what was presented to the Board in March. The Board can choose to use the anticipated excess in the General Reserve towards the issuance of bonds or refund the agencies in FY 2012-13, combined with a reduction of assessments by 7% in FY2013-14. This would put the General Reserve balance within the adopted guidelines.

Director McLeod asked how the take-or-pay provision of the proposed water transfer from MID to the SFPUC fits into BAWSCA's goal of protecting the water supply and financial interests of its members, and whether the transfer will increase wholesale water rates.

Mr. Jensen stated that there are a number of issues to consider with the water transfer including the benefit to the agencies, the cost and allocation of costs. There are two water transfer agreements being considered at this time. Under public comments, the speaker commented on a 2mgd water transfer proposal that is before MID at this point in time. MID and the SFPUC have also discussed the possibility of a second, larger transfer of up to 21 mgd. As presented by the SFPUC, the proposed 2 mgd transfer would benefit all customers, and costs would be allocated to both retail and wholesale customers. The uses of water that might arise from the second transfer, and therefore the beneficiaries of that transfer, have not yet been clearly identified. Therefore the allocation of cost for all or portions of that larger transfer could be significant and BAWSCA has begun discussion with San Francisco as to when those costs would be incurred and how those costs should be allocated.

Director Weed stated that the reduction in water consumption is a national phenomenon, and that there are a number of studies being done across the country and by agencies in California. He suggested that BAWSCA look into the existing studies and literature to develop the method of analysis for water use projections, and build on existing data as opposed to starting from scratch.

Mr. Jensen agreed and stated that the result to be achieved in FY 2012-13 is to review and select a method for making water use projections, and that the application of the method would be scheduled for the following fiscal year. Ms. Sandkulla clarified that the work is not focusing on the reasons demands are low, but on preparing future demand projections. The projections would need to reflect whatever factors are affecting water use. The last regional planning done by member agencies was based on data from a window of 2000-2004.

Director Piccolotti asked what the CPI is and whether it is for salaries that are already at the top of the range. Mr. Jensen said he believed the current COLA index is 3.0. He also explained that at BAWSCA, salaries are not automatically raised by the COLA. BAWSCA adjusts the top step of salary ranges for each position based on Board-approved adjustments for COLA, or recommendations from a compensation survey. Changes to employee salaries are made based on merit, and determined by the CEO.

Director Pierce made a motion, seconded by Director Guzzetta, to recommend Board approval of the proposed Work Plan, the Operating Budget of \$2,585,214, no change in the level of assessments, and the plan for managing the General Reserve balance presented in the memorandum. The motion carried unanimously.

Director Pierce asked that if there are rate increases to water customers as a result of the SFPUC's water transfers, that the Board Policy Committee and Board be notified.

- B. Priority FY 2012-13 Professional Services Contracts: Mr. Jensen reported that the Board will consider ten professional services contracts following consideration and adoption of the budget for FY 2012-13.

The proposed Operating Budget includes a combined total of \$886,000 for these ten professional services. They are legal, strategic, financial, and engineering services.

The BPC packet includes a summary memo covering the ten professional services contracts that need to be in place as of July 1, 2102 for FY 2012-13, as well as individual memos on each consultant contract.

Director Klein asked how much is being spent for the FERC process as compared to the reductions in other areas of efforts for legal counsel. Mr. Jensen stated that the fisheries consultant and potential legislative activities are included in the budget increase for legal counsel.

Allison Schutte stated that the Fisheries Consultant for the FERC process is approximately \$33,000. It was a part of the \$390,000 budget in FY 2011-12, however, the legislation and water transfer activities took priority.

She noted that the FERC process for FY 2011-12 and 12-13 will be incredibly robust and be time consuming. In preparing the budget with Mr. Jensen, every eventuality that can be expected were included to avoid coming back at mid-year for an adjustment.

In response to Director McLeod's question, Mr. Jensen stated that the budget for Strategic Counsel covers communications and other activities associated to the proposed initiative in San Francisco related to Hetch Hetchy Reservoir. Depending on events early next fiscal year, additional work may be recommended and any needs for budget reallocations or additional resources would be brought to the Board for consideration.

Director Pierce stated that it was very helpful that the memos for Legal and Strategic Counsels noted whether funding for activities come from the Operating Budget or the Water Management Funds. She also noted that she is pleased to see the continuance of the Large Landscape Audit Program provided by John Whitcomb at Waterfluence. She appreciates the difference the program is making towards water management in the landscape.

Director McLeod made a motion, seconded by Director O'Connell, to recommend Board approval of the ten contracts for legal, engineering, financial, strategic, and water conservation services needing to be in place by July 1, 2012. The motion carried unanimously.

- C. Request for Authority to Implement Grant Funding for Regional Water: Ms. Sandkulla reported that BAWSCA is a recipient of a Prop 84 grant program by the Department of Water Resources (DWR). The Bay Area Clean Water Agencies (BACWA) applied for the grant on behalf of multiple agencies in the nine-county Bay Area, including BAWSCA. The grant is \$30M for multiple water projects, including a specific allocation for regional conservation programs. The agency responsible for implementing the regional conservation programs is the Solano County Water Agency (Solano CWA). BAWSCA's share of the grant is 863,000 and will be applied to the high-efficiency washing machine rebates, high-efficiency toilet rebates, and lawn replacement rebates.

BAWSCA's next step is to enter into an agreement with Solano CWA to receive our portion of the grant. The agreement is being drafted by Hanson Bridget and will follow BAWSCA's standard form of contract.

Ms. Sandkulla stated that BAWSCA agencies have had no grant funds for the past two to three years, and this is the largest such grant awarded to agencies as a regional group. The funds will help BAWSCA programs, particularly the Lawn Be Gone! Program, and allows agencies to leverage local funds to expand their programs.

In response to Director Weed's questions, Ms. Sandkulla explained that DWR will have a contract with BACWA, BACWA will have a contract with Solano CWA, BAWSCA will have an agreement (MOU) with Solano CWA, and BAWSCA will have agreements with each of its participating member agencies. As the lead agency, Solano CWA will be implementing this grant on behalf of thirteen regional agencies including BAWSCA, Alameda County Water District, and East Bay MUD to name a few.

Ms. Sandkulla noted that it is important to make the implementation manageable for Solano CWA, because without Solano CWA stepping up to be the lead agency, the grant could not be implemented.

In response to Director Piccolotti's question, Ms. Sandkulla explained that member agencies that participate in BAWSCA's programs will have access to the grant. Customers of participating agencies will have access to the grant funds through their application for the rebate programs.

Director Pierce made a motion, seconded by Director Anderson, to recommend Board authorization of the CEO/General Manager, subject to legal counsel's review of the final documents, to enter into an interagency MOU with Solano CWA for the grant-administration of Proposition 84 grant funds to support BAWSCA's Washing Machine Rebate Program, High-Efficiency Toilet Rebate program, and Lawn Be Gone! Rebate program.

6. Reports:

- A. Board Policy Calendar: Mr. Jensen presented the Board Policy Calendar and noted that a resolution on ACWA's administration of health benefits will be presented to the Board in May without the Committee's prior review. The reason for going directly to the Board is that the notification from ACWA was received after the Committee agenda packet was distributed. Staff And legal counsel will review ACWA's request in time for the May Board meeting.

Director Weed noted that Hanson Bridgett, on behalf of ACWD, expanded the proposed resolution with more detail, and the ACWD board considered and adopted it at its meeting on April 10th. BAWSCA is welcome to look at ACWD's resolution.

- B. Long-Term Reliable Water Supply Strategy: Ms. Sandkulla reported that two major technical documents were distributed to each of the member agencies' appointed water supply management representatives for review. The technical documents include the evaluations of the different water supply management projects that were assessed, including the information that supported the water transfer information presented to the board in the workshop.

The final report for Phase IIA is being prepared and will be provided to the Board at the July Board meeting. A study session on the results and conclusions from the report will be held at the July Board meeting.

The next step would be to present recommended actions to the BPC in August for discussion prior to requesting Board action in September

A fifteen page summary is included in the technical memos distributed to the Water Management Representatives.

- C. SFPUC Water Supply Improvement Program – Update: Ms. Sandkulla reported that BAWSCA is working with its technical consultants in preparing a mid-point review of the

WSIP. The review will address important areas of understandings including what has gone well, what has not gone well, what challenges remain, and key project issues in those challenges.

The objective of the report is to layout conclusions and recommendations for moving forward with the next half of the program to ensure completion on time, scope and budget.

Ms. Sandkulla said she shared the outline with Julie Labonte who provided a helpful and thoughtful reply, and that the report may be completed in time for the May Board meeting.

Mr. Jensen stated that Julie Labonte was very positive in her comments about Nicole's work on the outline of this report and on Nicole's work on recommendations that have been provided to San Francisco throughout the first half of the WSIP. Julie said that BAWSCA's recommendations have been very helpful in improving SFPUC's management of the WSIP.

- D. Potential Bond Issuance to Pre-Pay Capital Debt Owed to SFPUC: In February, the Committee discussed the potential issuance of bonds by BAWSCA to pre-pay capital debt owed to SFPUC by BAWSCA's members. A brief discussion was held with the Board in march and a longer report will be made at the May Board meeting.

Mr. Jensen described provisions in the 2009 Water Supply Agreement related to pre-payment of the capital obligations, and specifically noted the wording: "...the agreement permits prepayment through BAWSCA, in whole or in part, without penalty."

BAWSCA completed a preliminary assessment and is currently in the process of hiring bond counsel to help determine whether the bond issuance is feasible and what actions would be needed for a successful bond issuance.

Work is underway with Assembly Member Hill's office with a bill, AB 2167, to expand BAWSCA's existing bonding authority to include issuance of bonds for this purpose.

The feasibility assessment will be completed in late Spring or early Summer. A recommendation to the Board will be presented in July or September.

Mr. Jensen reported that the State legislation, if passed and signed by the governor, would not be effective until January 1, 2013. The intervening time can be used to become prepared to issue bonds immediately after the first of the year, should the Board vote to do so.

Director Klein asked how the process can be expedited to take advantage of the favorable market conditions.

Mr. Jensen explained that BAWSCA began work on the legislation early this calendar year. Bond counsel is being brought on board using the CEO's discretionary spending authority for timely input to the feasibility analysis and to review the language in AB 2167. To expedite the effective date of the legislation, BAWSCA is considering whether or not to put urgency on the legislation which would require a higher vote in the legislature but would make the bill effective the day it is signed by the Governor.

Director Weed noted that a bond advisor and an underwriter would also be needed in addition to the bond counsel, and it would be wise to allocate time for the selection process for a bond advisor into the time schedule.

Director McLeod asked whether BAWSCA would have the opportunity to back out if the interest spikes up even after the authorities have been granted. Mr. Jensen stated that the legislative authority would not compel the agency to issue bonds and that BAWSCA would only move forward if it would be to the advantage of the water customers.

Ms. Schutte stated that since BAWSCA has never issued bonds before, there is a lot of work that can be done while waiting for approval of the legislation, including developing the offering statements and reaching out to the IRS, if necessary, as those would be time-consuming elements of the process.

In response to Director Pierce's question, Ms. Schutte explained that an agreement between BAWSCA and each of the member agencies may not be needed and is not necessarily the best mechanism as it can be time consuming.

In response to Director Piccolotti's question, Mr. Jensen said that the bond issuance would have no impact on agency assessments to BAWSCA.

Director Klein pointed out that it may result in a slight reduction of the rates that San Francisco charges the wholesale customers.

Director Weed commented that in ACWD's recent experience with issuing bonds at \$47M, there was a nominal cost outside of the bond proceeds. He was surprised to see BAWSCA's \$400,000 estimated out-of-pocket cost. He asked whether the total amount of \$2M to issue bonds is a percentage of actual fixed cost or are contingency costs included.

Ms. Schutte explained that the financial advisors prepared the documents and included all potential expenses which were estimated at a high end because this is a first-time and unusual issuance for BAWSCA. Reviewing the issuance with San Francisco's bond counsel and disclosure counsel proved that it will be a challenging issuance.

The \$400,000 is a preliminary estimate of BAWSCA's out-of-pocket cost, including getting rating agency letters, regardless of whether BAWSCA decides to move forward or back out from the bond issuance. All costs for the second round of work, provided that BAWSCA will move forward with the bonds, would be contingent and will not be paid until the deal closes.

A portion or possibly all of the \$400,000 could be attributed to the cost issuance if BAWSCA moved forward with the bonds.

- E. SFPUC Wholesale Water Rate Proposal – Status of agency comments and schedule for consideration by the SFPUC Commission: Mr. Jensen reported that the SFPUC distributed a report to its wholesale customers on its proposed rate structure and unit rate in February. BAWSCA met with the member agencies on March 1st, and submitted comments and suggestions to the SFPUC in April. Individual member agencies have submitted their

comments to San Francisco separately. Mr. Jensen expects a report from the SFPUC that mirrors the comments and suggestions made by BAWSCA. The Commission hearing on the rates is scheduled for May 8th.

Mr. Jensen reported that San Francisco had evaluation criteria for looking at various rate structures and alternatives, but that those criteria reflected San Francisco's perspective. BAWSCA's comments included an evaluation based on criteria relevant to both San Francisco and the Wholesale Customers. BAWSCA also listed potential financial impacts to member agencies that have not yet been fully examined. Mr. Jensen explained that the financial impacts were related to San Francisco's proposed mechanism that would allow San Francisco to raise rates at mid-year.

While some member agencies stated they were indifferent with respect to the size of the adjustment that the SFPUC was proposing in their report, BAWSCA's concern was that San Francisco would have ability to change a water rate structure in subsequent years with numbers that may or not be favored by some agencies.

BAWSCA suggested to avoid mid-year rate changes by setting rates on prudent, but not overly conservative water purchase estimates. Doing so could ensure that San Francisco would collect enough revenue and avoid the uncertainty and budgetary impacts of a change in rates in the middle of the year.

BAWSCA's comments also suggested a rational process for examining possible future changes in rate structure. The suggested process would envision San Francisco, BAWSCA and Wholesale Customers working together to identify their respective objectives, consider various possible rate structures, and evaluate them with criteria that are meaningful to both San Francisco and the Wholesale Customers. The member agencies support this approach.

BAWSCA will keep the agencies apprised.

Director Weed noted that ACWD sent a letter suggesting 135 mgd as the base line or a 9% increase. ACWD's budgeted amount is in excess of its contractual minimum. By reducing ACWD's purchases, the district will be able to stay within budget. However, that adds to the cumulative reduction in demand.

Director McLeod commented that with the rising cost of treating and making high quality water available, member agencies have a vested interest in ensuring the public has clear understanding of the value of having access to clean water, and not taking that privilege for granted.

Director Pierce stated that she has invited the CEO to share with the Redwood City Council with his presentation on why water rates increase when customers use less. She said it emphasizes that we are really paying for the infrastructure and the ability to have water. She believes that it might be beneficial for other councils to hear that presentation at their meetings when there is public presence and broadcast on local channel.

- F. Hetch Hetchy Reservoir – Protecting the Water Users: Chair Klein began the item by asking if there were any public comments. Spreck Rosekrans, Director of Policy for Restore

Hetch Hetchy (RHH) stated that RHH is committed to restoring the Hetch Hetchy Valley. He said RHH fully understands that the water and power made possible by the reservoir will have to be replaced. It supports BAWSCA's goal of a reliable supply of high-quality water at a fair price. He said RHH has done technical studies, but has been unsuccessful at the political level and with the SFPUC. As a result, RHH is taking the issue to the San Francisco voters this Fall.

Mr. Rosekrans stated that the ballot initiative would establish a panel, on which BAWSCA would participate, to direct a study that would determine water supply options, costs, and implementation. RHH would like to work with BAWSCA.

RHH believes that the proposal to restore Hetch Hetchy is doable while maintaining a reliable supply of high-quality water to San Francisco and all of its Bay Area customers.

Mr. Jensen stated that BAWSCA's goal is to protect the water users outside of San Francisco who pay more than two-thirds of the cost of the system. If the measure passes, BAWSCA would immediately seek means to obtain a yes or no vote for the wholesale customers on whether any plan to drain the reservoir should go forward.

In the meanwhile, BAWSCA will continue to provide the Board, member agencies and others with factual information.

- G. Mr. Jensen announced that Home Depot reached out to BAWSCA and Bay Area water agencies to participate in their parking lot events that promote water efficient landscape products and practices. BAWSCA and other regional water agencies are participating at several of the locations within its service area between April and July. These events mirror those that took place in Southern California last year, which were driven by water agencies. The events in the Bay Area are driven by Home Depot.

Ms. Sandkulla noted that a bonus of participating in these events, besides water customers having access to water conservation program information for landscaping, is the relationship BAWSCA gets to build with Home Depot for its indoor water conservation programs.

7. Comments by Committee Members:

Director McLeod stated that in reviewing the personnel policy, she was curious to know if BAWSCA has a policy that restricts solicitation for support during campaigns so that no pressure is put on staff. Ms. Schutte explained that AB 1234 includes mandatory restrictions on such activities.

Director McLeod commented on the FERC process, saying that she wanted to ensure that FERC based its analyses on current data for 1) projected demand of wholesale customers, and 2) environmental conditions. She said doing so would ensure the CEQA analysis was sound and could not be successfully challenged.

Director Pierce and Mr. Jensen noted that the last Board meeting packet included abbreviated minutes from January 19th meeting, showing only the actions taken by the Board. Mr. Jensen

received no comments from Board members, and asked the committee whether they had a preference on how the Board Minutes and Board Policy Minutes should be written.

Director Weed stated that the action items on the Board minutes are sufficient, but that the Board Policy Committee summary report and minutes should continue to be complete so that Board members who are not part of the BPC can have reference of the discussion.

Mr. Jensen explained that Board Minutes are currently written to include action items as well as back and forth discussions by the board. While the minutes serve as a helpful reference for those who were absent or who want to refresh their memories of what was discussed, it can be time consuming to produce. Mr. Jensen noted the Board meetings are recorded and transcribed and those materials can be made available for reference.

Director O'Connell stated that it is valuable to have the Board Policy Committee summary report and minutes to be full so that readers can get a grasp of how much the Committee delved into each issue before making a recommendation to support or not support an item. Action minutes for the Board minutes are sufficient, unless there is significant discussion of an item that is worth including.

Director Weed suggested including the numbers of ayes and the nays for each vote, when necessary, and to record the results of roll call votes.

Director O'Connell announced that San Bruno will host two pilot projects and landscape workshops in front of the fire station on El Camino in May.

Director Anderson reported that Stanford has a symposium on April 16th to discuss the interrelationship between water, food, energy and climate. Breakout sessions will be led by students, faculty and staff. The event will be from 12:30-6:30pm in the alumni center.

Director Weed stated that he has asked ACWD's consultants to develop "no irrigation" commercial landscape alternatives that are currently not allowed in local city ordinances in that district's service area.

There are two upcoming ACWA meetings, and the first one directly related to the SFPUC is a tour of the Sunol Valley Projects on June 5th. The ACWA spring meeting will be in Monterey on May 9 through 11th.

Director McLeod announced that there is a movie titled "Last Call of the Oasis" which highlights the international water crisis.

8. Adjournment: The meeting was adjourned at 3:00pm.

Respectfully submitted,

Arthur R. Jensen, Chief Executive Officer and Secretary

ARJ/le

Attachments: 1) Attendance Roster

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY
Board Policy Committee
April 11, 2012**

Attendance Roster

Committee Members Present:

Larry Klein	City of Palo Alto (Chair)
Rob Guzzetta	California Water Service Company (Vice Chair)
Ruben Abrica	City of East Palo Alto
Robert Anderson	Purissima Hills Water District
Jamie McLeod	City of Santa Clara
Irene O'Connell	City of San Bruno
Barbara Pierce	City of Redwood City
Tom Piccolotti	North Coast County Water District
John Weed	Alameda County Water District

Committee Members Absent:

Randy Breault	City of Brisbane/GVMID
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BAWSCA Staff Members Present:

Arthur Jensen	Chief Executive Officer
Nicole Sandkulla	Water Resources Planning Manager
Anona Dutton	Water Resources Planner
Lourdes Enriquez	Assistant to the CEO
Allison Schutte	Legal Counsel, Hanson Bridget, LLP.

Guests:

Peter Drekmeier	Tuolumne River Trust
Nico Procos	City of Palo Alto
Spreck Rosekrans	Restore Hetch Hetchy
Michelle Sargent	SFPUC

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD POLICY COMMITTEE

Agenda Title: **Adoption of Personnel Handbook Amendments**

Summary:

The BAWSCA Board of Directors adopted a Personnel Handbook in September 2003. Previous amendments to the handbook have included policy and administrative changes, as well as changes necessary to keep current with legal requirements. At this time, there are no policy changes. A summary of recommended changes are listed below.

- "Parents of domestic partner" has been added to the list of family members for whom employees can take bereavement leave. The Handbook already included parents of spouse, so this makes it non-discriminatory.
- The section related to the use of vacation time while on military leave has been clarified so that it is clear that vacation may be used for any type of military leave, not just weekend reservists.
- The section on personnel files has been amended to include a provision that employees may make copies of documents that bear their signatures. This is a labor code requirement.
- "Gender identity" and "genetic information" have been added to the lists of protected categories throughout the document, as legally required.
- The lengthiest changes included updates and comprehensive provisions on the FMLA/CFRA (Family Medical Leave Act/California Family Rights Act). These are legally required and must be included in the Employee Handbook.
- In addition, a new section on pregnancy-disability leave has been included. This is applicable under the FEHA (Fair Employment and Housing Act) and is often interrelated with FMLA/CFRA leave.
- References to BAWUA have been removed where appropriate.

Fiscal Impact: None

Committee Action Requested:

That the Committee recommend Board approval of the proposed amendments to the personnel handbook.

Discussion:

This item was initially presented at or after the April Board Policy Committee meeting, but due to questions that were raised, the item was deferred until the June BPC so that those questions could be addressed. Attachment A (under separate cover) lists those questions and the responses. Attachment B (under separate cover) shows the Personnel Handbook with recommended changes highlighted. Attachment C (under separate cover) shows a clean copy of the Personnel Handbook.

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Questions posed at and after the April BPC meeting about Personnel Handbook and responses from Legal Counsel:

1. **Question:** Page 6, regarding no Vacation Leave in first 6 months of employment.
Response: *This was modified to state that a new employee may take leave prior to the completion of the six months' introductory period only with the approval of the GM/CEO.*
2. **Question:** Page 7-8: Family medical leave policy applies "so long as (1) the employee has worked for BAWSCA for at least 12 months . . . and (2) the employee is employed at a worksite that has 50 or more employees within a 75 mile radius." As BAWSCA doesn't have 50 employees, are we voluntarily electing to provide these benefits or are they a requirement of law?
Response: *No, public agencies are subject to the FMLA without the requirement of 50 employees (that is a private sector requirement.) The second clause was deleted.*
3. **Question:** Page 18: Claims for reimbursement – Should we explicitly exclude alcohol? The question would extend to entertainment of any kind. Items that are not explicitly mentioned should not automatically be considered acceptable for reimbursement.
Response: *In general, we have not seen such specificity in Personnel Handbooks. As the reimbursement rules have not been abused, making changes to this section are not recommended at this time.*
4. **Question:** Page 21: Other Employment – should BAWSCA have a form so that other employment is recorded and explicitly known and compliance with policy noted or observed?
Response: *In general, we have not seen that requirement in Handbooks. Also, although there are some circumstances where public employees do run into conflicts, there have not been any examples at BAWSCA and most of our clients do not have problems in this area. Changes to the Handbook are not recommended at this time.*
5. **Question:** Page 22: Policy against harassment – add immigration status?
Response: *No – the laws related to immigration status are changing all the time from administration to administration. The categories we use are out of the FMLA and Title VII and are more fixed. In addition, it is likely that the protected category of "national origin" is a close proxy for someone who may be harassed based on immigration status.*
6. **Question:** Page 22, Harassment, last paragraph under of Section 30: Should a record of investigations be kept? In what form, etc. Question was whether there would be a record of repeated complaints even if an investigation did not conclusively find harassment, and no disciplinary action was taken?
Response: *We would definitely retain reports of investigations, but that does not need to be specified in the Handbook.*
7. **Question:** Page 23, re complaints: Should the Handbook explicitly state the reporting action that should be taken if the person's complaint is against the CEO/General Manager? Same question if the complaint is against a Board member?
Response: *A slight change has been made to make clear that if the complaint were against the GM/CEO, the employee should contact any supervisor or BAWSCA officer. If the complaint were against a Board member, the employee should contact the GM/CEO, as is already stated in the Handbook.*

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD POLICY COMMITTEE

Agenda Title: **Potential Bond Issuance to Prepay Capital Debt Owed to SFPUC**

Summary:

The objective of a potential bond issuance to prepay a capital debt the agencies owe San Francisco is to save BAWSCA's member agencies money. In Fall 2011, staff began evaluating whether the bond issuance would benefit BAWSCA's member agencies and their water customers, and whether such an issuance would be feasible. This report updates the Committee on feasibility investigations to date.

The evaluation will be completed this summer. If a recommendation were made to move forward, it would likely be presented to the Board Policy Committee in August and presented for Board consideration in September.

Fiscal Impact:

If bonds were issued, a preliminary estimate of the costs of issuance is in excess of \$2 million. Out-of-pocket costs are estimated to be up to \$400,000, and the balance would be paid from bond proceeds, contingent upon successful sale of bonds. Funds to cover the out-of-pocket costs are available from the General Reserve.

Recommendation:

That the Committee provide comments, ask questions and provide input on policy issues related to evaluate the feasibility of issuing bonds and the consideration of using a negotiated sale.

Discussion:

Relevant Provisions in the 2009 Water Supply Agreement. The Water Supply Agreement states that agencies will repay San Francisco the \$370 million of existing capital assets over the 25-year term of that agreement, and be assessed interest of 5.13%. The Agreement states:

“The Wholesale Customers, acting through BAWSCA, may prepay the remaining unpaid existing assets principal balance, in whole or in part, at any time without penalty or early payment premium.”

Legislative Action to Ensure BAWSCA has Authority to Issue Bonds for This Purpose.

Assemblymember Hill has introduced legislation (AB 2167) to amend BAWSCA's enabling legislation to clarify that BAWSCA has authority to issue bonds for this purpose, should the Board decide to do so. The bill was approved unanimously by the Assembly Local Government Committee on May 2nd and approved unanimously on the floor of the Assembly on May 10th. The Senate Governance and Finance Committee hearing for this bill will be held in the morning of June 13th.

Bond Counsel Retained to Provide Support on Examining Feasibility. The firm of Orrick, Herrington & Sutcliffe LLP, who is well known as one of the most qualified public finance firms in the country, was selected in April, after a competitive request for proposals (RFP) process, to be BAWSCA's Bond Counsel. A contract with a not-to-exceed limit of \$25,000 was executed under the General Manager's procurement authority. Further services will require Board authorization.

During the first phase of its contract with BAWSCA, the Firm suggested amendments to the legislation. The legislation, as amended, provides multiple options for structuring and securing the financing, and clarifies BAWSCA's authority to issue bonds for this purpose.

The extension of the agreement with Bond Counsel will be considered under a separate agenda item.

Anticipation of a Negotiated Sale. BAWSCA's financial advisor, KNN, recommends that BAWSCA's bonds be sold through a negotiated sale. There are two principal ways that municipal bonds are sold: through a competitive bid and through a negotiated sale. Both methods of sale have advantages and risks, and the final decision must weigh those factors in light of the particulars of the issuer, the transaction, and the market. According to KNN, BAWSCA's bond issuance has many of the characteristics that would favor a negotiated sale to achieve the lowest overall cost of funds. KNN's recommendation is that a negotiated sale on this transaction would provide better protection of BAWSCA member agencies' overall interests.

The table below summarizes the characteristics of both alternatives.

	Competitive Sale Favored	Negotiated Sale Favored
Issuer		
Type of Organization	Broad-based, general-purpose government	Special-purpose authority
Frequency of Issuance	Regular borrower in public market	New or infrequent issuer of debt
Market Awareness	Active secondary market with wide investor base	Little or no existing institutional base
Credit Quality		
Security Structure	Conventional resolution and cash flow; for example, rate covenant and coverage	Innovative or unusual credit structure
Trend	Stable	Improving or under stress
Market Conditions		
Interest Rates	Stable, predictable market	Volatile market
Tax Status	Tax-exempt, no concerns	Taxable (all or a portion)
Marketing		
Pre-marketing	Limited need for pre-marketing, market pricing	Specific pre-sale activity to generate demand
Flexibility in Timing	Limited flexibility	Greatest flexibility in timing
Fine tuning Structure	Limited options given to bidders	Flexibility and ability to fine tune

	Competitive Sale Favored	Negotiated Sale Favored
Cost		
Interest Rate	Highest market price offered by bidders on day of sale	Best match of product with specific investor demand
Gross Spread	Varies depends on certain marketing strategies and conditions	Varies depends on certain marketing strategies and conditions

The table indicates a negotiated sale would be best for BAWSCA for the following reasons:

1. BAWSCA is a new issuer in the municipal bond market. BAWSCA is also an atypical borrower, neither a wholesaler nor a retailer of water. Many of the features of the bond issuance will be unusual as well. For example, BAWSCA will not have the usual rate covenants and coverage features of a typical water utility. While BAWSCA has no reserves or other assets of note, the financing structure will need to be able to withstand water sales volatility. This bond issuance would be a classic example of “story” bonds, which are usually sold through a negotiated process so that the underwriter has the time before pricing to explain and pre-sell the issuance.
2. General uncertainty and volatility in bond and financial markets increases risk of poor results from competitive sale.
3. Ability to change structure during a negotiated pricing to optimize results.
4. Current market trends favor negotiated sale. Looking at the California market since January 1, 2009, 166 issues or 86% of total 192 water revenue bond issues representing \$10.2 billion or 81% of total par amount have been issued on a negotiated basis.

Conclusion: The method of a negotiated sale appears to be the better option for BAWSCA’s member agencies to achieve the lowest cost of issuance possible.

Selection of Underwriting Firm. During a negotiated sale, the underwriting firm is selected before interest rates are set. By bringing the underwriter on early, BAWSCA would benefit from the additional intellectual capital of the underwriting firm, which can help in developing the financing structure, including its underlying covenants, in a manner that is more likely to attract investor interest. An RFP for underwriters will be issued in June, with potential contract award to be presented to the full Board in July. This accelerated schedule will not accommodate the Committee’s review of the selection or the Committee’s recommendation related to that contract. There will be no financial impact caused by the selection, because payment to underwriters is contingent upon a successful issuance of the bonds.

Findings during the Feasibility Evaluation. While staff and Bond Counsel have not completed the feasibility analysis of the potential bond issuance, the team has made progress on analyzing options for structuring and securing the bonds. At this time, the most advantageous security structure is to have BAWSCA issue bonds to make a full prepayment on behalf of member agencies. The bonds would be secured by member agency charges, collected by San Francisco as a surcharge and transferred to BAWSCA on a monthly basis. The amounts collected would be sufficient to pay debt service on the bonds and to satisfy all reserve requirements and covenants with respect to the bonds. If as expected, the amounts collected exceed the funds necessary to pay back the bonds and fund all required reserves, BAWSCA would distribute excess amounts back to BAWSCA

members. If the amounts collected would not produce net savings, the bond issuance would not be recommended.

Possible Need for a Resolution Adopted by Each Agency. The evaluation of feasibility and a recommendation will be brought to the Committee in August and to the Board for consideration in September. If the Board decides to move forward, staff will work with the Bond Counsel to produce the required bond documents. It is possible that the preferred security structure may include individual resolutions to be adopted by each agency. The purpose of such resolution would be to authorize member agency participation in BAWSCA's prepayment program and authorize and direct agency staff to assist BAWSCA in connection with the program. BAWSCA staff will prepare a general resolution and staff report to distribute to member agencies following authorization by the Board. Based on the proposed schedule, it will be important to have the individual resolutions adopted by each agency before the end of December 2012.

Schedule of Establishing Feasibility and Implementing Potential Bond Issuance.

Issuance of RFP for bond underwriting firm	June
Board approval of Phase 2 of Bond Counsel contract	July Board
Board approval of bond underwriter contract	July Board
Governor's signature on successful legislation	August – September
Completion on the feasibility evaluation & Recommendation to Board	September Board
Board approval of Phase 3 of Bond Counsel contract	September Board
Agreement with SFPUC on payment collection following bond sale	Fall
Resolutions adopted by BAWSCA member agencies	November – December
Board authorization to issue bonds and approval of bond documents	November Board
Bond Closing, based on market conditions	January, 2013

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD POLICY COMMITTEE MEETING

Agenda Title: **Authorization to Amend the Contract with Orrick, Herrington & Sutcliffe LLP (Bond Counsel)**

Summary:

This item requests authorization for the CEO/General Manager to amend the contract with Orrick, Herrington & Sutcliffe LLP (Orrick) for additional legal services to be provided in the second phase of the contract. The contract was initially signed for an initial phase of services in May under the CEO/General Manager's procurement authority. The amendment would allow Orrick to provide further legal advice in order to complete the analysis of whether a bond issuance would benefit BAWSCA's member agencies and their water customers and whether such an issuance would be feasible.

Fiscal Impact:

The amendment to the contract would increase the not-to-exceed amount by \$15,000. It will result in a combined not-to-exceed amount of \$40,000 for the first phase and the second phase. Funds are available in the contingency budget. There would be no fiscal impact on the total adopted budget for FY2011-2012.

Recommendation:

That the Committee recommend that the Board authorize the CEO/General Manager to amend the contract between BAWSCA and Orrick by increasing the not-to-exceed amount by \$15,000 subject to legal counsel's review.

Discussion:

In Fall 2011, staff began investigating whether a bond issuance to prepay the capital debt the agencies owe San Francisco would benefit BAWSCA's member agencies and their water customers. Input from qualified bond counsel, who are attorneys specialized in law related to issuing bond was needed to complete the feasibility evaluation.

In February, a Request for Proposals was prepared by KNN and legal counsel and distributed to three highly experienced firms. Proposals were received on April 11 and all three firms were interviewed. The firm of Orrick, Herrington & Sutcliffe LLP, was considered as the most qualified proposer among the three proposals and was selected. Orrick has over 100 years of bond counsel experience in public finance. Its public finance practice has been ranked first in the country for most of the past eighteen years by total dollar volume of transactions for serving as bond counsel. Orrick is also nationally recognized for its expertise in tax matters related to public finance. A professional services agreement with Orrick was signed in May under the CEO/General Manager's discretionary spending authority. Bond counsel is expected to provide a broad range of base and optional services in three phases.

The first phase consists of base services to evaluate the feasibility of the potential bond issuance, including an initial analysis of the ability of BAWSCA to issue such bonds on a tax-exempt basis and an initial analysis of available security structure options. . In addition, Bond Counsel provided input on the draft legislation to clarify BAWSCA's authority to issue bonds for this purpose and to improve the security of any bonds issued by the Board. Under Phase 1, Bond Counsel is compensated on a per hour basis up to a not-to-exceed amount of \$25,000.

The second phase consists of optional legal services to complete the tax and security analysis. These services will be exercised in the sole discretion of BAWSCA following authorization by the Board. Bond Counsel is to be compensated on a per hour basis up to a \$40,000 combined not-to-exceed amount for Phase 1 and Phase 2.

The final phase consists of optional bond counsel services to provide ongoing support if the Board decides to pursue a bond issuance. The fee for Phase 3 services shall be wholly contingent upon the successful issuance of the bonds. These services will be exercised in the sole discretion of BAWSCA following authorization by the Board.

Orrick, Herrington & Sutcliffe LLP
Bond Counsel

PURPOSE

In Fall 2011, BAWSCA began to investigate whether a bond issuance to prepay a capital debt the agencies owe San Francisco would benefit BAWSCA's member agencies and their water customers. Additional steps have been taken since the discussion with the last Board Policy Committee meeting. Input from qualified Bond Counsel is needed to evaluate the feasibility and possible structures of a bond issuance for prepaying the capital debt owed to San Francisco pursuant to the 2009 Water Supply Agreement.

SCOPE OF WORK

Bond counsel will be expected to provide a broad range of base and optional services including, but not limited to:

Phase 1 (Base Services): Initial analysis of the ability of BAWSCA to issue bonds on a tax-exempt basis for prepaying the capital debt the agencies owe San Francisco and initial analysis of security structure options available to BAWSCA, including a potential amendment to BAWSCA's enabling legislation that would allow for San Francisco to enter into a legally binding contract with BAWSCA that would require San Francisco to impose surcharges sufficient to pay off BAWSCA's debt service on bonds.

Phase 2 (Optional Services): Completion of tax analysis and security analysis. These optional services will be exercised in the sole discretion of BAWSCA following authorization by the BAWSCA Board of Directors.

Phase 3 (Optional Services for Issuance of Bonds): Implementing the issuance of bonds to prepay the capital cost recovery payments currently being made under the 2009 Water Supply Agreement to amortize approximately \$370 million in regional assets acquired prior to execution of the new Agreement. These optional services will be exercised in the sole discretion of BAWSCA following authorization by the BAWSCA Board of Directors.

Compensation

Phase 1 (Base Services): Paid on an hourly basis, discounted by 10%, up to a not-to-exceed amount of \$25,000.

Phase 2 (Optional Services): Paid on an hourly basis, discounted by 10%, up to a \$40,000 combined not-to-exceed amount for Phase 1 and Phase 2.

Phase 3 (Optional Services for Issuance of Bonds): If BAWSCA decides to proceed with Phase 3, compensation will be either: (1) at the hourly rates set forth below up to a maximum amount of \$150,000 (Option 1); or (2) a fixed fee, which shall be set at a maximum of \$120,000 (Option 2). The fee for Phase 3 services shall be wholly contingent upon the successful issuance of the bonds.

Hourly rates of the proposed primary team of attorneys (to be subject to a 10% discount):

Stephen A. Spitz	\$760
Devin Brennan	\$550
Richard J. Moore	\$725
Kimberly N. Westberry	\$175
Thomas C. Mitchell	\$825

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD POLICY COMMITTEE MEETING

Agenda Title: **Professional Services Contract with Brown & Caldwell to Support the Implementation of the BAWSCA Water Conservation Database for FY 2012-13**

Summary:

This item requests authorization for the CEO 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 2012-13.

Fiscal Impact:

The BAWSCA budget for FY 2012-13 includes \$50,000 for consulting support services for implementation of the WCDB.

Recommendation:

That the Board Policy Committee recommend Board authorization of the CEO to negotiate and execute a contract with B&C for up to \$50,000 to provide as needed technical support services for the implementation of the WCDB in FY 2012-13.

Discussion:

As presented during the budget development process, additional outside resources are necessary to complete the adopted Work Plan for FY 2012-13 in several areas. One such area is the need for additional technical resources to support implementation of the WCDB.

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 and FY 2011-12, 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, B&C expended 98% of its \$125,800 budget. In FY 2011-12, B&C is expected to use its full \$75,000 budget. The proposed budget of \$50,000 for FY 2012-13 represents a continued shrinking of the budget allocated to B&C for this effort.

A contract with B&C in FY 2012-13 is proposed to provide additional as needed technical support to BAWSCA and the member agencies for on-going implementation of the WCDB. 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.

The need for additional resources to implement the WCDB in FY 2012-13 was identified as part of the BAWSCA Work Plan for FY 2012-13.

Alternatives:

Alternatives to the recommended action are to: (1) not support the WCDB in FY 2012-13, or (2) train BAWSCA staff to support the WCDB rather than enter into a contract with B&C. BAWSCA does not recommend these alternatives for the reasons stated below.

The need for a regional database system was clearly identified as part of the 2009 Water Conservation Implementation Plan (WCIP). The WCDB serves a valuable function 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 in effect 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. Because 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. BAWSCA does not have an IT staff and therefore has to contract out for any IT services. 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 services provided by B&C during the past three years have been critical to the overall WCDB success. For this reason it is recommended that BAWSCA continue to contract with B&C to maintain the WCDB in FY 2012-13.

Brown and Caldwell

PURPOSE

For FY 2012-13, BAWSCA requires specialized services to support the ongoing implementation of its Water Conservation Database (WCDB) including as needed technical support to BAWSCA and the member agencies.

SUMMARY OF SCOPE OF WORK

Work to be Performed:

The following tasks will be performed by B&C as directed by BAWSCA:

- Provide WCDB technical support on an “on-call” basis
- Conduct project management

Not to Exceed Budget:

\$50,000

Rates & Charges:

IT Manager	\$246
Project Manager	\$147
IT Associate	\$187
Associate	\$85

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