

**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 2)

**Thursday, July 17, 2014
7:00 P.M.**

AGENDA

<u>Agenda Item</u>	<u>Presenter</u>	<u>Page#</u>
1. Call To Order, and Roll Call	(O'Connell)	
2. Comments by Chair	(O'Connell)	
3. Board Policy Committee Report <i>(Attachment)</i>	(Mendall)	<i>Pg 3</i>
4. Public Comment <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>	(O'Connell)	
5. Consent Calendar <i>All matters listed under on the Consent Calendar are considered by the Board to be routine and will be enacted by one motion without discussion. If discussion is desired, the subject item may be removed and considered separately.</i>	(O'Connell)	
A. Approval of Minutes from the May 15, 2014 meeting <i>(Attachment)</i>		<i>Pg 19</i>
B. Receive and File Budget Status Report – As of 5/31/14 <i>(Attachment)</i>		<i>Pg 25</i>
C. Receive and File Quarterly Investment Report – As of 6/30/14 <i>(Attachment)</i>		<i>Pg 29</i>
D. Receive and File Directors' Reimbursement Report – As of 3/31/14 <i>(Attachment)</i>		<i>Pg 31</i>
E. Bay Area Regional Reliability Principles <i>(Attachment)</i> <i>The Committee voted unanimously to recommend authorization of the proposed Board action.</i>		<i>Pg 33</i>
F. Appointment of Nicole Sandkulla as General Manager and Secretary of San Francisco Bay Area Regional Water System Financing Authority <i>(Attachment)</i> <i>The Committee voted unanimously to recommend authorization of the proposed Board action.</i>		<i>Pg 39</i>
6. Break for San Francisco Bay Area Regional Water System Financing Authority Board of Directors Meeting	(O'Connell)	
7. Reconvene Following San Francisco Bay Area Regional Water System Financing Authority Board of Directors Meeting	(O'Connell)	

8. Action Items

- A. Process and Schedule for CEO/General Manager Annual Performance Evaluation (*Attachment*) (Sandkulla) Pg 41

The Committee voted unanimously to support the procedure and draft evaluation form for the CEO/General Manager annual performance evaluation, and that the Board provide input during its July Board meeting for subsequent use as part of the CEO/General Manager performance evaluation.

9. SFPUC Report (Ritchie)

10. Reports (Sandkulla)

- A. Findings of SFPUC's Study of the Socioeconomic Impacts of Water Shortages (*Attachment*) Pg 47
- B. Results of FY 11-12 Wholesale Revenue Requirement Review (*Attachment*) Pg 59
- C. CEO/General Manager's Letter (*Attachment*) Pg 63
- D. Correspondence Packet ([Under Separate Cover](#))
- E. Board Policy Calendar (*Attachment*) Pg 67

11. Closed Session

Conference with Legal Counsel – Anticipated Litigation

Initiation of litigation pursuant to subdivision (c) of Section 54956.9: one potential case

12. Directors' Discussion: Comments, Questions, and Agenda Requests (O'Connell)

13. Date, Time and Location of Future Meetings (O'Connell) Pg 69 (See attached schedule of meetings)

14. Adjournment to next meeting on for September 18, 2014 at 7pm (O'Connell)

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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.

BAWSCA

Bay Area Water Supply & Conservation Agency

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

MEMORANDUM

TO: BAWSCA Board Members

FROM: Nicole Sandkulla, Chief Executive Officer/General Manager

DATE: July 11, 2014

SUBJECT: Summary of Board Policy Committee meeting held April 9, 2014

1. **Call to Order:** Committee Chair Al Mendall called the meeting to order at 1:30 pm. A list of Committee members who were present (8), absent (2) and other attendees is attached.

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

2. **Comments by the Chair:** Director Mendall welcomed the Committee and stated that he was pleased with the effective review process and adoption of the FY 2014-15 work plan and budget.

3. **Public Comments:** There were none.

4. **Consent Calendar:**

Director Mendall noted a correction on the 2nd paragraph from the bottom of page 3 of the minutes. The word “review” should be “reserve” so that the sentence reads: “Director Mendall agreed that a review of the General Reserve in the near future is prudent”.

Director Keith made a motion, seconded by Director O’Connell, to approve the minutes of the Board Policy Committee meeting held on April 9, 2014 with the correction Chair Mendall noted. The motion passed unanimously.

5. **Action Items:**

A. Bay Area Regional Reliability Principles:

Ms. Sandkulla was pleased to report an effort by water agencies in the Bay Area to improve water supply reliability through a regional partnership called the Bay Area Regional Reliability (BARR). The partner agencies include CCWD, EBMUD, SCVWD, SFPUC, Zone 7, ACWD, MMWD, and BAWSCA.

The group jointly developed guiding principles to foster cooperation among the agencies without limiting individual agency action.

Ms. Sandkulla reported that the General Managers of the group have met for several years as the Bay Area Water Agency Coalition (BAWAC), and BARR is a product of the group that provides a more formal process for partnering on regional water supply reliability.

The regional benefits of the partnership include the leverage of existing infrastructure investments, enhancement of water supply reliability and emergency preparedness, facilitation of water supply transfers during critical periods, and focus on climate resiliency needs.

The potential elements that have been identified include the use of available capacity in existing facilities and interties between districts. Ms. Sandkulla noted that the intertie in Hayward is a good example of the partnership's focus because the improvements bring benefits that extend beyond the 2 agencies directly involved. Additional project elements included are upgraded water treatment facilities and regional projects such as the Bay Area Regional Desalination Project.

The principles are being presented to governing bodies of each agency for adoption. The next steps are securing funding through Prop 84 State funding and the Water Resources Development Act (WRDA) Federal funding.

Ms. Sandkulla noted that both the State and Federal grant funding authorities are very supportive of collaborative partnerships. She explained that for many years, the Bay Area water agencies had been negatively compared against agencies in Southern California who are perceived as speaking effectively as one voice in Sacramento and Washington D. C. This partnership is a result of the Bay Area agencies' effort to collaborate and act as a region, and is a significant step towards that goal.

Director Keith asked how long the principles have been in the drafting stages, as they would have been useful to have in the partnership meeting between Menlo Park, East Palo Alto, and Palo Alto.

Ms. Sandkulla explained that this was a new effort for BAWSCA to embark in. The principles were developed 2 months ago by the group that has had an informal partnership for several years through their regional desalination project. To date, BAWSCA's participation with this group has been indirect through the SFPUC.

When the guiding principles were brought to Ms. Sandkulla's attention, she negotiated for BAWSCA's direct participation because while BAWSCA does not own or operate facilities to deliver water as do the group of agencies that are directly involved, she argued that BAWSCA member agencies rely on the Regional Water System, and would most likely be the agencies that would need access to other water systems for additional water supply reliability.

Director Keith was pleased that the member agencies' best interest is being represented in this effort through BAWSCA's direct participation. She further asked Ms. Sandkulla

about the desalination project in Alameda that dealt with brackish water, and the existing interties in the BAWSCA service area.

Ms. Sandkulla explained that the Bay Area Regional Desalination Project (BARDP) is the regional desalination project in the early planning stages. This project is currently planned as a large 40 mgd capacity facility, co-located with a power plant in Crockett.

Ms. Sandkulla reported that the same group of agencies, including BAWSCA through the SFPUC, has secured grant funds to study BARDP for the last several years. The next steps for the project are currently being determined. Ms. Sandkulla noted that BARDP was one of the projects that were analyzed in BAWSCA's Strategy with the participation of the Bay Area Regional Reliability group.

As for the interties, Ms. Sandkulla explained that there are two major interties to the San Francisco Regional Water System. One is with East Bay Municipal Utility District (EBMUD) in Hayward, and the other is with the Santa Clara Valley Water District (SCVWD) in Milpitas. She explained that each BAWSCA member agency has independent interties with their neighbors that serve as the distribution interties for the system.

Director Guzzetta asked if the group has regular public meetings.

Ms. Sandkulla stated that General Managers of the agencies meet every other month as the Bay Area Water Agencies Coalition (BAWAC), which is a staff organization. This effort is an outcome of BAWAC discussions and Ms. Sandkulla expects BARR to become a regular item on the BAWAC agenda because all agencies in BARR are represented in BAWAC.

Director Guzzetta noted that of the seven agencies participating in BARR, Cal Water actually serves water in three of their service areas: Zone 7, SCVWD, and SFPUC. With a population of 350,000 - 400,000 people that are served through these agencies, this is certainly of interest to CalWater because of demand hardening. Director Guzzetta noted that he too, is pleased that BAWSCA is now directly involved to keep the member agencies informed.

Director Mendall echoed Directors Keith and Guzzetta's approval of BAWSCA's direct involvement with the effort, and called for a motion for the recommendation.

Director O'Connell made a motion, seconded by Director Breault, that the Committee recommend Board adoption of the Guiding Principles for Bay Area Regional Reliability Partnership.

The motion passed unanimously.

B. Appointment of Nicole Sandkulla as General Manager and Secretary of San Francisco Bay Area Regional Water System Financing Authority (RFA):

Ms. Sandkulla explained that the State Water Code provides that the RFA Board of Directors shall appoint a General Manager and Secretary for the agency. The

employment agreement the BAWSCA Board adopted on July 19, 2013, and that Ms. Sandkulla accepted as of September 30, 2013, states the responsibility to serve in this capacity without cost, if acceptable to the BAWSCA Board and if appointed by the RFA Board.

Director Vella made a motion, seconded by Director Keith, that the Committee recommend consideration of Nicole Sandkulla to be appointed by the RFA Board as the General Manager for the RFA without additional compensation.

The motion passed unanimously.

C. Process and Schedule for CEO Annual Evaluation :

Director O'Connell reported that the procedure and draft evaluation form included in the BPC agenda packet is what is being recommended for the Board to use for the CEO/General Manager performance evaluation for FY 2013-14.

The Committee is asked for their input on the proposed procedure and draft evaluation form before it is sent to the full Board for discussion at its meeting in July.

The staff memo presents a schedule that proposes a closed session at the September Board Meeting for the CEO/General Manager's performance evaluation.

Director Keith asked how might the evaluation process be modified so that a greater level of responses from Board members are received.

Director Vella commented that like other agencies, Board member interaction with the CEO/General Manager can vary from a minimal basis to a regular basis.

Director Weed suggested having a CEO/General Manager's self-evaluation report on performance during the fiscal year.

In response to Committee members' questions and comments, Director O'Connell clarified that Board Members will be given a deadline of August 8, 2014 to return completed evaluation forms. The evaluation forms include an option to select "unsure" as part of any response provided, and the CEO/General Manager will provide a report of the results met and unmet during FY 2013-14.

Director Mendall asked that the self-evaluation report from the CEO/General Manager be included in the July 21 packet that goes out to the BAWSCA Board of Directors.

Director O'Connell made a motion, seconded by Director Vella, that the Committee recommend Board review of the revised form during its July meeting for subsequent use as part of the CEO/General Manager performance evaluation.

The motion passed unanimously.

6. Reports:

- A. Water Supply Update: Ms. Sandkulla reported that the total reservoir storage is currently at 65% of maximum. Of the 955,000 AF in storage, 500,000 AF is available for water supply.

Ms. Sandkulla explained that precipitation at Hetch Hetchy this year is at a low 50% of normal. The system continues to require a 10% reduction in demand to get to an average annual 209 mgd delivery. Ms. Sandkulla emphasized that a 10% reduction in demand must be achieved to provide savings in anticipation of a dry year next year. Achieving this level of savings can help avoid having to require a 20% reduction if dry conditions continue next year.

Using a chart on Reservoir Storage Levels as of June 8th, Ms. Sandkulla explained that the current storage level at Hetch Hetchy is almost at the maximum capacity, because San Francisco has been using supply from its water bank to fulfill its obligations to the irrigation districts. This allows them to save the water at Hetch Hetchy Reservoir for drinking water.

As a result, the water bank is severely depleted and is currently at 36% of capacity. It started at 570,000 AF and is now down to 360,000 AF. It is normally at 70% capacity at this time of the year. If dry conditions continue through next year, there will be insufficient supply in water bank to provide the required water to the irrigation districts.

Ms. Sandkulla noted that the SFPUC is working aggressively to rebuild existing infrastructure that was damaged during the Rim Fire to reconnect Cherry Reservoir into the drinking water system. Normally, Cherry Reservoir is not used as a source of water supply but rather is used to meet the downstream obligations to the districts. The SFPUC plan is to use 150,000 AF of water from Cherry Reservoir as a supplemental source of drinking water as early as January 2015.

Using charts from the SFPUC, Ms. Sandkulla presented the Cumulative Precipitation at Hetch Hetchy for Water Year 2014 and the Snowpack conditions to demonstrate the level of drought in the region.

Director Mendall asked why only 150,000 AF of supply from the Cherry reservoir is being used for drinking water, when it has a capacity of 300,000 AF.

Ms. Sandkulla explained that the SFPUC will also use water currently stored in Cherry Reservoir to fulfill its obligations to the irrigation districts as well as their flow obligations below the reservoir.

Ms. Sandkulla reported that following the May Board meeting, she received feedback from Board members as well as agency staff members about the Total System Deliveries chart by the SFPUC. There seemed to have been a lack of understanding with the SFPUC's calculation of the 10% water use reduction target, and confusion over the baseline used for the 10% water reduction goal.

While agencies felt they were doing well in reaching the 10% goal, the SFPUC was not seeing sufficient progress, and was leaning towards implementation of mandatory cutbacks.

As a result, BAWSCA staff reached out to the SFPUC to better understand their approach for calculating the 10% target. Individual agencies were also contacted to request updated water use data and agency drought actions to re-analyze the data and clarify the conflicting information and perception of water use reductions between SFPUC and the wholesale customers.

The review and analysis resulted to a better understanding of the savings achieved by the BAWSCA member agencies to date in comparison to the target.

Ms. Sandkulla explained that the SFPUC used the agencies' historical typical weekly use patterns for the past 5 years, and reduced those numbers based upon specific assumptions to determine a cumulative water savings target to reach the 10% goal. These numbers were then compared against the member agencies' weekly meter reads to calculate the achieved savings. When BAWSCA re-analyzed the numbers, it factored in ACWD's increase in its purchases from SFPUC, which is different from past practices. In recent history, ACWD has used their minimum purchases from the SFPUC, but because of the significant deficiency in supplies from their other sources, ACWD have increased its water purchases from SFPUC this year. Volumetrically, ACWD is much larger than the rest of the wholesale customers that they outweighed the rest of the member agencies.

With the re-analyzed numbers and with the exception of ACWD, the water savings achieved by wholesale customers and San Francisco's retail customers, including the golf courses, nurseries, and facilities such as Lawrence Livermore Labs, the BAWSCA agencies are on target to achieve an overall savings of 10% at the end of this water year.

Ms. Sandkulla stated that ACWD is on track to reduce its SFPUC purchases to 10%, but just on a different schedule. ACWD's purchases from SFPUC will reduce in the Fall when supplies from their other sources are available.

While the agencies are doing much better in reducing its demands than previously thought, Ms. Sandkulla emphasized that continued reduction is required for the remainder of the year. The SFPUC will continue its voluntary 10% reduction requirement, and will re-evaluate the need for increased rationing on June 15th.

Ms. Sandkulla stated that BAWSCA is working with SFPUC in developing a graph that accurately represents the water savings achieved by wholesale customers including ACWD.

Director Breault asked if water conservation is assumed to be achieved in a linear fashion or if conservation savings are assumed to increase over the summer? Ms. Sandkulla answered that the assumed savings increase over the summer months to reflect the potential to reduce outdoor water use.

Director Guzzetta commented that, based on Cal Water's data, it is encouraging to see how conservation programs and results of conservation outreach are ramping up at this point in time, given the time it usually takes for messages to get across. It is also encouraging to see actual usage staying down at almost 10% less even after hot days. He encouraged member agencies to continue their conservation and drought messaging efforts.

Ms. Sandkulla agreed, and stated that 80% - 70% of the total annual target savings are achieved from May through December. This is the biggest window of opportunity to achieve water savings and therefore, it is important to keep conservation and drought messaging ongoing.

The request for voluntary water use reductions will continue at least through December. Ms. Sandkulla is scheduled to meet with Steve Ritchie on June 18th to discuss the water purchases and to assess the need, if any, for mandatory rationing.

In response to Director Keith's question, Ms. Sandkulla explained that water used for fire-fighting typically is included in "unaccounted for water" that goes against the wholesale customers' purchases from SFPUC.

Director Guzzetta added that after the calculations, water used for firefighting is generally a small amount of water.

Director Piccolotti commented that it is important for individual agencies' to ensure their meters are calibrated and provide accurate readings.

In response to Director Guzzetta's question about the Cherry Reservoir, Ms. Sandkulla explained that the SFPUC is moving forward with plans to activate a canal that will bring water from Cherry Reservoir to Early Intake, an upcountry Regional Water System facility near Hetch Hetchy. The Cherry supply will not be granted filtration avoidance and the water will be treated at Sunol Treatment Plant. The SFPUC is looking at operational practices so the delivery of water supplies between Cherry Reservoir and Hetch Hetchy Reservoir can be staggered to allow for different levels of treatment. The SFPUC is in active discussions with the State Department of Public Health and to date, no major issues have been put forward.

Director Mendall requested that the cumulative savings among the BAWSCA member agencies, with the exception of ACWD, be emphasized at the July Board meeting.

Ms. Sandkulla agreed, and stated that BAWSCA is working with SFPUC to develop a standard reporting format that both agencies are comfortable with. She stated that Steve Ritchie agrees with BAWSCA's analysis and understands BAWSCA's sensitivity to how BAWSCA member agencies' achievement of water use reduction is represented.

- B. Pilot Water Transfer Plan – Status Report: Michael Hurley reported that BAWSCA is moving forward with working with its partners to finalize the necessary agreements for the pilot water transfer.

Negotiations with EBMUD and Yuba County Water Agency (YCWA) continue. BAWSCA is reviewing the draft purchase agreement received from YCWA, focusing on understanding the risks and commitments associated with the agreement, particularly with wheeling.

BAWSCA committed to weekly meetings with Hayward staff so transfer details and unique impacts to Hayward in connection with the use of the facilities for the transfer are thoroughly understood and diligently worked through.

In addition to the purchase agreement, BAWSCA is also working with YCWA on regulatory approvals which include a Petition for Temporary Change in Place of Use through the State Water Resources Control Board. The petition would incorporate the BAWSCA service area in YCWA's map of water recipients in its existing agreements. The petition will be submitted to the State Water Resources Control Board for approval in the coming months. The petition for temporary change in place of use will be effective for one year.

A second regulatory approval is securing the Warren Act Contract with the Bureau of Reclamation for use of Folsom South Canal. BAWSCA and EBMUD are collaborating to begin the process of necessary actions.

The timeline for implementation of the pilot water transfer involves several key elements including the need for rationing and EBMUD's use and operation of the Freeport Facility.

Mr. Hurley reported that on June 15th, the SFPUC will revisit its decision for a water shortage emergency and the need for mandatory rationing. BAWSCA believes that the member agencies have made significant progress in reducing its water use and can maintain the voluntary water use reduction. BAWSCA will continue to meet with the SFPUC, as well as with Hayward staff on a regular basis through the coming months.

Processing and finalizing the necessary agreements, regulatory approvals and permits are scheduled between July and October. BAWSCA anticipates Board consideration for action to execute the pilot water transfer in September

A critical element for the implementation of the water transfer is EBMUD's need to use and operate the Freeport Facility in the Fall. BAWSCA will closely monitor the developments and EBMUD's decision, which will most likely be made in September/October.

Mr. Hurley reported that with the elements in place, potential execution can be expected in November/December.

In response to Director Keith, Mr. Hurley stated that it is possible that EBMUD will not have the need to use the Freeport Facility. While their projected storage target levels remain low, their need for the facility in the Fall will depend on their demands during the summer, and the need for a 14% temporary rate increase to fund the operation of Freeport, if initiated.

- C. Long-Term Reliable Water Supply Strategy – Status Report: Mr. Hurley reported on the progress of the Strategy and presented elements that provide background on the key policy issues that will be brought to the Board for consideration as the final Long-Term Reliable Water Supply Strategy is completed in the Winter of 2014.

Two key areas that the Board will be discussing in the coming months are the results of the demand and conservation study, and the water supply reliability and Level of Service (LOS) goals.

BAWSCA Water Resource Analyst, Andree Johnson, is finalizing the results of the demand and conservation study which provides a demand outlook through 2040.

Water supply reliability and LOS goals are key elements of the Strategy. Mr. Hurley explained that “reliability” as it is emphasized in BAWSCA’s goal, is defined as the availability of supply.

Currently, member agencies’ supply planning is based on SFPUC’s LOS goals. The LOS goals stated in the Water Supply Agreement (WSA) provide “*no system-wide reduction in supplies greater than 20%*”.

Mr. Hurley explained that the strategy will focus on the cost and benefits of supplementing the existing LOS goals, while avoiding negative impacts from the development of additional supply.

As part of San Francisco’s FERC relicensing process for New Don Pedro Dam, San Francisco conducted a study of the economic impacts of water shortages. The study provides data on the economic impacts associated with differing levels of shortages experienced today and in 2035.

The analysis estimates economic impacts in the billions of dollars today if there were a 20% shortage, and even more in 2035. The data is compelling and can be used in analyzing the cost and benefits of investments that an individual agency, and BAWSCA as a whole, can consider from the Strategy.

Mr. Hurley discussed the major factors and external threats that impact LOS goals and reduce the region’s existing supplies.

He explained that in the 70’s and 80’s, the focus was on investments to accommodate increases in population and job growth. That changed in the last 10-20 years. Today, we are looking at investments to address reductions in supplies and supply reliability.

He stated that there are two forms of external threats that impact existing supplies and reduce LOS goals.

One factor is environmental requirements. An example is the Bay-Delta restrictions as a result of the Wanger Decision that impacts the State Water Project. Another example that is closer to home is the FERC relicensing of Don Pedro Reservoir, which can potentially have reduction in deliveries to meet needs for increased downstream fish flows.

A second factor is water rights restrictions. There are discussions in the State Water Rights Control Board (SWRCB) to review and consider reductions in pre-14 rights with its drought curtailment notices. SWRCB is also looking at the Bay Delta Instream Flow Requirements for longer-term reduction.

Mr. Hurley stated that there are also internal threats. For the San Francisco Regional Water System, it is the self-imposed institutional constraints as discussed in the WSIP LOS established by the SFPUC.

There are different ways agencies address levels of service goals. The way LOS goals have been defined for the BAWSCA member agencies is to the extent of the shortage, where the planning is based on avoiding a greater than 20% reduction.

Another way to define LOS goals is to the extent of frequency. Mr. Hurley explained that in theory, agencies can incur more shortages of a lesser degree as an alternative to the current standard.

Alternatively, a combination of both frequency of shortage and extent of shortage can provide a scenario of being 100% reliable 95% of the time. Some agencies can have LOS goals for different types of customers. For example, an agency can prioritize residential customers to have uninterrupted services, and provide a different LOS goal for other customer classes.

SCVWD LOS goals are defined so that shortage actions are designed to limit and to avoid having to call for more than a 20% reduction. EBMUD limits customer rationing to a maximum of 15%. Metropolitan Water District of Southern California provides full service demands at the retail level under all foreseeable hydrologic conditions.

Mr. Hurley stated that the traditional approach to defining LOS goals for the regional system have been based on historical usage, and known facts based on system capabilities and hydrology. He stated that conditions evolve and presented a rumsfeldian philosophy to highlight additional risk factors that impact LOS goals. There are the “Knowns” which are factors that can be anticipated. They can include hydrology, regulations and system constraints. There are the “Known Unknowns” which include climate change, court cases and regulations. While we know they are upon us, we don’t know to what extent. Finally, the “Unknown Unknowns” which can include economic disruptions, political climate, natural disasters, and climate change. How should BAWSCA address the conditions they bring, what options are available to the region for consideration, what can BAWSCA and its member agencies do to prepare should conditions occur, and what options become necessary, are the questions that will need to be considered moving forward.

The results of the demand and conservation study will determine the exact water supply need, and allow for an understanding of the “service gap”. BAWSCA will examine the information to recognize the service area’s vulnerability during normal years versus dry years, the amount of supply needed, and the variations of need and restrictions between the agencies.

A staff report and presentation to the Board will be provided at the July meeting. It will present an overview of LOS concept, results of the SFPUC's Economic Impact of Drought analysis, information on service gap, and an introduction of the process for evaluating the different projects for consideration.

Director Guzzetta asked why the economic impact is so much greater for the same level of reduction in future years.

Ms. Sandkulla explained that it is demand hardening that factors in. Easy conservation actions by residential customer classes can achieve water use reductions. However, when those actions in the residential customer base are exhausted over time, significant actions are required which primarily goes to industrial customers, and the economic impact become significant.

Director Guzzetta further asked what type of residential usage is being projected in 2035?

Ms. Sandkulla explained that the graph presented utilizes David Sunding's demand model which does not analyze the projected indoor/outdoor use. BAWSCA will examine the results of its demand and conservation study to determine where BAWSCA's residential water customers are in their conservation efforts. For example, have we reached a point to where we are asking water use reduction that goes beyond the health and safety for the majority of the service area? Those are unknown.

Mr. Hurley explained that another factor that the graph relies on are the subsequent water rates associated with the different customers. An underlying assumption is that if one can't buy water because there's a shortage, you can measure the economic impact by looking at the rate and the amount of water they can't buy. This is consistent with the same modeling Sunding did for the Bay Delta process. It assumes into the future that water rates will be higher, and when multiplied by the unavailable supply, the economic impact becomes significant.

Director Guzzetta sees the economic impact on the water agency because of the revenue shortfall it will experience from the reduction in sales due to water shortage. Ultimately, agencies will have to adjust their rates based on lower demands and the marginal cost.

Ms. Sandkulla stated that BAWSCA staff will look into a reporting format that provides clarity and a better definition of "economic impact".

Director O'Connell noted that the graph uses data from 2010-11 and asked if more current data is available. She also suggested that the presentation emphasize the actions required by the Board, and the level of impact that will occur if the actions are not taken.

Director Weed commented that he sees a fallacy in using economic impacts for analysis of water consumption. There is a discredited concept of price-based conservation or tiered rates. It does not work. He commented that there are no significant impacts from water shortage because people find a way to manage.

Director Weed also stated that there is a fallacy with the use of simple slogans that imply a universal water use reduction across the board. For example, San Francisco has very little landscape, and conservation is not at issue for them as it is for the suburban customers. A 20% reduction for the suburban customers in the month of July could peak to approximately 40%. He stated that the use of the universal approach can possibly run into some false guidelines and poor policy principles.

Director Weed added that the real impact is on the revenues. There will be rate increases because of the dramatic drop in income to the various water agencies. This impact is more of a concern.

Director Keith asked if the information BAWSCA has are shared with the Association of Bay Area Governments (ABAG).

Ms. Sandkulla stated that BAWSCA does not currently share its information with ABAG. She noted that when ABAG first started the process towards the urban corridor concept, she participated in a Bay Area group's conversations with ABAG to let them know that ABAG's assumptions are not consistent with existing Bay Area planning at that time, and that the infrastructure to support ABAG's concept does not exist.

To her knowledge, the collective Bay Area group has not come back to ABAG since that time because of the differing level of jurisdiction. However, other entities like SCVWD and San Francisco have ongoing communications with ABAG.

Director O'Connell commented that around the same time, she was involved with San Mateo County Regional Housing Needs Assessment (ReHNA) in their discussions with ABAG. Both ReHNA and the City of San Bruno, were very clear in reporting their water use requirements and limitations from San Francisco, but were unable to achieve support from ABAG.

Director Mendall commented that presenting the economic impact with a vision of what the numbers represent will help the board come to an informed conclusion as to what weight to give that impact. The economic impact of having a brown lawn is very different from the economic impact of having businesses close

Ms. Sandkulla explained that one of the metrics examined in San Francisco's study is the number of lost jobs. In the initial analysis 2 years ago, the estimated number of lost jobs as a result of water shortage was greater than the unemployment rate in 2012 (2 years ago). BAWSCA will work on the presentation of the analysis for the Board meeting. Ms. Sandkulla noted that the analysis has been effective on the member agencies' collective behalf in working with the Federal Energy Regulatory Commission (FERC) in having them understand the impacts of their decisions on the region's water supply.

San Francisco's study is being utilized for BAWSCA's analysis for the Strategy.

Director Mendall commented that for San Francisco's study, it is not critical for the agencies to come to a complete agreement on each individual item. What's important with the analysis is for the agencies to be able to determine the significance of the information and make an informed decision.

Ms. Sandkulla agreed, and would encourage Board members to look at it with that perspective.

Director Guzzetta noted we need to understand the underlying basic assumptions to make sense of the output from San Francisco's study.

Ms. Sandkulla stated that the individual agencies reviewed San Francisco's draft report and agreed with the demand projections at the time, as well as the projections on price and cost increases, for the purpose of San Francisco's study of the economic impacts of water shortages. While the agencies were not involved in the mechanics of the analysis, they were closely involved with the input process to confirm that the projected demands are relatively in line with demand projections in 2035, and the assumptions in customer base, price, and alternative supply availabilities. The technical staff of the agencies were aware that it was the best data for input that was available at the time, recognizing that there was going to be a demand projection analysis that will have some level of differences in results, but not of significant magnitude.

Results of FY 11-12 Wholesale Revenue Requirement Review: Ms. Sandkulla reported that pursuant to Section 7.06A of the 2009 WSA, BAWSCA staff, specifically Christina Tang, reviews SFPUC's calculation of the annual Wholesale Revenue Requirement, or costs charged to the Wholesale Customers. BAWSCA also reviews the changes in SFPUC's balancing account.

On May 23d, BAWSCA and the SFPUC reached an agreement on the outstanding issues related to SFPUC costs allocated to the wholesale customers for FY 2011-12.

The agreement resulted in a net credit to the Wholesale Customers of over \$5 M. This is a higher number than normal, which has typically ranged from \$700 K - \$1 M in previous years. The credit will be applied to the balancing account for FY 2013-14.

Ms. Sandkulla presented the breakdown of the areas where adjustments were made. For example, there were accounting errors that charged wholesale customers for in-city conservation costs that solely benefit the SF retailer customers.

The biggest cost allocation adjustment was for the cost allocation on the total square footage of the new SFPUC building which included a child care center and a cafe, which the wholesale customers receive no benefit from.

BAWSCA staff and legal counsel were diligent in their negotiations with the SFPUC.

- D. SFPUC Water Supply Improvement Program – Update: Ms. Sandkulla reported that the Commission adopted the changes to the WSIP at its meeting on April 22nd. They will be submitting the required reports to the California Seismic Safety Commission (CSSC), Department of Health (DPH), and Joint Legislative Audit Commission (JLAC) by June 30th.

While the notification to the State agencies have not been formally made by San Francisco, Ms. Sandkulla has made the State agencies aware of SFPUC's actions and provided them copies of BAWSCA's correspondence with the SFPUC.

BAWSCA provided the SFPUC five recommendations as part of its comments on the SFPUC's hearing process for the proposed changes. SFPUC's written response to BAWSCA's recommendations was generally positive.

Ms. Sandkulla explained that the State Agencies are notified of the changes to the WSIP so that they can determine whether the changes have increased risks to public health and safety. BAWSCA recommended that SFPUC speak on the public health and safety impacts of the proposed changes, as well as the impacts of the proposed changes to the SFPUC's 10-year CIP, instead of relying on the State agencies identify them.

The SFPUC agreed to include its perspective on the public health and safety impacts of the proposed changes to the WSIP in their formal notification to the State. However, it preferred to write a separate letter to the State providing its perspective on the public health and safety impacts of the changes to the 10-year CIP. A separate letter avoids making the impression that it is a State requirement for the SFPUC to report on 10-year CIP.

Ms. Sandkulla explained that the separate letter will be important because it will serve as a push for the SFPUC to report to the State in case changes to the 10-year CIP occur again as a result of additional issues with the WSIP, specifically with Calaveras Dam Project.

A second recommendation BAWSCA made was that the SFPUC develop a staff transition plan and present it to the Commission in June. BAWSCA has been asking the SFPUC for a staff transition plan that shows how they move staff and program management off of WSIP projects that are already closed so that the high levels of overhead are avoided. The SFPUC staff has committed to presenting it to the Commission on June 24th, and will provide updates to the Commission on a quarterly basis.

BAWSCA also recommended the development of interim water supplies as necessary until proposed water supply projects are on line to ensure that the LOS goal can be met, and provide a status report to the Commission by September 2014. The SFPUC acknowledged the importance of WSIP projects that contribute to the LOS goals, and stated that they will continue to evaluate its water supply portfolio and take the necessary action as required.

Ms. Sandkulla stated that she had hoped for more specific actions, but is pleased that discussions of the water supply LOS goals continue because the projects that impact the water supply LOS goals are currently behind schedule. Those projects are the Westside Basin Conjunctive Use Project and the Calaveras Dam Replacement Project, which are critical facilities during a drought.

The Alameda Creek Recovery Project (ACRP) is another water supply project that has been struggling to get some traction. It is still in the early planning stages and is critical to achieving the water supply LOS. BAWSCA recommended that the SFPUC provide an update on the progress of the ACRP, and present an analysis on the impact, if any, to the SFPUC's ability to meet the water supply LOS goal as part of its regular reports. The SFPUC agreed.

Finally, BAWSCA recommended that the SFPUC include in their report to the State a quantification of the status of achieving the LOS goals shown as “In Progress” in Attachment 4 of the Notice of change, and report the progress in future WSIP Quarterly Reports. The SFPUC agreed

- E. **Legislation – Status Report:** Ms. Sandkulla reported that SB 1345 would extend the current State oversight of the WSIP to January 1, 2022. The legislation passed through the Senate on May 7th.

At the request of the CSSC, the bill was amended to extend the review period from 90 days to 120 days. Ms. Sandkulla explained that the CSSC Board only meets every two months which made the 90 day period a very tight schedule to meet.

The bill has been referred to three Assembly Committees. The Committee on Natural Resources will consider the bill at its hearing on June 16th. The Committee on Local Government has not set its hearing for the bill yet, but is anticipated to occur in late June. The consideration of the bill by the Appropriations Committee is expected in August.

BAWSCA is working closely with local Assembly Members in keeping them apprised with the bill’s developments..

Ms. Sandkulla noted that SB 1345 is a committee bill from the Senate Natural Resources Committee, and is not solely focused on BAWSCA. The Committee has been approached to make some non-controversial amendments to address issues that are not associated with BAWSCA. Ms. Sandkulla stated that she and the BAWSCA team of consultants anticipated this potential scenario. While the amendments appear to have no significant issues, she and the BAWSCA team of consultants will closely monitor the developments and keep the Board informed.

- F. **Board Policy Calendar:** Ms. Sandkulla reported that the Board’s policy issues in the coming months will be focused on the topic of water supply. The review of the General Reserve Policy will come to the Board in October.

7. **Comments by Committee Members:** Director Mendall reported that he will be on vacation at the time of the August 13th BPC meeting, and will hand over the Committee meeting to Vice-Chair Brontisky.
8. **Adjournment:** The meeting was adjourned at 3:15pm. The next meeting is August 13, 2014.

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD POLICY COMMITTEE – June 11, 2014

Roster of Attendees:

Committee Members Present

Al Mendall, City of Hayward (Chair)
Randy Breault, City of Brisbane/GVMID (BAWSCA Vice Chair)
Rob Guzzetta, California Water Service Company
Kirsten Keith, City of Menlo Park
Irene O'Connell, City of San Bruno (BAWSCA Chair)
Tom Piccolotti, North Coast County Water District
Louis Vella, Mid-Peninsula Water District
John Weed, Alameda County Water District

Committee Members Absent

Charlie Bronitsky, City of Foster City (Vice Chair)
Barbara Pierce, City of Redwood City

BAWSCA Staff:

Nicole Sandkulla	CEO/General Manager
Michael Hurley	Water Resources Manager
Adrienne Carr	Sr. Water Resources Specialist
Andree Johnson	Water Resources Specialist
Lourdes Enriquez	Assistant to the Chief Executive Officer
Allison Schutte	Legal Counsel, Hanson Bridgett, LLP
Bud Wendell	Strategic Counsel, Management Communications

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

**May 15, 2014 – 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, Irene O’Connell, called the meeting to order. Nicole Sandkulla called the roll. Twenty (20) members of the Board were present, constituting a quorum. A list of Directors present (20) and absent (6) is attached.

2. Comments by the Chair:

Chair O’Connell noted the action items before the Board.

The proposed FY 2014-15 Work Plan and Operating Budget, designed to meet BAWSCA’s goals of a reliable supply of high quality water at a fair price, is 10% less than the current budget and proposes a 5% increase in assessments to maintain the General Reserve within BAWSCA’s reserve policy. The Board Policy Committee unanimously voted to recommend Board approval of the proposed Work Plan and Operating Budget at its meeting on April 9th, and the Board discussed it favorably at its meeting in March.

The CEO will present proposed amendments to the Hanson Bridgett and Maddaus Water Management contracts necessary to complete work needed for the remainder of the fiscal year.

Finally, the Board will have an update on the Long-Term Reliable Water Supply Strategy (Strategy) and the status of the Pilot Water Transfer Plan. The drought highlights the need for increased water supply reliability in all water systems, including the San Francisco Regional Water System. The Strategy and recommended actions will be presented to the Board in January 2015

3. Board Policy Committee (BPC) Report:

Committee Chair Al Mendall reported the discussions and actions that took place at the BPC meeting held on April 9, 2014. The Committee voted unanimously to recommend approval of the proposed Board actions, including the FY 2014-15 Work Plan and Operating Budget, Professional Services Contracts for FY 2014-15, selection of highest ranked vendor(s) to implement the Home Water Use Reports Program, and the contract amendments to Hanson Bridgett and Maddaus Water Management. The committee discussions on current water supply conditions, Pilot Water Transfer Plan, the WSIP, and legislation are reflected in the summary report.

4. Public Comments: Public comments were received from Wynn Grich.

5. Consent Calendar:

Director Richardson made a motion, seconded by Director Keith, that the Minutes of the March 20, 2014 be approved, and the Budget Status Report, Investment Report, Bond Surcharge Collection Status Report, and Directors' Reimbursement Report as of March 31, 2014 be received and filed.

The motion carried unanimously.

6. Action Calendar:**A. Potential Amendment to Hanson Bridgett Professional Services Contract.**

Director Kasten made a motion, seconded by Director Pierce, that the Board authorize the CEO/General Manager to amend the professional services contract with Hanson Bridgett by \$80,000 for a total not to exceed amount of \$601,000.

The motion carried unanimously.

B. Amendment to FY 2013-14 Budget to Fully Fund Maddaus Water Management Professional Services Contract

Director Quigg made a motion, seconded by Director Mendall, that the Board authorize the CEO/GM to amend the FY 2013-14 budget for the professional services contract with MWM by \$28,216 for a total not to exceed amount of \$328,216.

The motion carried unanimously.

C. Proposed FY 2014-15 Work Plan and Operating Budget

Director Kasten expressed his support for the recommendation, but made several suggestions. He recommended against predicting a flat budget amount over the next five years, and advocated for a clear explanation of the 5% increase in assessments and the importance of a General Reserve.

Director Pierce made a motion, seconded by Director Quigg, that the Board approve:

- The FY 2014-15 Work Plan and Results to be Achieved;**
- The recommended Operating Budget of \$2,939,286; and**
- Funding the Operating Budget with a 5% increase in assessments and a transfer of \$296,436 from the General Reserve.**

The motion carried unanimously.

D. Approval of Professional Services Contracts for FY 2014-15

Director Quigg suggested that Item D be approved under consent calendar, unless there are questions on a specific contract.

Chair O'Connell explained that unless there are questions that Nicole needs to answer, the fourteen items under Item D can be approved under one motion.

Director Quigg made a motion, seconded by Director Vella, that the Board approve the fourteen contracts for legal, engineering, financial, strategic and water conservation services needing to be in place by July 1, 2014.

The motion carried unanimously.

7. SFPUC Report:

SFPUC Assistant General Manager of Water Enterprise, Steve Ritchie, reported on the current water supply conditions, wholesale water rates, and updates on the WSIP.

The SFPUC extended its request for voluntary 10% water use reduction system-wide, and will revisit its request for water use reduction on June 15th. Mr. Ritchie reported that the current demand is not responding to the call for conservation. The SFPUC will consider a 20% reduction or mandatory rationing if a 10% water use reduction system wide is not achieved.

San Francisco's drought communication campaign will roll out in June. Drought relief projects underway include the Lower Cherry Aqueduct Emergency Rehabilitation Project and the San Antonio Pump Station and SVWTP Emergency Drought Reliability Improvements.

Wholesale Water Rate increase for FY 2014-15 is at 19.6%, lower than previously anticipated.

The SFPUC's responses to BAWSCA's recommendations on the proposed changes to the WSIP will be presented to the Commission at its meeting on June 24th.

8. Reports:

Ms. Sandkulla reported on the Long-Term Reliable Water Supply Strategy and the Pilot Water Transfer Plan.

9. Closed Session:

The meeting adjourned to Closed Session at 8:25pm.

10. Reconvene and Report from Closed Session:

The meeting reconvened to Open Session at 9:05. Legal Counsel, Allison Schutte, reported that the Board of Directors of the Bay Area Water Supply and Conservation Agency (BAWSCA) voted unanimously to request that the Wholesale Water Customers authorize the BAWSCA Board to initiate, defend, and settle arbitration related to the Water Supply Agreement, dated as of June 2009.

11. Directors' Discussion:

There were no further discussions.

12. Date, Time and Location of Next Meeting: The next meeting is scheduled on July 17, 2014 in the Wind Room, Foster City Community Center.

13. Adjournment: The meeting adjourned at 9:06pm.

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
May 15, 2014

Attendance Roster

Present:

Robert Anderson	Purissima Hills Water District
Randy Breault	Guadalupe Valley Water District
Charlie Bronitsky	City of Foster City
Armando Gomez	City of Milpitas
Michael Guingona	City of Daly City
Rob Guzzetta	California Water Service Company
Mike Kasperzak	City of Mountain View
Tom Kasten	Town of Hillsborough
Kirsten Keith	City of Menlo Park
Marty Laporte	Stanford
Gustav Larsson	City of Sunnyvale
Al Mendall	City of Hayward
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
Louis Vella	Mid-Peninsula Water District
John Weed	Alameda County Water District

Absent:

Ruben Abrica	City of East Palo Alto
Tom Chambers	Westborough Water District
Larry Klein	City of Palo Alto
Jerry Marsalli	City of Santa Clara
Chris Mickelsen	Coastside County Water District
Chuck Reed	City of San Jose

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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: July 9, 2014

SUBJECT: Budget Status Report as of May 31, 2014

This memorandum shows fiscal year budget status for FY 2013-14. It includes major areas of spending, provides an assessment of the overall budget, and summarizes reserve fund balances. This report covers the budget and expenses for BAWSCA. The BAWSCA budget includes necessary resources for the RFA and BAWUA.

Operating Budget Summary:

For the three month period ending May 31, 2014, 83 percent into the fiscal year, total expenditures were \$2,688,626 or 82 percent of the total approved Operating Budget of \$3,280,188.

Table 1. Operating Budget Summary as of May 31, 2014

Cost Category	Year-To-Date		
	Budget	Expenses	Percent
Consultants /Direct Expenditures			
Reliability	1,140,662	852,944	74%
Fair Pricing	234,500	250,422	107%
Administration	249,000	262,396	105%
Subtotal	1,642,162	1,365,762	84%
Administration and General			
Salary & Benefits	1,359,026	1,110,209	82%
Other Expenses			
BAWSCA	290,500	212,011	73%
BAWUA	1,100	0	0%
Subtotal	3,217,288	2,235,511	69%
Capital Expenses	4,000	0	0%
Budgeted Contingency	0	0	0%
Regional Financing Authority	1,400	644	46%
Grand Total	3,280,188	2,688,626	82%

Overview:

Overall expenditures for FY 2013-14 are tracking within budget. In the consultant cost categories, Administration was over budget due to the personnel transition expenses incurred earlier this fiscal year, as reported in previous budget reports.

Consultants

The \$125,000 budget for technical review and tracking of the SFPUC's Water System Improvement Program was 78 percent expended. The Operating Budget allocation of \$150,000 for strategic counsel was 98 percent expended. Legal counsel's original budget of \$496,000 was 100 percent expended as of March 31st. At the May board meeting, the board approved a 2nd budget amendment of \$80,000, which was in addition to the \$25,000 that the CEO/GM authorized under her discretionary authority in April. With a revised budget of \$601,000, legal counsel's expenses were 95% expended. The \$550,662 budget for water management and conservation-related activities was 81 percent expended.

Administration and Other Expenses

Budgets for salaries and other expenses were 82 percent expended.

Use of CEO's Discretionary Spending Authority:

In May, the CEO entered into the following agreement under her discretionary spending authority:

- Maddaus contract amendment in the amount of \$5,000 for additional technical services related to the Regional Demand and Conservation Projections Project.

In June, the CEO entered into the following agreements under her discretionary spending authority:

- Ricoh USA, Inc. for a 48 month copier lease agreement that begins July 2014. Monthly fees are anticipated to be approximately \$300 a month, an estimated annual savings of \$1,000.
- Bud Wendell contract amendment in the amount of \$12,846 for services related to strategic counsel.
- EKI contract amendment in the amount of \$4,500 for services related to water resources planning to fund the current year's activity within the existing two year contractual limit.

To reflect the actual category of expenditures within the overall existing budget, funds were reallocated from the Operating Budget Contingency, Reliability, Salary & Benefits and Fair Pricing budgets, and are reflected in this report. Expenses related to the June actions will be reflected in the budget status report period ending June 30, 2014. The total budget remains unchanged.

Use of Reserve and Reserve Fund Balance:

At its May 2013 meeting, the board authorized a transfer in FY 2013-14 of \$300,000 from the General Reserve for work associated with the Water Demand and Conservation Projections Project. Those funds were transferred from the General Reserve in April 2014 and are reflected as a decrease in the General Reserve balance shown below. At the same time the board authorized a transfer of \$98,000 to fund the Annual Required Contribution to Other Post-Employment Benefits (OPEB). This authorized transfer has not occurred at this time as the cash is not yet needed. If needed, this transfer will occur prior to the close of FY 2013-14.

At its July 18, 2013 meeting, the Board approved an increase of \$66,000 to an existing contract with EKI, the funding for which was to be taken from the General Reserve. At this time, this authorized transfer from the General Reserve has not occurred as the cash is not yet needed. If needed, this transfer will occur prior to the close of FY 2013-14.

Table 2. General Reserve Fund Balance

Fund	Account Balance (As of 03/31/14)	Account Balance (As of 05/31/14)
General Reserve	\$985,897	\$685,897

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

Phase 2 of the Long-Term Reliable Supply Strategy (Strategy) began in FY 2010-11. Funding is provided through the Water Management Charge, approved by the Board in July 2010. All Water Management Charge revenue, totaling \$2,321,998 has been collected by the SFPUC and received by BAWSCA. Expenditures for strategic and legal support of the Long-Term Reliable Water Supply Strategy are within their respective budgets. Consultant invoices received and paid through May 31, 2014 total \$1, 658,883.

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Bay Area Water Supply & Conservation Agency

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

MEMORANDUM

TO: Nicole Sandkulla, CEO/General Manager

FROM: Deborah Grimes, Office Manager

DATE: July 10, 2014

SUBJECT: Investment Report – As of June 30, 2014

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. The Board most recently reviewed the investment policy at the November 21st 2013 board meeting. No changes were recommended or adopted as part of that review.

This report presents fund management in compliance with BAWSCA's current investment policy.

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>03/31/14</u>	<u>06/30/14</u>
\$2,195,425	\$1,885,425

Of the total in the BAWSCA LAIF account as of March 31, 2014, \$685,897 represents BAWSCA's General Reserve Fund, equivalent to approximately 21 percent of FY 2013-14 Operating Budget. This amount is subject to any final changes to the General Reserve that were previously authorized by the board for FY 2013-14 but not yet executed. The remaining amount consists of Subscription Conservation Program funds, Water Management funds and unrestricted funds.

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

<u>12/31/13</u>	<u>03/31/14</u>
0.26%	0.23%

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BAWSCA

Bay Area Water Supply & Conservation Agency

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

MEMORANDUM

TO: Nicole Sandkulla, CEO/General Manager

FROM: Deborah Grimes, Office Manager

DATE: July 9, 2014

SUBJECT: Directors' Reimbursement Quarterly Report for the Period Ending June 30, 2014

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 June 30, 2014.

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Bay Area Regional Reliability Principles**

Summary:

The Bay Area's largest water suppliers have jointly developed principles for Bay Area Regional Reliability (BARR). The purpose of these principles is to coordinate regional efforts to improve water supply reliability through development of projects with regional benefit. The principles are intended to foster cooperation without limiting the ability of individual agencies or partnerships to pursue their own projects.

BAWSCA is intending to participate in this effort in cooperation with the SFPUC given its role as the major facility owner of the Hetch Hetchy Regional Water System. Other participating agencies include Contra Costa Water District (CCWD), East Bay Municipal Utility District (EBMUD), Santa Clara Valley Water District (SCVWD), Zone 7 Water Agency (Zone 7), Alameda County Water District (ACWD), and Marin Municipal Water District (MMWD)

The governing boards of each of these agencies are considering the attached BARR Guiding Principles for adoption.

Fiscal Impact:

None.

Board Policy Committee Action:

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

Recommendation:

That the Board adopt the Bay Area Regional Reliability Principles.

Discussion:

In January 2014, the Bay Area Regional Desalination Project (RDP) partner agencies, which include CCWD, EBMUD, SCVWD, SFPUC and Zone 7, met to review the results of the recently completed RDP studies and discuss next steps. At that meeting, it was agreed that before determining next steps for the RDP, the group should consider a broader spectrum of water supply reliability efforts. The result is the requested inclusion of ACWD, MMWD, and BAWSCA in the BARR discussions

BAWSCA's participation in this effort is consistent with its efforts to increase water supply reliability for its member agencies and the development of the Long-Term Reliable Water Supply Strategy.

A copy of the complete BARR Guiding Principles is attached. Key elements of the principles include:

- Improve Bay Area's regional water supply and water quality reliability through a regional partnership;
- Maximize the use of existing assets of partner agencies, and if needed, construct new ones to benefit near- and long-term reliability projects;

- Employ equitable cost, risk, and benefit sharing approach; and
- Conduct all work in a transparent, inclusive, mutually beneficial manner.

Typical projects to be considered as part of the BARR effort include water system interties, treatment improvements, and the regional desalination. The attached BARR Fact Sheet provides further detail as to the potential projects being investigated.

Attachments:

1. BARR Guiding Principles
2. BARR Fact Sheet

**Guiding Principles for
Bay Area Regional Reliability Partnership Development**

**Alameda County Water District
Contra Costa Water District
East Bay Municipal Utility District
Marin Municipal Water District
San Francisco Public Utilities Commission
(with the Bay Area Water Supply and Conservation Agency)
Santa Clara Valley Water District
Zone 7 Water Agency**

The purpose of these principles is to memorialize the mutual willingness of the Bay Area's largest public water agencies to develop regional solutions to improve the water supply reliability for over 6 million area residents and the thousands of businesses and industries located in the area. The Bay Area Regional Water Supply Reliability Partnership ("Regional Partnership") would enable Bay Area agencies to work cooperatively to address water supply reliability concerns on a mutually beneficial and regionally focused basis.

Whereas, the Alameda County Water District, Contra Costa Water District, East Bay Municipal Utility District, Marin Municipal Water District, San Francisco Public Utilities Commission (with the Bay Area Water Supply and Conservation Agency), Santa Clara Valley Water District, and Zone 7 Water Agency (referred collectively herein as the "Parties") own and operate independent water systems that collectively serve the needs of over 6 million residents and businesses in the San Francisco Bay Region, and

Whereas, the Parties recognize that integrated utilization of capacity in existing infrastructure and new interconnections or facilities may provide water supply reliability and/or water quality benefits to multiple agencies or other regional partners and the public we all serve, and

Whereas, recognizing the potential for mutual and regional benefits, the Parties agree to these principles for cooperative pursuit of short and long-term projects for water supply and/or water quality benefits which look first to maximize the use of existing infrastructure of each agency and may eventually include additional joint facilities to assist in providing region-wide water supply reliability and/or water quality benefits.

Therefore, in consideration of the recitals and mutual obligations, the Parties wish to establish a set of foundational principles that will guide any future partnership development as follows:

- Parties will participate in the evaluation of near- and long-term joint water supply reliability projects including, but not limited to, use of capacity of existing facilities, changes to infrastructure including new interconnections, recycled water, water conservation, expanded treatment, regional desalination, water transfers and exchanges, and other projects or institutional arrangements that encourage a regional approach to achieving water supply reliability in the Bay Area.

**Guiding Principles for
Bay Area Regional Reliability Partnership Development**

- Parties will conduct Regional Partnership activities in an inclusive manner that encourages voluntary participation by the Parties as well as other interested persons or organizations.
- A specific project or activity does not have to involve all signatories of this Regional Partnership document but it is expected that each Party would endeavor to communicate planning efforts initiated by two or more Parties to improve water supply reliability including water transfers, wheeling agreements, interties and additional water supply infrastructure improvements.
- Partnerships are expected to result in betterment for of the public served by the agencies involved and be conducted in a manner that does not adversely affect any of the Parties. Parties will not undertake Bay Area regional projects or activities that may impact the conditions within the service area of another Party without first obtaining that Party's approval.
- Parties will ensure equitable cost- and risk-sharing for future projects or concepts commensurate with the benefits to be received.
- Parties agree to transparency with regard to costs and the expectation is that actual costs will be used in determining reimbursements unless another acceptable arrangement is determined by the participants.
- To the extent a partnership relies on regional, state or federal grant money to evaluate regional reliability, the grant recipients will work with the Parties to determine how priorities for regional reliability are balanced against other individual agency priorities.
- Characterization and evaluation of facilities, water rights, or water contracts owned by any Party will not be conducted without the express consent of the owner.
- Parties undertaking specific projects identified through the Regional Partnership will cooperate in and, to the extent applicable, facilitate efforts to obtain regulatory approvals necessary to conduct demonstration and full scale projects.

Improving Bay Area Water Supply Reliability — A Regional Approach

PURPOSE

The Bay Area's largest water agencies are working together to develop a regional solution to improve the water supply reliability for over 6 million area residents and the thousands of businesses and industries located therein. The Contra Costa Water District, the East Bay Municipal Utility District, Marin Municipal Water District, the San Francisco Public Utilities Commission (with the Bay Area Water Supply and Conservation Agency), the Santa Clara Valley Water District, Zone 7 Water Agency, and the Alameda County Water District have joined forces to leverage existing facilities and, if needed, build new ones to bolster regional water supply reliability.

REGIONAL BENEFITS

The benefits of a regional approach include:

- Enhancing water supply reliability
- Bolstering emergency preparedness
- Addressing climate resiliency needs
- Leveraging existing infrastructure investments
- Facilitating the transfer of water supplies during critical periods of drought or following natural disasters

DESCRIPTION

Each of the Bay Area water agencies have recently completed several multi-million infrastructure projects that, when pooled together as shared resources in times of need, may significantly enhance the regional water supply reliability. These projects include, but are not limited to:

- \$920M 185 MGD Freeport Intake by EBMUD to deliver water from the Sacramento River to the Bay Area
- \$110M Los Vaqueros expansion project by CCWD providing local storage of 160 TAF
- \$100M Middle River Intake project by CCWD to deliver water from the Victoria Canal in the Central Delta
- \$20M 30 MGD Hayward Intertie that connects the service area of EBMUD and SFPUC
- \$120M investment in Semitropic Groundwater Bank in Kern County providing 565 TAF of storage for SCVWD, Zone 7 and ACWD
- \$3M Intertie in Brentwood that connects CCWD to EBMUD
- \$11M investment in Cawelo Groundwater Bank in Kern County providing 120 TAF of additional storage for Zone 7
- \$23M in Chain of Lakes area to enhance recharge and use of local groundwater storage for Zone 7
- \$35M investment in groundwater demineralization to help manage salt in the Livermore Valley Groundwater Basin and facilitate use of recycled water in the Zone 7 service area
- \$70M Silicon Valley Advanced Water Purification Center to provide 8 MGD of SCVWD drought-proof supply
- \$11M 35 MGD intertie that connects SFPUC to SCVWD

Potential New Investments:

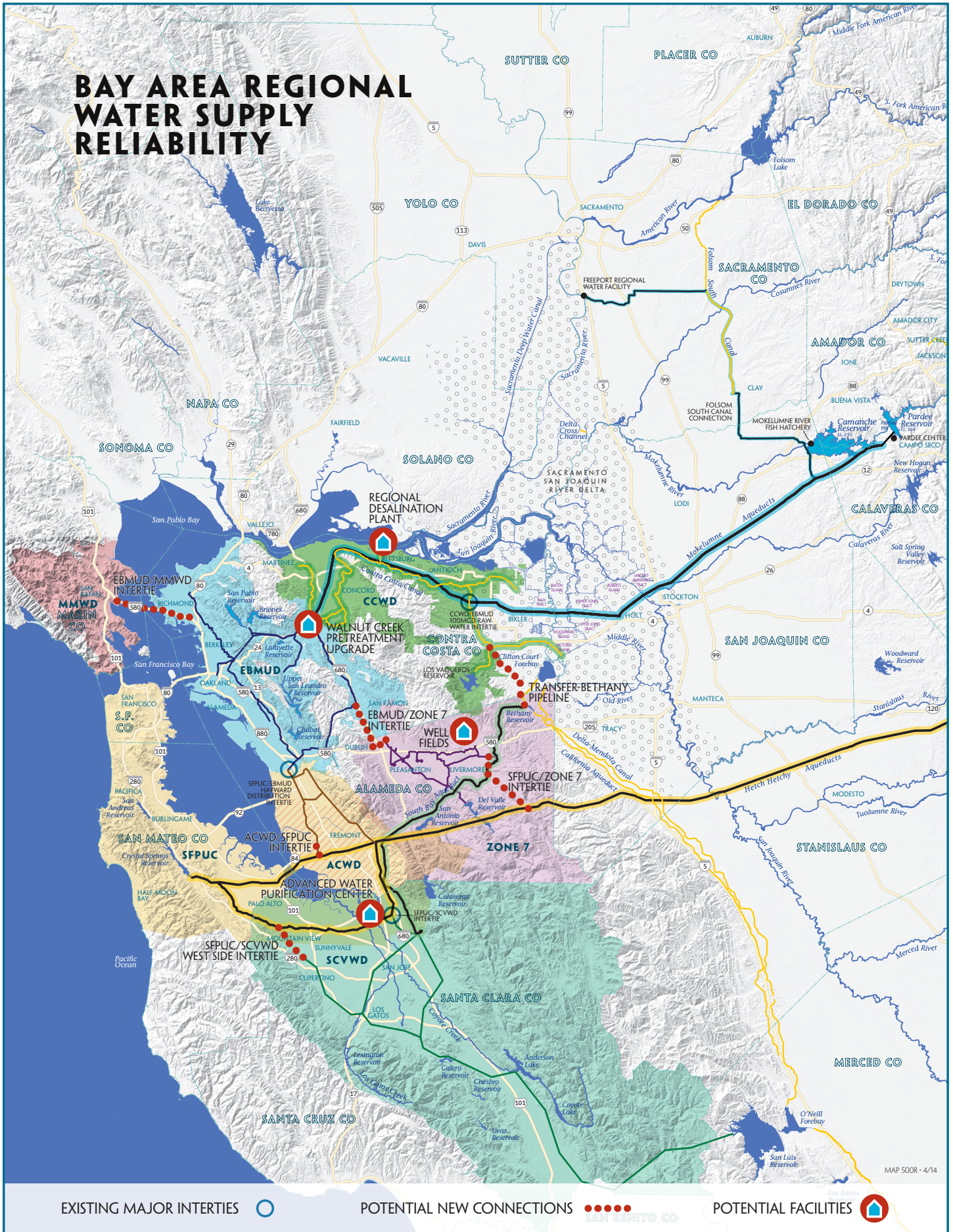
- ACWD-SFPUC Intertie connecting ACWD's Newark Desalination Facility with SFPUC's Bay Division Pipeline to provide emergency supplies and water transfer opportunities
- EBMUD-Zone 7 intertie (\$25M, EBMUD & Zone 7) that would connect EBMUD's water delivery system to Zone 7's, providing potential water sharing and transfer opportunities
- Pre-treatment facility at the Walnut Creek Water Treatment Plant (\$100M, EBMUD) that would allow EBMUD to treat water from the Sacramento River, Los Vaqueros Reservoir, and other sources, enabling EBMUD to deliver supplies to neighboring water agencies
- West Side SFPUC/SCVWD Intertie that would provide a second connection between SFPUC and SCVWD water delivery systems and enable use of additional local/imported sources for water exchanges and transfers
- SFPUC-Zone 7 Intertie enabling the exchange of surface water, groundwater, or recycled water supplies
- Transfer-Bethany pipeline (\$200M, CCWD and regional partners) that would connect the Los Vaqueros Reservoir and CCWD's and EBMUD's intakes to the Bethany Reservoir enabling the conveyance of water to the southbay aqueduct
- Regional Desalination Plant (\$175M) to supply water to CCWD, EBMUD, SCVWD, SFPUC and Zone 7
- Expansion of the Silicon Valley Advanced Water Purification Center and additional development of SCVWD potable reuse system for regional drought-proof supply
- Construction of several new well fields in the Livermore Valley Groundwater Basin to increase total production capacity to 34 TAF in one year or 108 TAF over a six year period for Zone 7, while also increase exchange opportunities with other agencies
- EBMUD-MMWD intertie (\$45M, EBMUD & MMWD) that would connect EBMUD's water delivery system to MMWD's providing potential water sharing and transfer opportunities

COSTS

A Feasibility Study could be performed using a portion of the \$4M authorized for regional desalination.



BAY AREA REGIONAL WATER SUPPLY RELIABILITY



BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Appointment of Nicole Sandkulla as General Manager and Secretary of San Francisco Bay Area Regional Water System Financing Authority**

Summary:

The Board can authorize the San Francisco Regional Financing Authority (RFA) to appoint Nicole Sandkulla to be its General Manager and Secretary without cost to the RFA or to BAWSCA.

The State Water Code provides that the RFA Board of Directors shall appoint a General Manager and Secretary. On July 19, 2013, the Bay Area Water Supply and Conservation Agency (BAWSCA) Board of Directors executed an employment agreement with Nicole Sandkulla and appointed her as Chief Executive Officer (CEO)/General Manager of BAWSCA effective September 30, 2013.

Exhibit A – “Responsibilities” of Ms. Sandkulla’s employment agreement states:

“If appointed by the Board of Directors of the San Francisco Bay Area Regional Water System Financing Authority (RFA), and if acceptable to the Board of Directors of BAWSCA, serve in the capacity of General Manager, Acting Secretary, and/or Secretary of the RFA.”

Fiscal Impact: None.

Board Policy Committee Action:

The Committee voted unanimously to recommend the proposed Board action.

Recommendation:

That the Committee recommend the Board approve consideration of Nicole Sandkulla to be appointed by the RFA Board of Directors as General Manager and Secretary of the RFA.

Discussion:

On July 21, 2005, the Board of the Directors of the San Francisco Regional Water System Financing Authority (RFA) appointed Art Jensen as General Manager and Secretary of the RFA. Art Jensen retired on September 29, 2013. At its meeting on July 18, 2013, the BAWSCA Board of Directors appointed Nicole Sandkulla as CEO/General Manager of BAWSCA effective September 30, 2013. If this action is approved by the BAWSCA Board, the RFA can consider whether to make this appointment at its next meeting.

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Process and Schedule for CEO Evaluation**

Summary:

The Chair and Vice-Chair have met with the CEO to review and update the procedure for the CEO's Annual Performance Evaluation.

The design of the evaluation procedure is based on the participation by the full Board and a written set of performance objectives. Prior to the evaluation, the CEO will prepare a report to the Board on her performance during the prior year.

At the July 17th Board meeting, Chair O'Connell will present the procedure and evaluation form to the Board of Directors for input. The CEO's performance report and the evaluation form will be mailed to each Director by July 23rd. The closed session performance evaluation will take place at the September 18th Board meeting.

Board Policy Committee Action:

The Committee unanimously supported the draft evaluation form for the CEO/GM performance evaluation and recommended the proposed Board action.

Recommendation:

That the Board provide input on the procedure and draft evaluation form for the CEO/GM during its July meeting for subsequent use as part of the CEO/GM performance evaluation.

Attachments

1. CEO Evaluation Procedure
2. Draft CEO Annual Performance Evaluation Form

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CEO Evaluation Procedure June 2014

Evaluation procedure design

- a. Based on prescribed objectives.
- b. Conducted by the Board Chair.
- c. Includes the full Board's participation and review.
- d. Summarized in the CEO's personnel file.
- e. At any time the Board Chair may access legal counsel guidance on legal questions and procedures.

Evaluation steps

1. CEO Activities

CEO provides a copy of the evaluation criteria for the current year.

CEO produces a summary of annual activities and a copy of the CEO's job description.

2. Preliminary Board Chair activities

Board Chair sends evaluation criteria and form to all Board members by July 23rd.

3. Directors submit forms and written comments

Board members to return completed forms and written comments to BAWSCA Chair by August 8th.

4. Board Chair activities following receipt of completed forms and written comments

Board Chair compiles scores and compiles all written comments (anonymous listing).

Board Chair may edit if director comments are inappropriate under law.

Board Chair may ask CEO to clarify or fact-check information referenced in directors comments.

Board Chair should exercise caution to avoid the fact or appearance of serial communications with directors.

Board Chair produces a written draft consisting of:

1. Tabulated scores and totals.
2. Compilation of directors' comments.
3. Summary CEO evaluation.

Board Chair distributes these products to directors in advance of closed session discussion.

Legal counsel should be asked to provide a cover letter that sets the context for, and prudent reminders related to closed session discussions and personnel performance reviews.

5. The Board meets in closed session

Board Chair presents the written materials for discussion:

1. Board Chair notes any comments deleted or revised, and the reasons for doing so.
2. Board Chair may ask that any significant new information be put in writing, perhaps as an amendment to the director's original input, so as to ensure the input is accurately reproduced.
3. The Chair may ask the CEO to join the closed session for clarification or discussion of matters.
4. The Chair may ask legal counsel to join the closed session for legal guidance.

6. Board Chair activities following closed session

Following the closed session, the Board Chair finalizes the written materials, including the summary evaluation.

Board Chair meets with the CEO to go over and discuss the materials.

1. The packet is signed by both the Board Chair and CEO to signify that the meeting and discussion took place.
2. The CEO should acknowledge whether he/she accepts the report or wishes to provide written responses to specific statements.

All of the written material will be retained in the CEO's personnel file.

Board Chair shares the finalized evaluation with the Board, or makes it available to them.

7. Board Chair activities for subsequent year's evaluation

Following the evaluation process, the Board Chair considers suggestions from directors and establishes the evaluation criteria for the coming evaluation period.

Board Chair and the CEO meet to discuss and agree on the revised criteria.

The Board Chair reviews the revised criteria with the Board of Directors.

BAY AREA WATER SUPPLY & CONSERVATION AGENCY

**CHIEF EXECUTIVE OFFICER
ANNUAL PERFORMANCE EVALUATION FORM**

Employee: _____ Date of Evaluation: _____ Evaluator: _____

Instructions:

Please return to the Chair of the Board by August 8, 2014

Check the appropriate box for each factor. Provide specific comments or examples in the comment section on page 2.

<u>LEADERSHIP OBJECTIVES</u>	Exceeds Objectives	Meets Objectives	Meets Minimal Objectives	Does Not Meet Objectives	Don't Know
A. Leads BAWSCA, its agencies, Board, staff, SF policy makers, legislators, media and others to understand and support BAWSCA's goals.					
B. Identifies major issues, assigns appropriate priorities and determines appropriate annual results for meeting agency goals.					
C. Applies resources effectively to achieve results.					
D. Defines, and proposes how to address, policy issues and provides clear information for Board to make timely, informed decisions.					
E. Anticipates and recognizes when external actions impact our ability to achieve our goals, and helps the agency respond accordingly.					
F. Relates effectively with diverse audiences to achieve results.					
G. Listens to and objectively considers comments by the Board, staff and agencies and responds appropriately to achieve the agency's goals.					

<u>MANAGEMENT OBJECTIVES</u>	Exceeds Objectives	Meets Objectives	Meets Minimal Objectives	Does Not Meet Objectives	Don't Know
H. Prepares and presents annual work plan.					
I. Prepares and presents annual budget and funding plan.					
J. Maintains expenses within budget and manages reserve.					
K. Recruit, screen, hire and train new staff members and maintain an effective work force.					

**BAY AREA WATER SUPPLY & CONSERVATION AGENCY
CHIEF EXECUTIVE OFFICER
ANNUAL PERFORMANCE EVALUATION FORM**

COMMENTS ABOUT THE CEO'S PERFORMANCE DURING THE EVALUATION PERIOD*

What does the CEO do very well?

What could the CEO do better?

Other comments?

On what performance issues do you suggest the CEO focus during the coming year?

*Comments related to annual work plans, the conduct of Board meetings or other matters regarding the effectiveness of the agency and Board will be solicited separately from the CEO's performance evaluation.

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Findings of SFPUC's Study of the Socioeconomic Impacts of Water Shortages**

Summary:

One of the primary objectives for BAWSCA's development of the Long-Term Reliable Water Supply Strategy (Strategy) is to identify water resource management actions to protect its member agencies against the significant socioeconomic impacts resulting from water shortages. The San Francisco Public Utility Commission's (SFPUC) planning assumes that system-wide water shortages of up to 20% will occur based on projected demands and the current planned capabilities of the San Francisco Regional Water System (RWS).

The following is an informational report on a recent SFPUC study, *Socioeconomic Impacts of Water Shortages within the Hetch Hetchy Regional Water System Service Area* (Study), which estimates the economic impacts to RWS customers based on assumed reductions in RWS supplies. The assumed reductions and resulting impacts are associated with the potential imposition of in-stream flow requirements on the Tuolumne River as part of the Federal Energy Regulatory Commission's (FERC) relicensing process for the Don Pedro hydropower facilities.

The potential water supply reductions identified in the Study are relevant for analyzing the economic impacts of any water shortage and will be beneficial to BAWSCA's evaluation of the costs and benefits resulting from various water resource management actions being recommended as a result of the Strategy.

Fiscal Impact:

None at this time.

Recommendation:

This item is for information and discussion only. Comments from the Board related to the written and oral presentation of this project are requested in anticipation of this information being beneficial to the discussion of and future board action on the Strategy.

Discussion:

In 2010, BAWSCA began developing its Strategy to quantify the water supply need of the BAWSCA member agencies, identify the water supply management projects that could be developed to meet that need, and prepare the implementation plan for the Strategy. Successful implementation of the Strategy is critical to ensuring that there will be sufficient and reliable water supply in the future to meet projected demands in order to protect its member agencies and their customers against the significant socioeconomic impacts that would result from the assumed water shortages incorporated in to the reliability planning for the RWS.

The SFPUC recently submitted the Study to FERC as part of the relicensing for the Don Pedro hydropower facilities. The Study estimates the socioeconomic impacts to RWS customers based on assumed reductions in RWS supplies associated with the imposition of increased in-stream flow requirements on the Tuolumne River below Don Pedro Reservoir. These shortages are assumed to coincide with dry-year conditions in which non-RWS water supplies otherwise available to SFPUC In-City Retail and Wholesale Customers are also reduced.

The Study analyzed shortages resulting from reductions of RWS deliveries of 10% to 60%, under normal economic and weather conditions. The reductions were calculated for each water agency (i.e., SFPUC In-City Retail and each Wholesale Customer) by water use sector (i.e., dedicated irrigation, single family residential, multifamily residential, commercial and industrial, and other) for both FY2010-11 and FY2035-36. Table 1 presents the RWS water supply shortages, in million gallons per day (MGD), associated with the different levels of reductions.

Table 1. Volumetric Shortages Associated with Reductions of RWS Supply (mgd) for FY2010-11 and FY2035-36 (source: Table 4-1 from Study).

% Reduction of RWS Supply	Shortage of RWS Supplies	
	<i>FY 2010-11</i>	<i>FY 2035-36</i>
10%	23.7	28.8
20%	47.4	57.7
30%	71.0	86.5
40%	94.7	115.3
50%	118.4	144.2
60%	142.1	173.0

Socioeconomic impacts were assessed from the perspective of the households and businesses receiving water supplies provided by the RWS. The analysis used three different measures to estimate such impacts - economic welfare, business sales, and employment - for the years 2010 and 2035.

Measurement of Socioeconomic Losses

The Study uses the following separate and distinct measures, which are not additive as they may reflect the impacts of the same economic activity, to estimate the socioeconomic impacts:

- Economic welfare losses
- Business sales losses
- Employment losses

Economic welfare is a basic measure used by economists to assess the impacts of a change in resource allocation. In simple terms, the economic welfare impact of a water shortage is the amount of money consumers (i.e., households and businesses) would pay to avoid mandatory rationing. In calculating economic welfare losses, the analysis takes into account a number of factors including current and projected water rates, levels of water use and conservation, household income, and the breakdown of water use across water use sectors.

Figure 1 presents the annual economic welfare losses to SFPUC In-City Retail and Wholesale Customers resulting from differing percentage reductions of RWS supplies. The predicted annual economic welfare losses for FY2010-11 range from \$73 million for a 10% reduction of RWS supply to \$6.4 billion for a 60% reduction. The predicted annual economic welfare losses are estimated to be larger in FY2035-36, and range from \$389 million for a 10% reduction of RWS supply to over \$18 billion for a 60% reduction.

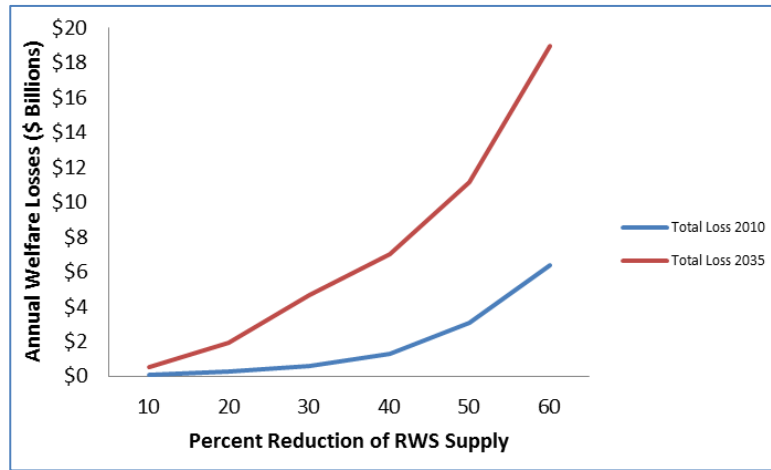


Figure 1. Annual Welfare Losses for SFPUC In-City Retail and Wholesale Customers Resulting from Different Percent Reductions of RWS Supply in \$ Billions (source: Figure 5-1 of Study).

The other measures of socioeconomic impact are business sales losses and employment losses. Loss of business sales is a standard way of measuring economic activity and is defined as the value of sales of all business establishments in a particular area. Dry-year shortages have the potential to influence business sales and employment when businesses are forced to curtail their water consumption.

Figure 2 presents the annual business sales losses for the SFPUC In-City Retail and Wholesale Customers resulting from differing percentage reductions of RWS supplies. Annual business sales losses in FY2010-11 were predicted to be \$443 million for a 10% reduction of RWS supply and \$34 billion for a 60% reduction. Predicted annual business sales losses in FY2035-36 were estimated to be \$1.7 billion under for a 10% reduction of RWS supply and \$46 billion for a 60% reduction.

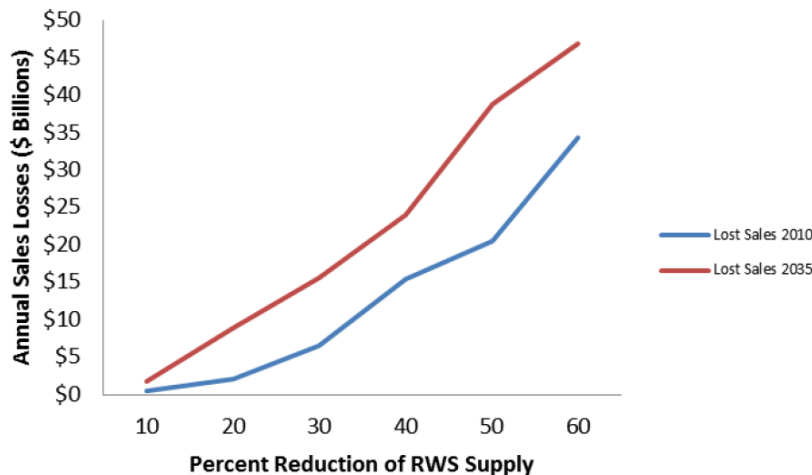


Figure 2. Annual Business Sales Losses for SFPUC In-City Retail and Wholesale Customers Resulting From Different Percent Reductions of RWS Supply in \$ Billions (source: Figure 5-2 of Study).

Employment is another summary measure of economic activity and is defined simply as the number of full-time equivalent jobs. Figure 3 presents the annual job losses for the SFPUC Retail and Wholesale Customers resulting from differing percentage reductions of RWS supplies. Annual job losses are predicted to range between 3,021 under a 10% shortage on RWS supply to 116,158 under a 60% shortage in FY2010-11. Estimated annual job losses range between approximately 3,300 under a 10% shortage on RWS supply to more than 111,000 under a 60% shortage in FY2035-36.

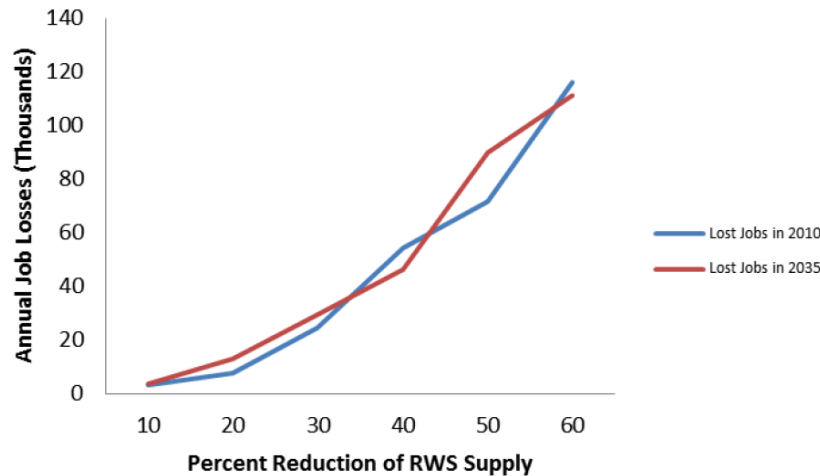



Figure 3. Annual Job Losses (Thousands of jobs) for SFPUC In-City Retail and the Wholesale Customers Resulting from Different Percent Reductions of RWS Supply (source: Figure 5-3 of Study).

The Study's Executive Summary is attached to this report. The complete report can be found at <http://tinyurl.com/lzzql46>.

Using Socioeconomic Loss Information to Inform BAWSCA's Water Supply Planning

The levels of socioeconomic impacts identified in the Study are relevant for assessing the economic impacts of any similar sized water shortage in the RWS service area, not just the scenarios presented in the Study. Additionally, the Study will provide essential data to inform BAWSCA's evaluation of the proper amount of additional reliability to be developed on behalf of the Wholesale Customers, defined in terms of a level of service. Finally, the potential losses identified will also be valuable when appraising the costs and benefits derived from the various water resources management actions recommended as part of the Strategy.

Attachment: Executive Summary, *Socioeconomic Impacts of Water Shortages within the Hetch Hetchy Regional Water System Service Area*



Socioeconomic Impacts of Water Shortages within the Hetch Hetchy Regional Water System Service Area

PREPARED FOR

San Francisco Public Utilities Commission

PREPARED BY

David Sunding, Ph.D.

March 13, 2014

Executive Summary

This report concerns the socioeconomic impacts of current and projected dry year water shortages within the Hetch Hetchy Regional Water System (RWS) service area in the San Francisco Bay Area. The RWS is owned and operated by the San Francisco Public Utilities Commission (SFPUC) and has a service territory that includes the City and County of San Francisco (CCSF or San Francisco), and that of the SFPUC's 27 wholesale customers in San Mateo, Santa Clara and Alameda Counties (Wholesale Customers¹). The water shortages evaluated in this report may result from instream flow requirements imposed for the Tuolumne River as conditions of a new hydropower license for the Don Pedro Project issued by the Federal Energy Regulatory Commission (FERC). These shortages are likely to be coincident with dry-year conditions in which non-RWS water supplies otherwise available to the CCSF and the Wholesale Customers are reduced.² Socioeconomic impacts are assessed from the perspective of the households and businesses consuming water provided by the RWS. The socioeconomic impact analysis focuses on several standard measures of impact for the years 2010 and 2035 under water shortage conditions: economic welfare, business sales, and employment.³

¹ The RWS also serves SFPUC retail customers outside San Francisco, including Groveland Community Service District in Tuolumne County, and the Town of Sunol and Lawrence Livermore National Laboratories in Alameda County. These retail accounts outside of San Francisco represent a small fraction of overall RWS demands; consequently, socioeconomic impacts on these customers are not estimated in this report.

² Non-RWS supplies reference supplies available to service demand that are not provided by the RWS system.

³ Business sales are measured as revenues generated in the following sectors: manufacturing, wholesale trade, information, real estate and rental and leasing, professional, scientific, and technical services, educational services, health care and social assistance, arts, entertainment, and recreation, accommodation and food services, and other services (except public administration).

The estimation of these economic impacts occurs via a multi-step process. Water shortages are estimated relative to baseline demands under normal economic and weather conditions. Therefore, the first step in the analysis is to estimate normalized baseline RWS demands by agency and by sector for the fiscal year (FY) 2010-11 assuming normal economic and weather conditions. Demands in FY2035-36 are then forecasted to identify the impact of water shortages over the planning horizon. These forecasted demands are adjusted for planned conservation.

The next step in the analysis is to determine the existing and planned non-RWS water supplies likely to be available to CCSF and the Wholesale Customers in FY2010-11 and FY2035-36 under dry-year conditions. These alternative supplies include other surface water supplies, desalination, groundwater, and recycled water.⁴ Levels of end use shortages resulting from reductions of baseline RWS deliveries, under normal economic and weather conditions ('RWS supply' henceforth), of 10% to 60% are calculated for each water agency (i.e., CCSF and each of the Wholesale Customers) by water use sector (dedicated irrigation, single family residential, multifamily residential, commercial and industrial, and other) for both FY2010-11 and FY2035-36. The RWS water supply losses associated with these shortages are shown in Table ES-1.

Table ES-1: Volumetric Shortages Associated with Reductions of RWS Supply (mgd) for FY2010-11 and FY2035-36

% Reduction of RWS Supply	Shortage on RWS Supplies	
	FY 2010-11	FY 2035-36
10	23.7	28.8
20	47.4	57.7
30	71.0	86.5
40	94.7	115.3
50	118.4	144.2
60	142.1	173.0

⁴ Non-RWS water supplies are as recorded in the 2010 Urban Water Management Plans (UWMP), CCSF's 2013 Water Availability Study and the Annual Survey FY2010-11, Bay Area Water Supply & Conservation Agency, May 2012 (FY2010-11 BAWSCA Annual Survey, henceforth).

The socioeconomic impacts resulting from these water shortages are measured in terms of economic welfare, business output and employment. Economic welfare is the most basic measure used by economists to assess the social impacts of a change in resource allocation. In simple terms, the welfare impact of a water shortage is the amount of money consumers (i.e., households and businesses) would pay to avoid mandatory rationing. In calculating welfare losses, the analysis takes into account current and projected water rates, levels of usage and conservation, household characteristics, household income, and the breakdown of water usage across sectors.

The other measures of socioeconomic impact are business output and employment. Business output is a standard way of measuring economic activity since it is defined as the value of sales of all business establishments in a particular area. Employment is another summary measure of economic activity and is defined simply as the number of full-time equivalent jobs. Dry-year shortages have the potential to influence business sales and employment when businesses are forced to curtail their water consumption.

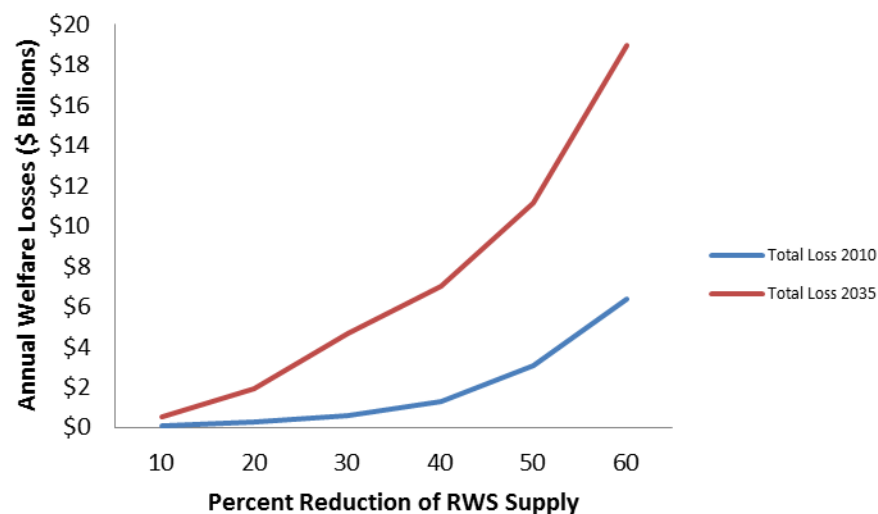
The results of the analysis, which are summarized in Figure ES-1, Figure ES-2 and Figure ES-3, demonstrate that RWS supply reductions have the potential to cause severe negative socioeconomic impacts in the RWS service area.⁵ Despite the fact that water agencies are responding to planned demand growth with the development of additional non-RWS water supplies, the magnitude of losses will grow in the future even if the FY2035-36 non-RWS supplies are consistent with projections provided in the most recent planning documents.⁶ As

⁵ The analysis presented in this study is for a single-dry year. In the event of multi-year droughts, the economic losses will continue to escalate year-after-year.

⁶ For example, the 2010 UWMPs for the Retail and Wholesale customers, CCSF's 2013 Water Availability Study or the *Long-Term Reliable Water Supply Strategy, Volume I Phase II A Final Report*, prepared for Bay Area Water Supply & Conservation Agency (BAWSCA) by CDM Consulting (2012)—BAWSCA's LTRWSS, henceforth.

shown in Figure ES-1, the annual welfare losses ⁷ for CCSF and the Wholesale Customers in FY2010-11 are estimated to range from \$73 million for a 10% reduction of RWS supply to \$6.4 billion for a 60% reduction. Predicted annual welfare losses are estimated to be larger in FY2035-36, and range from \$389 million for a 10% reduction of RWS supply to over \$18 billion for a 60% reduction.

Figure ES-1: Annual Welfare Losses for CCSF and the Wholesale Customers Resulting from Different Percent Reductions of RWS Supply (\$ Billions)



As shown in Figure ES-2, significant impacts on annual business sales are also predicted under all RWS supply reduction scenarios in both FY2010-11 and FY2035-36. Annual business sales losses for CCSF and the Wholesale Customers in FY2010-11 are predicted to be \$443 million for a 10% reduction of RWS supply and \$34 billion for a 60% reduction. Predicted annual business sales losses in FY2035-36 are \$1.7 billion under for a 10% reduction of RWS supply and \$46 billion for a 60% reduction.

⁷ Welfare losses capture the impacts of water shortage on residential and business customers. These losses can be interpreted as the amount of money that consumers are willing to pay to avoid the shortage. Residential welfare losses are equivalent to lost consumer surplus, and business welfare losses are equal to lost producer surplus, or profit.

Figure ES-2: Annual Business Sales Losses for CCSF and the Wholesale Customers Resulting From Different Percent Reductions of RWS Supply (\$ Billions)

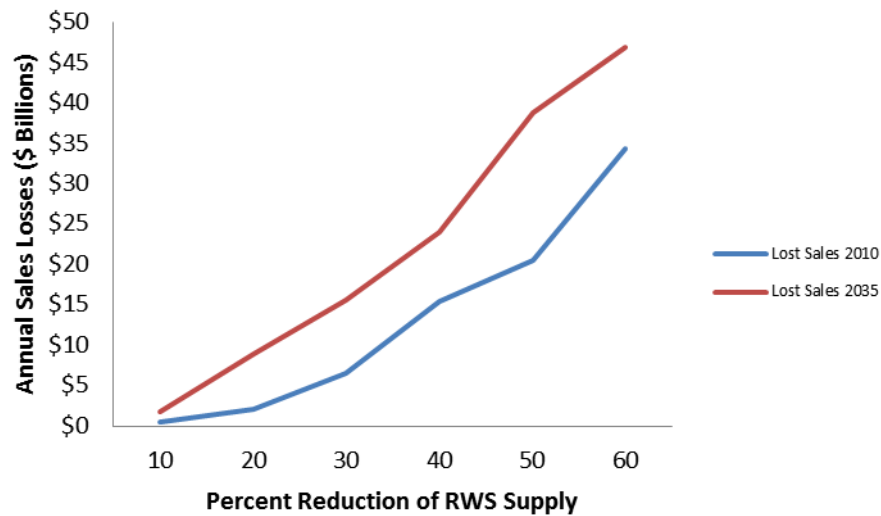
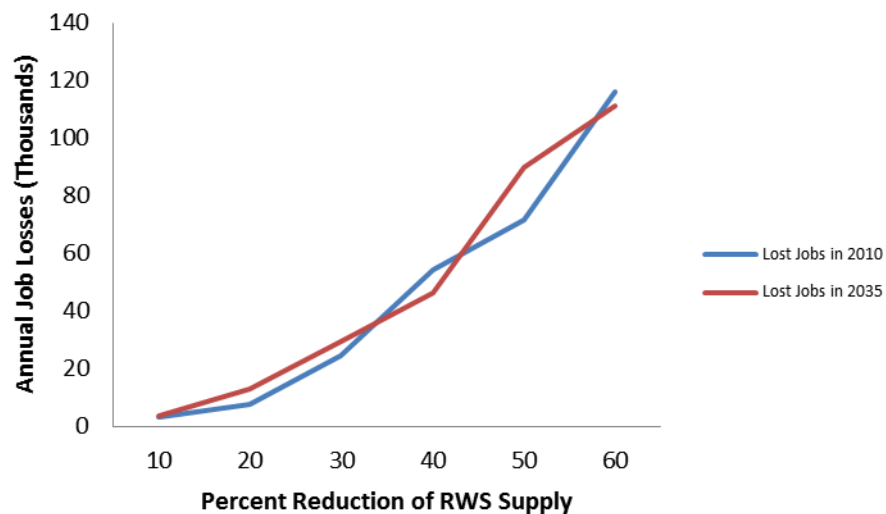


Figure ES-3: Annual Job Losses for CCSF and the Wholesale Customers Resulting from Different Percent Reductions of RWS Supply (Thousands of jobs)



As shown in Figure ES-3, significant annual job losses are predicted under all RWS supply reduction scenarios in both FY2010-11 and FY2035-36. An unexpected result of this figure is that annual job losses for CCSF and the Wholesale Customers due to a 60 percent reduction of RWS supply is smaller in FY2035-36 than in FY2010-11. We observe this outcome because the

figure does not display annual job losses due to reduction of non-RWS supply during a dry-year drought, which in FY2010-11 is only 1,500 jobs—in FY2035-36 the reduction of non-RWS supply during a dry year results in nearly 23,000 annual job losses. The method for rationing RWS supply reductions in the CI sector takes these annual job losses into account. Even though total job annual losses for CCSF and the Wholesale Customers due to the combined reduction of RWS and non-RWS supplies is larger in FY2035-36 than in FY2010-11, the annual job losses due to reduction of RWS supply is smaller in the future than present. Said differently, annual job losses do not continue to escalate in FY2035-36 without respite; at some point water managers elect to stop rationing water in the CI to save jobs.

In summary, estimated annual job losses in FY2010-11 range between 3,021 for a 10% reduction of RWS supply to 116,158 for a 60% reduction. Similarly, annual job losses in FY2035-36 range between 3,348 for a 10% reduction of RWS supply to 111,073 for a 60% reduction. To place these job losses in context, the RWS service areas had approximately 45,000 fewer jobs in FY2010-11 than in the three years preceding the recession that began in the fall of 2008⁸— the most significant economic downturn since the Great Depression.

Over the next 20 years, forecasted growth in the residential, commercial, and industrial sectors will strain the RWS's ability to meet the water needs of homes and businesses in its service territory. Currently, the RWS provides nearly all of the water for the CCSF and approximately 65% of the water demanded by Wholesale Customers. Fourteen of the 27 Wholesale Customers receive 100 percent of their water supply from the RWS. Collectively, the RWS supplies nearly three-quarters of the water demanded by the entire customer base. Low per capita water use reveals a substantial investment in water conservation measures including installation of water-

⁸ Reported data based on annual data obtained from the California Employment Development Department. Consistent with this, the number of unemployed persons in Alameda, San Francisco, San Mateo, and Santa Clara counties increased by nearly 93,000 between December 2008 and January 2010. [footnote: California Employment Development Department, Unemployment Rate & Labor Force data. <http://www.labormarketinfo.edd.ca.gov/Content.asp?pageid=1006>. Accessed 15 Jan, 2014

efficient appliances, and suggests subsequent conservation may be expensive and result in smaller water savings. Per capita water use in the RWS service area is about 50 gallons per capita per day (gpcd) in San Francisco and about 77 gpcd in the Wholesale Customer service area. These levels of consumption are significantly less than average per capita water use in the Bay Area of 132 gpcd.⁹ Similarly, while many water agencies have invested in non-RWS supplies, subsequent investments may call on expensive technologies with less-certain results. For these reasons, current and projected future non-RWS water supplies are not sufficient to mitigate the adverse impacts of reduction in RWS supplies, especially since these reductions will likely coincide with shortages on non-RWS supplies. In fact, welfare losses due to reductions on RWS supply are larger in part because these reductions would come at a time when the non-RWS supplies are also stressed.

Overall, the analysis reveals that even after accounting for non-RWS supplies under dry-year conditions, reductions on the RWS supplies have the potential to cause significant socioeconomic impacts in the urban areas that depend on RWS deliveries to meet water demand. Welfare losses to ratepayers, lost economic output from area businesses, and reductions in employment are likely to result from interruptions in water supply. The magnitude and duration of these impacts will depend on growth, climate, conservation, and investment in non-RWS supplies, but the impacts estimated in this report are likely to constitute a major disruption to the Bay Area economy.

⁹ Vorster, Peter (2011). "Appendix J: Stewardship- Urban Water Use Technical Appendix". State of San Francisco Bay 2011. The Bay Institute, p. 262.

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Results of FY 2011-12 Wholesale Revenue Requirement Review**

Summary:

Pursuant to Section 7.06A of the 2009 Water Supply Agreement (WSA), BAWSCA conducted its review of SFPUC's calculation of the annual Wholesale Revenue Requirement and the changes in the balancing account for FY 2011-12.

On May 23, 2014, the parties reached an agreement pertaining to outstanding issues related to SFPUC costs allocated to Wholesale Customers for FY 2011-12. That agreement resulted in a credit owed the Wholesale Customers of \$5,352,720.

Fiscal Impact:

There is no fiscal impact to BAWSCA. The credit owed to the Wholesale Customers will be applied to the opening balance of the Balancing Account as of June 30, 2014.

Recommendation:

This item is for informational purposes only. No action is requested.

Discussion:

Pursuant to Section 7.06A of the 2009 WSA, in February 2013, BAWSCA initiated its review of SFPUC's calculation of the annual WRR and a review of changes in the balancing account for FY 2011-12. BAWSCA's review was assisted by its consultants: Hanson Bridgett, KNN Public Finance and Burr, Pilger and Mayer. Upon completion of the review, BAWSCA raised some questions to the SFPUC as to the proper amount of the WRR for FY 2011-12. Investigations and discussions occurred between the staff of the SFPUC and BAWSCA.

As a result, the parties reached an agreement pertaining to outstanding issues related to SFPUC costs allocated to Wholesale Customers for FY2011-12 on May 23, 2014. That agreement resulted in 11 adjustments to the balancing account and a total credit of \$5,352,720 owed to the Wholesale Customers.

The adjustments and financial impact are summarized in Table 1. The credit will be applied to the opening balance of the Balancing Account as of June 30, 2014.

Attachment:

1. Table 1. Summary of Financial Impact to FY 2011-12 Balancing Account

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Table 1. Summary of Financial Impact to FY 2011-12 Balancing Account

	Type of Adjustment	Descriptions	Due from (to) Wholesale Customers
1	Accounting error	Customer Services Bureau expenses included payment to Oracle Inc. for water conservation programs. This expense benefits retail customers only.	(\$7,796)
2	Accounting error	Customer Services Bureau expenses were erroneously adjusted for water conservation programs.	\$84,458
3	Accounting error	Bureau expenses included Standby Letter of Credit Fees for the Habitat Remediation Program. This fee was already paid out of the WSIP debt service costs.	(\$220,818)
4	Cost allocation error	Fleet Management Bureau expenses included its share of the Civic Center Garage Cost based on a budgetary basis, which should be allocated based on a straight-line amortization of prepayment.	(\$54,535)
5	Accounting error	Water sales revenue from the San Francisco Zoological Society, which is retail revenue, was erroneously offset against the expenses of Water Administration Regional.	\$83,917
6	Accounting error	The adjustment to salary accrual of the Power Administration Joint included an erroneous amount.	(\$37,048)
7	Accounting error	Interest on the Wholesale Revenue Coverage pertaining to FY 2010-11 failed to be customarily credited to the Wholesale Customers in FY 2011-12.	(\$76,370)
8	Accounting error	A negative amount based on the County Wide Cost Allocation Plan (COWCAP) for the SFPUC Bureaus was not allocated to the WRR.	(\$166,310)
9	Interpretation of WRR error	SFPUC did not credit the Wholesale Customers for the amount that the SFPUC received from the cities of Sunnyvale and Mountain View as a result of them not purchasing their respective minimum annual purchase amounts.	(\$768,222)
10	Cost allocation adjustment	Two changes were made to the allocation of operating and maintenance (O&M) costs related to 525 Golden Gate Ave (525 GG): (1) Exclusion of Infrastructure from occupancy share which is already included in the overhead cost allocation for capital projects; (2) Exclusion of C5 Child Care Center and Acre Café expenses from the total O&M costs.	(\$154,046)
11	Cost allocation adjustment	Two changes were made to the allocation of revenue-funded capital portion of 525GG: (1) Allocate Infrastructure by proportionate share of the cash contribution by division; (2) Exclusion of C5 Child Care Center and Acre Café expenses from revenue-funded capital.	(\$3,977,187)
		Adjustments from 1 through 11	(\$5,293,957)
		Interest, computed at 1.11%	(\$58,763)
		Grand total	(\$5,352,720)

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Bay Area Water Supply & Conservation Agency

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

MEMORANDUM

TO: BAWSCA Board of Directors
DATE: July 11, 2014
FROM: Nicole Sandkulla, CEO/General Manager
SUBJECT: Chief Executive Office/General Manager's Letter

Current Water Supply Conditions - Update:

The SFPUC has continued its call for 10% voluntary water use reductions from the Regional Water System. BAWSCA and the SFPUC have committed to meet on a regular basis to review overall water use and conservation savings achieved with the understanding that the SFPUC reserves the right to modify its request during the course of the current water year in response to water supply conditions and conservation achieved. To date, customers in the BAWSCA area are responding to the call for increased water conservation and are on track to achieve the requested average annual 10% water use reductions.

The SFPUC will provide a water supply update as part of its report at the BAWSCA board meeting.

On July 15, 2014, the State Water Resources Control Board (SWRCB) will consider a proposed resolution adopting emergency regulations that would go into effect on or about August 1st. The SWRCB has proposed three emergency regulations that would apply to all "urban water suppliers" (which does not include BAWSCA). Included in these emergency regulations are prohibitions for the following activities:

- Application of water to outdoor landscapes in a manner that causes visible runoff,
- Use of a hose to wash an automobile except where the hose is equipped with a shut-off nozzle,
- Application of water to hardscapes, and
- Use of potable water in non-recirculating ornamental fountains.

The emergency regulations would require urban water suppliers to adopt their Water Shortage Contingency Plans to impose the mandatory restrictions on outdoor irrigation and to report water use statistics to the SWRCB on a monthly basis.

These regulations have the potential to significantly impact the BAWSCA member agencies. BAWSCA has provided the relevant information to each of its member agencies and encouraged direct participation given the short timeline and specific relationship to each agency's existing drought plans and regulations. BAWSCA is closely following this effort and providing assistance where possible and useful to the member agencies.

Pilot Water Transfer Plan – Update:

BAWSCA continues to move forward to implement a pilot water transfer as one alternative to improve the future water supply reliability of its member agencies. BAWSCA is working with its

partners to complete all necessary agreements, obtain the required permits and prepare the needed environmental documentation.

The execution of the pilot transfer continues to be contingent on the East Bay Municipal Utility District (EBMUD) decision whether to operate its Freeport Facilities at some point between the Fall 2014 – Spring 2015 for the delivery of its own supplies. It is anticipated that EBMUD will evaluate its need to operate these facilities some time during October based on anticipated end of year storage levels.

Staff will continue to update the Board on its progress to prepare for implementation of the pilot transfer during this period.

Regional Water Demand and Conservation Projections Project – Update:

BAWSCA is finalizing the results of the Regional Demand and Conservation Projections Project. This project was initiated by the BAWSCA Board as a recommendation of the Long Term Reliable Water Supply Strategy Phase IIA Report, which identified the need to update the water demand and conservation projections for the BAWSCA member agencies using a common methodology.

The preliminary results are projecting total baseline water demands (demand before active conservation efforts) to be approximately 20% lower in 2035 than previously projected. The results are anticipated to be available at the end of July and will provide a critical input to the Final Phase of the Strategy.

Legislation – Senate Bill 1345:

SB 1345 continues its progress through the State legislature. In June, it was passed out of both the Assembly Natural Resources and Assembly Local Government Committees. SB 1345 is scheduled for consideration by the Assembly Appropriations Committee on August 6th. BAWSCA will continue to work closely with its local legislators and allies as part of its legislative efforts these next few months.

Restore Hetch Hetchy – Update:

BAWSCA's adopted work plan includes ongoing monitoring of the efforts of Restore Hetch Hetchy and other organizations that are proposing the draining of Hetch Hetchy Reservoir. Attached is a recent Fresno Bee editorial by Spreck Rosekrans, Executive Director for Restore Hetch Hetchy, indicating the organization's continuing pursuit of this issue.

Spreck Rosekrans: The elephant in Yosemite Park

BY SPRECK ROSEKRANS

July 9, 2014

President Abraham Lincoln signed the Yosemite Grant in 1864, marking the first time in world history that a natural landscape was set aside and protected for the citizens of a nation. The birth of Yosemite is thus also the birth of the national park idea — a concept described by author Wallace Stegner as "America's best idea."

It was also in Yosemite where conservationist John Muir successfully lobbied President Theodore Roosevelt by a campfire, setting in motion Roosevelt's expansion of our national parks. Today, we honor Muir and Yosemite's Half Dome on the California quarter.

So it was wholly appropriate that elected officials, National Park Service leaders and a plethora of conservationists came together on June 30 to celebrate the vision that Abraham Lincoln held for our nation in 1864, when horrific civil war battles were threatening to tear it apart.

The celebration included a ceremonial groundbreaking, made possible through philanthropy, to remove the roads and parking lots that threaten the ancient giant sequoias in Yosemite's fabled Mariposa Grove. Events of the day culminated with the swinging of golden sledgehammers, stirring speeches about the future of our national parks, and an acknowledgment that the concrete in the Mariposa Grove was "an embarrassment to Yosemite."

If a concrete parking lot in the Mariposa Grove is an embarrassment to Yosemite, what then is the O'Shaughnessy Dam, which has buried the park's Hetch Hetchy Valley under 300 feet of water for almost a century?

None of the official remarks mentioned Hetch Hetchy. For some in the crowd it was the proverbial "elephant in the room" — blatantly obvious but too controversial to acknowledge. Others appear to have forgotten that the once iconic glacier-carved valley is part of Yosemite.

In the early 20th century, San Francisco's proposal to build a dam in Yosemite sparked nationwide outrage, and was opposed by more than 200 newspapers. But San Francisco's influence in Washington, D.C., eventually prevailed, and Congress passed the Raker Act in 1913, allowing the project to proceed.

The controversy left an unpleasant aftertaste. Three short years later, Congress created the National Park Service to ensure that no such destruction of any of our national parks would ever again be allowed. But the dam and reservoir remain.

San Francisco officials aggressively defend that reservoir. While it is one of nine reservoirs in their system, they claim it, not the Tuolumne River, as the "source" of their supply.

The dam's defenders also claim that because California is vulnerable to drought, we should not pursue restoration. But almost all cities in California have made significant changes in how they move, store and use

water over the last 20 years, allowing them to preserve reliable supplies while accommodating environmental improvements.

Cities have built new off-stream reservoirs in urban areas, invested in groundwater recharge, and are increasingly recycling wastewater. Farmers have also invested in groundwater, and have installed more than a million miles of drip irrigation. The new water supply required to restore Hetch Hetchy is a tiny fraction of what these other water agencies have recently developed.

As a result, California's Trinity River retains more of its natural flow, helping its salmon population and the Indian tribes that have depended on it for millennia. Migratory bird populations benefit from the newly dedicated flows to restore Mono Lake and rewater Central Valley wetlands. And court rulings under the Endangered Species Act have required increased flows through the delta and out to sea, albeit much to the dismay of Central Valley farmers.

Some water agencies have adapted to and even embraced these changes. Others continue to fight vigorously. But while most California water agencies have become more responsible stewards of the environment, San Francisco — of all places — has avoided serious discussion of the damage to Yosemite's Hetch Hetchy Valley and of the water system solutions that would accommodate its restoration.

Let's be clear: Restoration of Hetch Hetchy Valley is entirely possible, Yosemite National Park can be whole again, and nobody will lose any water. San Francisco simply needs to make a few investments similar to those made by other cities over the last two decades. No more excuses. No other city stores water in a national park, and neither should San Francisco. Let's restore Hetch Hetchy Valley for the benefit of all.

Board Policy Calendar for FY 2013-14

Board Meeting	Purpose	Issue or Topic
July 2014	D&A R&D	Review Water Supply Forecast & Decide if a Transfer Should be Pursued Findings of SFPUC's Study of Socioeconomic Impacts of Water Shortages
Sept. 2014	D&A D&A R&D	Review Water Supply Forecast & Decide if a Transfer Should be Pursued Discussion and Possible Action of a Regional Drought Reliability Goal Updated Water Demand Projections: Results & Recommended Actions
Nov. 2014	R&D R&D	BAWSCA Mid-Year Review for FY 2014-15 Work Plan and Budget Review of General Reserve Policy
Jan. 2015	D D&A R	Work Plan and Budget Planning for FY 2015-16 BAWSCA Mid-Year Review for FY 2014-15 Work Plan and Budget Presentation of Final Strategy Report and Recommendations
March 2015	D&A D	Final Strategy Report and Recommended Action Discussion of Preliminary FY 15-16 Work Plan and Budget

Key: R=Report, D = Discussion, S = Study Session, A = Action

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

Meeting Schedule through June 2015

Schedule for BAWSCA Board Meetings (Meetings are held from approx. 7:00 – 9:00 p.m.)	
<u>Date</u>	<u>Location</u>
Thursday – September 18, 2014	Wind Room, Foster City Community Center
Thursday – November 20, 2014	Wind Room, Foster City Community Center
Thursday – January 15, 2015	Wind Room, Foster City Community Center
Thursday – March 19, 2015	Wind Room, Foster City Community Center
Thursday – May 21, 2015	Wind Room, Foster City Community Center
Thursday – July 16, 2015	Wind Room, Foster City Community Center
Thursday – September 17, 2015	Wind Room, Foster City Community Center
Thursday – November 19, 2015	Wind Room, Foster City Community Center

Schedule for RFA Board Meetings (Meeting time will be announced)	
<u>Date</u>	<u>Location</u>
Thursday – January 15, 2015	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 – August 13, 2014	155 Bovet Rd., San Mateo – 1 st Floor Conf. Rm.
Wednesday – October 8, 2014	155 Bovet Rd., San Mateo – 1 st Floor Conf. Rm.
Wednesday – December 10, 2014	155 Bovet Rd., San Mateo – 1 st Floor Conf. Rm.
Wednesday – February 11, 2015	155 Bovet Rd., San Mateo – 1 st Floor Conf. Rm.
Wednesday – April 8, 2015	155 Bovet Rd., San Mateo – 1 st Floor Conf. Rm.
Wednesday – June 10, 2015	155 Bovet Rd., San Mateo – 1 st Floor Conf. Rm.
Wednesday – August 12, 2015	155 Bovet Rd., San Mateo – 1 st Floor Conf. Rm.
Wednesday – October 14, 2015	155 Bovet Rd., San Mateo – 1 st Floor Conf. Rm.
Wednesday – December 9, 2015	155 Bovet Rd., San Mateo – 1 st Floor Conf. Rm.