

**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, May 15, 2014  
7:00 P.M.**

**AGENDA**

<b><u>Agenda Item</u></b>	<b><u>Presenter</u></b>	<b><u>Page#</u></b>
<b>1. <u>Call To Order, and Roll Call</u></b>	(O'Connell)	
<b>2. <u>Comments by Chair</u></b>	(O'Connell)	
<b>3. <u>Board Policy Committee Report</u> (Attachment)</b>	(O'Connell)	Pg 5
<b>4. <u>Public Comment</u></b>  <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)	
<b>5. <u>Consent Calendar</u></b>	(O'Connell)	
A. Approval of Minutes from the March 20, 2014 meeting (Attachment)		Pg 21
B. Receive and File Budget Status Report – As of 3/31/14 (Attachment)		Pg 25
C. Receive and File Investment Report – As of 3/31/14 (Attachment)		Pg 27
D. Receive and File Bond Surcharge Collection Status Report – As of 3/31/14 (Attachment)		Pg 29
E. Receive and File Directors' Reimbursement Report – As of 3/31/14 (Attachment)		Pg 33
<b>6. <u>Action Items</u></b>		
A. Potential Amendment to Hanson Bridgett Professional Services Contract (Attachment)  <i>The Committee voted unanimously to recommend the CEO/General manager to monitor the professional services contract with Hanson Bridgett to determine the most efficient and effective deployment of resources through the close of this fiscal year, and provide a recommendation for a possible contract amendment to the full board at its May meeting.</i>	(Sandkulla)	Pg 35
B. Amendment to FY 2013-14 Budget to Fully Fund Maddaus Water Management Professional Services Contract (Attachment)  <i>The need for this amendment was identified after the April Board Policy Committee meeting, therefore, no Committee recommendation is provided.</i>	(Sandkulla)	Pg 37
C. Proposed FY 2014-15 Work Plan and Operating Budget (Attachment) 1. Approval of FY 2014-15 Work Plan and results to be achieved	(Sandkulla)	Pg 39

2. The recommended Operating Budget of \$2,939,286, and
3. Funding the budget with a 5% increase in assessments and a transfer of \$296,436 from the General Reserve.

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

- |    |  |                   |
|----|--|-------------------|
| D. | Approval of Professional Services Contracts for FY 2014-15 ( <i>Attachments</i> )          | (Sandkulla) Pg 55 |
|    | 1. BLX Group, LLC (Investment Advisor)   | Pg 59             |
|    | 2. Brown & Caldwell (Conservation Database)  | Pg 63             |
|    | 3. Burr, Pilger, Mayer (Water Supply Agreement Auditing/Accounting Support)                | Pg 67             |
|    | 4. Hanson, Bridgett, LLP (Legal Counsel)   | Pg 69             |
|    | 5. Hilton, Farnkopf, Hobson (Engineering/Financial Consultant –Water Supply Agreement)     | Pg 77             |
|    | 6. Kelling, Northcross, Norbriga (Financial Advisor)                                       | Pg 79             |
|    | 7. Orrick, Herrington & Sutcliffe, LLP (Bond Documents Legal Support)                      | Pg 81             |
|    | 8. Terry Roberts (Engineering Consultant – WSIP Cost, Schedule & Construction Management ) | Pg 83             |
|    | 9. Stetson Engineering (Engineering Consultant – Water Supply Agreement)                   | Pg 87             |
|    | 10. Bud Wendell (Strategic Counsel)  | Pg 91             |
|    | 11. EarthCapades (School Assembly Program)   | Pg 95             |
|    | 12. Resource Action Program (School Education Programs)                                    | Pg 101            |
|    | 13. Tuolumne River Trust (Classroom Education Program)                                     | Pg 117            |
|    | 14. Waterfluence, LLC (Large Landscape Conservation Services Consultant)                   | Pg 123            |

*The Committee voted unanimously to recommend Board approval of the fourteen professional services contracts for legal, engineering, financial, strategic, and water conservation services needing to be in place by July 1, 2014.*

- |    |  |                    |
|----|--|--------------------|
| E. | Professional Services Contract with Highest Ranked Vendor(s) to Implement Home Water Use Reports ( <i>Attachment</i> )   | (Sandkulla) Pg 131 |
|    | 1. Negotiate and execute a contract with the selected consultant, subject to legal counsel's final review, to implement the Home Water Use Reports Program; and, |                    |
|    | 2. Offer participation in the program to interested BAWSCA agencies on a subscription basis in FY 2014-15  |                    |

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

## **7. SFPUC Report** (Kelly)

- |    |   |             |
|----|---|-------------|
| 8. | <b><u>Reports</u></b>   | (Sandkulla) |
| A. | Long-Term Reliable Water Supply Strategy – Update ( <i>Attachment</i> ) | Pg 141      |
| B. | Pilot Water Transfer Plan – Update ( <i>Attachment</i> )                | Pg 143      |
| C. | CEO/General Manager's Letter ( <i>Attachment</i> )                      | Pg 147      |
| D. | Correspondence Packet ( <i>Under Separate Cover</i> )                   |             |
| E. | Board Policy Calendar ( <i>Attachment</i> )                             | Pg 167      |

9. **Closed Session** (*Under Separate Cover*) (O'Connell)  
Conference with Legal Counsel – Anticipated Litigation  
Initiation of litigation pursuant to subdivision (c) of Section 54956.9: one potential case
10. **Reconvene and Report from Closed Session** (O'Connell)
11. **Directors' Discussion: Comments, Questions, and Agenda Requests** (O'Connell)
12. **Date, Time and Location of Future Meetings** (O'Connell) Pg 169  
(See attached schedule of meetings)
13. **Adjournment to next meeting on for July 17, 2014 at 7pm** (O'Connell)

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

*All public records that relate to an open session item of a meeting of the BAWSCA Board that are distributed to a majority of the Committee less than 72 hours before the meeting, excluding records that are exempt from disclosure pursuant to the California Public Records Act, will be available for inspection at **BAWSCA, 155 Bovet Road, Suite 650, San Mateo, CA 94402** at the same time that those records are distributed or made available to a majority of the Committee.*

**Directions to Foster City Community Bldg. – 1000 E. Hillsdale Blvd., Foster City**

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

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

(This page intentionally left blank.)

# **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: May 9, 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 (9), absent (1) and other attendees is attached.

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

2. **Comments by the Chair:** Director Mendall reported that BAWSCA Chair O'Connell is unable to attend the committee meeting. The proposed work plan and operating budget is on the agenda for the Committee's consideration to recommend Board action at its meeting in May.
3. **Public Comments:** There were none.
4. **Consent Calendar:**  
**Director Pierce made a motion, seconded by Director Breault, to approve the minutes of the Board Policy Committee meeting held on February 12, 2014. The motion passed unanimously.**

5. **Action Items:**

- A. **Potential Amendment to Hanson Bridgett Professional Services Contract:** Ms. Sandkulla reported that the current contract limit for Hanson Bridgett is \$496,000. In Fall of 2013, \$80k was re-assigned within the adopted budget to fund an increased scope of work needed for the Pilot Water Transfer plan. Ms. Sandkulla stated that the re-allocation was reported to the Board at its November meeting, noting the potential of needing additional funds.

In addition to new issues that have developed with the 2009 Water Supply Agreement (WSA) implementation, and increased expenditures related with new hires, additional funds are in fact needed to perform the necessary work for the balance of the fiscal year.

The increased funds needed are estimated to be between \$60K and \$100K, which are available from unspent funds in FY 13-14. The budgeted contingency funds remain untouched, and the underspending on other contracts serve as the source for additional funds needed.

Ms. Sandkulla reported that while work associated with the WSA implementation has been ongoing for the past 6 months, new issues were identified following the March Board meeting. She has worked closely with legal counsel in reviewing the schedules to determine where there is flexibility to delay work until after the May Board meeting. Legal work is being monitored very closely for the balance of the fiscal year, to ensure that efforts are focused on activities related to critical results.

Ms. Sandkulla does not have a specific dollar amount at this time as she will continue to work towards identifying the amount that is most sufficient and appropriate.

Director Pierce asked if the WSA issues will be resolved or if this can be expected to continue to next fiscal year. Ms. Sandkulla stated that based on what is currently known, she applied a slight increase in the budget of Hanson Bridgett's professional services contract for FY 2014-15.

In response to Director Guzzetta, Ms. Sandkulla explained that the funds would likely be taken from the budgeted contingency that continues to be unspent, and from the unspent funds within the approved budget.

**Director Pierce made a motion, seconded by Director Vella, that the Committee recommend the CEO/General Manager monitor the professional services contract with Hanson Bridgett to determine the most efficient and effective deployment of resources through the close of this Fiscal Year, and provide a recommendation for a possible contract amendment to the full Board at its May meeting.**

**The motion passed unanimously.**

- B. Proposed FY 2014-15 Work Plan and Operating Budget:** Ms. Sandkulla reported that the proposed FY 2014-15 work plan and operating budget remains consistent with BAWSCA's legislated authority and goals of ensuring reliable supply of high quality water at a fair price. The proposed work plan and budget focuses on critical results that need to be achieved next fiscal year, as well as in preparation for future challenges that faces agencies and their water customers. The work plan includes staff time to respond to drought conditions and anticipated increased conservation activities.

Aside from the additional information requested by the Committee in February, and by the Board in March being incorporated in the staff memo, Ms. Sandkulla stated the proposed work plan and operating budget are no different from what was presented as the preliminary work plan and budget. Ms. Sandkulla reviewed the the critical results to be achieved and presented the budget figures needed to achieve the results.

Ms. Sandkulla restated that the list of critical results serves as the keystone for developing the work plan and budget. A significant portion of the work plan focuses on water supply reliability as well as fair price. The proposed operating budget is 10% less

than the current budget because there are no special studies being proposed for next fiscal year. Additionally, the current budget includes a \$300K budget for completing the demand projections study.

The proposed budget does not include the implementation of the potential pilot water transfer. It fully funds the OPEB annual required contribution, and includes a budget for COLA adjustment to top step and merit allowance.

Ms. Sandkulla presented the recommendation to fund the budget, which includes:

- 5% increase in assessments
- Transfer of \$296,436 from BAWSCA's General Reserve

The current assessments total \$2,517,000; or an estimated cost of \$4.61 per household, and \$1.54 per person. The proposed 5% increase in assessments will bring the current total up by \$125,850. It would add \$0.22 per household, and \$0.07 per person.

The 5% increase in assessments will provide \$2,642,653 of the total proposed operating budget of \$2,939,286. The balance would be transferred from the General Reserve.

The proposed work plan and operating budget achieves the agency goals, does not sacrifice critical results, balances the human resources, and matches the foreseeable needs in the next 5 to 10 years.

Director Weed asked about the annual report on the OPEB, and noted that he would have expected a jump on the OPEB costs given that additional names added to the beneficiaries.

Ms. Sandkulla explained that the assumptions used to calculate the OPEB liability for FY 2013-14 included all the personnel changes, therefore the OPEB cost assumptions for FY 2014-15 have no significant change. As for the annual reports, the first deposit into the trust has just been made based on the Board's adoption of Resolution #2014-01 in March. The review to generate the annual report will be done within 6 months of the first deposit. A report is expected in November for the Board's review. Any adjustments that the Board may want to make can be done in the next budget cycle for the next fiscal year.

In response to Director Vella, Ms. Sandkulla clarified that the recommendation to fund the proposed operating budget has no impact to the General Reserve policy. She further explained that based on the projections, the funding plan will maintain the General Reserve within the policy of 20%-35% of the approved budget. Staff will continue to monitor the General Reserve, and do a more frequent review of the General Reserve Policy. Ms. Sandkulla stated that a review of the policy will be scheduled for Fall 2014. The Board will, by this time, have a basic assessment of the General Reserve balance from FY 13-14, and a clear understanding of what actions it may want to take.

Director Mendall agreed that a review of the General Review in the near future is prudent.

In response to Director Pierce, Ms. Sandkulla estimated the implementation cost of the pilot water transfer to be \$1M. A recommendation for funding the implementation would be the use of the Water Management Charge, which is a financing means arranged with the SFPUC in the WSA. The Water Management Charge can be used to fund a specific project approved by the Board, and would be charged to the agencies through San Francisco's monthly water bill. The requirement is that BAWSCA report the use of the

funds to San Francisco. An upcoming discussion for BAWSCA staff and the Board is bridge financing or how to address various financing aspects.

**Director Vella made a motion, seconded by Director Pierce, that the Committee recommend the Board to approve:**

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

**The motion passed unanimously.**

- C. Approval of Professional Services Contracts for FY 2014-15:** Ms. Sandkulla presented the list of professional services contracts that need to be in place by July 1, 2014. There are fourteen contracts that are necessary to complete the work BAWSCA does, and that the Committee is asked to recommend approval by the Board at its meeting in May.

The majority of the contracts are standing contracts for services that BAWSCA and its predecessor agency have used in the past. They are task order contracts with a not-to-exceed dollar amount.

Ms. Sandkulla noted the contract with BLX, and explained that BLX was BAWSCA's investment advisor hired during the bond development process. BLX has been gracious in providing BAWSCA some assistance in Christina Tang's absence during her maternity leave on work associated with the bond surcharge. In talking with individual Board members, there was interest expressed in having BAWSCA's investments managed more aggressively, and to have an annual report for the Board's review. The contract with BLX will include this scope of work in addition to arbitrage.

In response to Director Keith's question, Ms. Sandkulla explained that Waterfluence is geared solely on large landscape accounts, and provides a combination of water audits and reporting of water use to large landscape accounts and provides recommendations on water use and monthly score cards.

Alternatively, WaterSmart is geared towards residential homeowner accounts and includes outdoor and indoor water conservation.

Director Mendall stated that it is helpful when the staff reports speak to the value that the professional services provide the member agencies, as did the staff report on Stetson Engineering.

In response to Director Pierce's question, Ms. Sandkulla explained that the decrease in the number of participants for the Large Landscape Conservation Services program was due to Cal Water's hiring of Waterfluence independent of BAWSCA, and applying the program for all of their districts. Ms. Sandkulla stated that having a majority of the member agencies participate in a conservation program makes for a stronger portfolio.



While Cal Water's independent administration decreased BAWSCA's count for the Large Landscape program, it has given a lot of exposure throughout the State, and that is positive.

**Director Breault made a motion, seconded by Director Vella, that the Committee recommend Board approval of the fourteen contracts for legal, engineering, financial, strategic and water conservation services needing to be in place by July 1, 2014.**

- D. Professional Services Contract with Highest Ranked Vendor(s) to Implement Home Water Use Reports:** Ms. Sandkulla reported that BAWSCA is proposing a new conservation program to prepare and deliver home water use reports to residential customers. The reports will provide a customized water use data, a comparison to similar customers, and suggested conservation measures. The objective of the program is to engage the customers to improve water use efficiency through changes in behavior or making them aware so that they adopt more water efficient technology. Water savings reported in other areas are up to 5%.

A question that has come up is how this program differs from free web-based options that are readily available via the internet. Ms. Sandkulla explained that the program being proposed can be connected to the participating agency's billing system, therefore making it user-friendly for the user, agency staff, and the water customer. The majority of the free web-based programs do not easily offer this feature.

The program is designed so that participating agencies can customize communications with their customers, and be able to drive the messaging to their customers. The proposed program design has demonstrated effectiveness in decreasing residential water use and improving customer satisfaction.

In response to Director Keith, Ms. Sandkulla explained that the proposed program is no different than WaterSmart, and stated that WaterSmart is a type of consultant that provides proposals in response to these types of RFP.

Director Bronitsky asked if this is something that agencies should be looking at individually for cost effectiveness.

Ms. Sandkulla explained that the proposed program would follow BAWSCA's subscription model, where all costs of outside service provider will be paid for by participating agencies. Knowing what agencies are interested in participating, BAWSCA would pre-negotiate the cost with the selected vendor to get a program that meets BAWSCA's specific criteria. This provides a turn-key program for the participating agencies as opposed to multiple agencies negotiating individual contracts with the same vendor. This also provides for a more cost effective program and easier program implementation.

Ms. Sandkulla further reported that there are Prop 84 grant funds that will provide partial reimbursement for agency costs. The grant funds will provide \$3/household for 50,000 households until June 2016.

The participation by agencies are voluntary and the opportunity to participate will be given to all member agencies. To date, it appears that there are potential participation from agencies in all three counties.

Director Keith noted that Palo Alto just contracted with WaterSmart, and Menlo Park is meeting with WaterSmart tomorrow.

Ms. Sandkulla stated that vendors like WaterSmart are actively proposing their programs to many agencies. BAWSCA issued an RFP in February, and is in the process of negotiating with the top two firms that would be best for the member agencies. This program is being developed at the request of member agencies, and the Water Management Representatives have been informed of all developments for this program. She expects agencies to look for the program that is most cost effective and most efficient to implement.

A recommended consultant will be presented to the Board for action at its May meeting.

Director Keith asked when the program will be offered. Ms. Sandkulla stated that she will have a better idea in May, after the negotiations have been completed. However, both firms being interviewed have indicated the possibility of implementation in the September/October 2014 timeframe.

**Director Pierce made a motion, seconded by Director Bronitsky, that the Committee recommend the Board to authorize the CEO/General Manager to:**

- 1. Negotiate and execute a contract with the selected consultant, subject to legal counsel's final review to implement the Home Water Use Reports Program;**
- 2. Offer participation in the program to interested BAWSCA agencies on a subscription basis in FY 2014-15.**

**The motion passed unanimously.**

**6. Reports:**

- A. Water Supply Update: Ms. Sandkulla presented a series of charts from the SFPUC showing water supply conditions as of April 6th. She reported that Tuolumne storage is at 70% of maximum capacity. Total system storage, without the water bank which is the drinking water, is at 65%. The Calaveras Dam remains low because of the current construction activity.

Precipitation and snowpack are slowly increasing. The numbers are better than last month, however, it remains at a very low level and dry conditions.

Ms. Sandkulla presented a graph of the weekly deliveries from the Regional Water System County Meters, which shows that while the 10% reduction has been achieved since it was requested by San Francisco, the graph also shows that a spike occurs in weekly use when there is a heat spell.

Director Mendall commented that the graph clearly provides him the information on whether or not the 10% water use reduction is being met by the wholesale customers.

Director Guzzetta commented that it should be noted that the graph is a measurement of purchases from the SFPUC, and not necessarily of use. Other agencies have multiple supplies, and they may be relying on San Francisco more heavily than in the past, as Cal Water is. He reported that Cal Water has decreased its weekly production by 10-20% since the drought announcement.

Ms. Sandkulla agreed. Agencies like ACWD are relying heavily on San Francisco supplies because their alternative supplies are unavailable. This applies for agencies in the South Bay because the Santa Clara Valley Water District has asked for even more reduction.

Ms. Sandkulla stated that the significance of this information is that it feeds directly into San Francisco's decision on what level of cutback they will maintain. San Francisco will make an official announcement on April 15th or sooner, about the water supply outlook for the balance of the year. It will have some important caveats that will say that if system water use is not reduced by 10%, San Francisco could come back and ask for more water use reductions in the Summer or Fall of 2014.

Ms. Sandkulla explained that while it is true that the graph is a measurement of purchases, the wholesale customers must achieve the 10% reduction so that greater reductions are not required.

Director Weed reiterated that ACWD has implemented a 20% mandatory rationing in its service area, but at the same time, it is doubling historical purchases from SF because of the losses from its alternative supplies. This means that BAWSCA will collectively be making a 15% reduction to make up for the 100% increase ACWD is purchasing from the SF Regional Water System.

Director Mendall commented that situations such as ACWD's, leave the rest of the agencies without a choice. He asked Ms. Sandkulla to explain how that works.

Ms. Sandkulla explained that because agencies are in a voluntary water use reduction scenario, the prescriptive Tier 2 allocation Plan, in which agencies have specific drought allocations based upon a pre-determined formula, is not being implemented. Rather, the 10% reduction is applied across the board. If the scenario changes to a mandatory reduction, the drought plan, which each agency adopted, goes in effect. The drought plan has an allocation formula among the agencies and provides an individual budget for each agency that are very different from each other. In a mandatory scenario, the SFPUC will have the ability to impose fines for exceeding individual allocations. The agencies can also trade drought allocations with one another in a mandatory scenario.

In response to Director Weed's question, Ms. Sandkulla stated that each agency have an individual supply guarantee, which is a maximum supply guarantee. It is not the maximum supply an agency can purchase, rather the maximum supply that is guaranteed

to the agency. Under the mandatory cutback in the WSA, there are rules in place that dictates how San Francisco must allocate the supply available in a drought.

Director Bronitsky stated that it will be difficult for Foster City to make further cutbacks as it has already reduced its water use by 15-20% with the conservation efforts applied during the wet years.

At the request of Director Keith, Ms. Sandkulla explained that if the drought allocation plan is put in effect as a result of a mandatory cutback, agencies have the ability to bank their unused drought allocation. They can either sell that supply to another agency or save it for future use. Agencies can bank their allocation until the drought is over.

In response to Director Mendall, Ms. Sandkulla explained that the drought allocation plan is based on formulas in place that are managed by BAWSCA.

Director Guzzetta asked about San Francisco's previous statement that there was a 60% chance that Hetch Hetchy will fill by July 1<sup>st</sup>. Director Guzzetta asked for an update on that information after the recent storm.

SFPUC Sr. Water Analyst, Michelle Novotny reported that the recent storm reduced the likelihood of a severe water supply shortage scenario, but it didn't improve the percentage of where supplies should be at this time of the water year.

In concurrence with Director Bronitsky's comments, Director Breault stated that the City of Brisbane is currently using 70% of its individual supply guarantee. Brisbane is one of the lowest residential per capita users in the county with a use of less than 50 gallons per person per day. Yet, Brisbane will be subjected to a 20% reduction across the board in an in-elastic population. Brisbane is currently so tight, that it could not bring in a laundry business that would use 80K gpd, even if it has hundreds of thousands of gallons in excess. The laundry business would double the amount of reduction that would then be imposed upon Brisbane's population of about 4,000. This is a fact Brisbane has to face. He added that the negotiations of the drought formula were not pleasant a few years ago, and it will continue to be difficult.

Director Guzzetta added that Cal Water's gallons per day are significantly down from the time the drought allocation was developed. Demand hardening is making it harder and harder to further cut back use, and is making the demand for reliable supply even more critical.

Director Pierce noted that ACWD's increased purchase from the San Francisco Regional Water System, while challenging for the rest of the agencies given the current situation, remains within ACWD's supply guarantee. Any agency, given the situation, will probably do the same thing.

Director Guzzetta noted that agencies are faced with an economic decision. San Francisco is the most expensive source, and an agency would use alternative sources, if they existed. Situations such as ACWD's are going to happen more often when alternative sources become less reliable.

Chair Mendall appreciated the committee discussion, and stated that there is no action needed from the Board at this time.

Director Pierce noted that the agencies have been fortunate enough in the past few years, with demands being lower, to not have to push so hard to complete and implement BAWSCA's Long-term Strategy for water resources. The time has come when the push needs to be harder.

Director Weed reported that the ACWD board asked staff to develop a plan that would remove the district from the State Water Project which is 40% of the district's water supply. Reliable water supply options are the SF Bay and the So. Bay Aqueduct. But a question came up of whether there should be a regional approach to desalination of the SF Bay, which could make it cost-competitive with San Francisco and provide a reliable water supply.

Members of the Committee agreed that the idea is promising. Director Mendall stated that this can be part of the Long-Term Reliable Water Supply Strategy discussions.

Ms. Sandkulla emphasized that the urgent action needed is for the BAWSCA member agencies to achieve a 10% water use reduction. BAWSCA staff has looked into the various kinds of materials in response to the agencies' interest for materials to use in a drought campaign. BAWSCA has prepared and distributed electronic versions of drought outreach materials for the member agencies' use. The concepts and graphics are taken from ACWA and Sonoma County Water Agency's campaign.

BAWSCA will be providing a catalog of drought messaging materials that includes options for bulk ordering. Materials will include door hangers, restaurant table cards, and bumper stickers that agencies can customize with their logos, and to promote their conservation programs.

BAWSCA will continue to participate in multi-agency efforts to coordinate regional drought messaging, and will continue to work with San Francisco on the regional coordination of opportunities for media buys and development of a Bay Area conservation resource guide with conservation information and contacts.

BAWSCA is also changing its conservation programs in response to the drought, at the request of member agencies. The Lawn Be Gone Rebate Program will increase the rebate amount from \$0.75 to \$1 per square foot, and the cap on the allowable rebate will be removed.

In addition to the new Home Water Use Report program, BAWSCA is also looking at a new Rain Barrel Rebate program in partnership with San Mateo C/CAG. Ms. Sandkulla reported that C/CAG was considering a rain barrel program for their own purposes, but approached BAWSCA to see if there could be a potential for a regional partnership. BAWSCA is pursuing this effort with C/CAG, not just for storm water, but also to provide a benefit for residential customers in the service area for their own water use. BAWSCA is working with C/CAG in looking at other funding partners. Ms. Sandkulla noted that the

common interests created the opportunity naturally, and member agencies have expressed a strong support for such a program.

Director Pierce reported that C/CAG's Resource Management and Climate Protection (RMCP) Committee discussed potentials for graywater at its recent meeting. BAWSCA Water Resources Analyst, Adrienne Carr, reported that BAWSCA member agencies have been looking at graywater as part of the water demand and conservation analysis. In reviewing the dialogue at the RMCP meeting with BAWSCA staff, a potential role for the San Mateo group could be to formulate an ordinance that would be initiated from the Counties and on to the Cities. Santa Clara County already has an ordinance, and the Santa Clara Valley Water District have their own rebate program in place. For San Mateo County, the rules are not amenable for a graywater program and an ordinance would need to be in place.

Director Guzzetta expressed his concerns with graywater and water quality, and noted the water quality responsibility that remains with the water supplier.

Director Mendall noted the City of Hayward's Pay As You Save (PAYS) pilot program, an on-bill financing mechanism for implementing energy and water efficiency measures that allows residents to make upgrades such as install low-flow toilets, or convert spray irrigation to drip at no up-front cost. The program allows for payments to be made over a period of time. It's a fairly new program, and Hayward is piloting it in FY 14-15. If it is successful, Director Mendall would like to see it considered as part of BAWSCA's suite of options for its conservation efforts.

Ms. Sandkulla stated that BAWSCA is working with Hayward staff to keep apprised of the progress of the program. It is the success stories of the agencies' pilot programs that help BAWSCA develop an effective program for the region.

- B. Pilot Water Transfer Plan – Update: Ms. Sandkulla reported that the work continues to progress with ongoing negotiations with the identified seller, Yuba County Water Agency (YCWA). BAWSCA meets regularly with the staff of EBMUD, SFPUC, and Hayward to finalize the delivery details both from the cost and operational side. There are 5 agreements needed to move the transfer forward. BAWSCA is monitoring the water supply outlook for both San Francisco and particularly EBMUD as decisions on key triggers are considered.

The transfer will be up to 1,000 AF of supply that will be delivered through the Hayward Intertie and into the Regional Water System at the Newark turnout. From the source, the water will go through EBMUD's Freeport diversion facility, the US Bureau of Reclamation Folsom South Canal, EBMUD's Mokelumne Aqueduct, and to EBMUD local storage and distribution facilities. The water will go through the Hayward Intertie via Hayward's system at the Newark Turnout, flowing into the San Francisco Regional Water System.

Ms. Sandkulla reported that the changing drought conditions have impacted key elements of the transfer including BAWSCA's partners.

Ms. Sandkulla reported that EBMUD has turned on the Freeport Facility beginning April 1<sup>st</sup> in compliance with its permit condition to test the fish screens every 3 years. Since EBMUD needed to operate the facility, it purchased as much water as it could without impacting water rates, to meet their water supply needs. The anticipation is that EBMUD will continue to operate the facility through May.

EBMUD could restart the facility in October, depending upon water supply demands. This is consistent with BAWSCA's original timeline for the water transfer. Ms. Sandkulla stated that like San Francisco, EBMUD is going to monitor how its water customers are responding to the call for voluntary water use reduction.

BAWSCA will continue to pursue and assume implementation of the transfer in October. Since the Freeport Facility has already been turned on and is relatively ready, EBMUD's decision to restart the facility can be made as late as September. BAWSCA needs to be prepared.

Progress continues with finalizing the necessary agreements. Some are taking longer than others. BAWSCA is focusing on expediting regulatory approvals that are needed in anticipation of implementation.

One of the regulatory approvals is a petition by YCWA for a temporary change in the Place of Use for the water supply to include the BAWSCA service area. Ms. Sandkulla reported that YCWA is prepared to take this action. BAWSCA is working with Legal Counsel in reviewing the risks involved in pursuing the petition at this time.

BAWSCA is also working with EBMUD on the Warren Act Contract for use of the US Bureau of Reclamation facilities. Ms. Sandkulla's review with Legal Counsel on this action shows very low downside risks and minimal costs to get this necessary permitting requirement in place sooner rather than later.

Ms. Sandkulla reported that both actions do not commit BAWSCA to the transfer. However, both are public processes that will highlight BAWSCA's interests in implementing a transfer. Once YCWA puts in the petition, it will be noticed statewide.

Director Guzzetta asked if BAWSCA has concerns about the public process.

Ms. Sandkulla stated that the biggest risk is that the petition could be contested for some specific reason. BAWSCA is working with Legal Counsel to determine what an objection, if any, would mean to BAWSCA.

Director Mendall commented that the point of the pilot water transfer is to find out how feasible it is. If there are obstacles that will stop it, it is beneficial to find out what those are as quickly as possible and resolve them. If it is determined that the pilot water transfer cannot move forward because of legal reasons, while it is not the preferred answer, at least an answer is known.

Ms. Sandkulla agreed, and stated that BAWSCA has been very public about the pilot water transfer plan. YCWA has a lot of experience with processes like this and is very confident with the BAWSCA Pilot Water Transfer Plan with EBMUD. Given the number of

agreements and documents that need to be completed, anything that can be done to expedite the process will be beneficial.

BAWSCA is proceeding with necessary Federal and State environmental and regulatory approvals that apply to a short term pilot water transfer, and is initiating financial planning for funding BAWSCA's payments to its project partners.

While waiting for the decisions by the SFPUC about the need for water rationing, and by EBMUD about its drought declaration and proposed operation of the Freeport Facilities, BAWSCA will continue to work on completing the required agreements through May, for finalization between June and August. The Board's consideration for action to execute the pilot water transfer will be in July or September.

- C. SFPUC Water Supply Improvement Program – Update: Ms. Sandkulla reported that the SFPUC released a proposed notice of change with a cost increase to the WSIP regional projects. The wholesale customers' portion of that increase is \$126.3M, which is representative of a 3.5% increase from the current \$2,548M budget.

The delay is not as much as previously reported due to some re-shuffling of a few projects. There is a 1.5 month delay in the overall WSIP completion. But there is a 6 month delay for the CS/SA Transmission Upgrade, 9 month delay for the Calaveras Dam Replacement project, and a 24 month delay for the Regional Groundwater Storage and Recovery Project.

Ms. Sandkulla noted that the delays in the Calaveras Dam and Regional Groundwater Storage and Recovery Projects are delays in the water supply projects which extend the risks of a significant water supply shortage. She questions how much better would San Francisco's water supply situation be if the Regional Groundwater Storage and Recovery Project were to be completed at its original completion date, which was by the end of 2014.

BAWSCA is currently reviewing all technical and supporting data associated with the proposed change, and has requested additional data and analyses from the SFPUC. BAWSCA will meet with SFPUC staff and management to focus on key questions regarding the appropriateness of the proposed schedule changes, the increase risks to public health and safety, sufficiency of cost increases, analysis of all possible cost savings, and implementation of appropriate measures to minimize the risk of future cost increases.

BAWSCA is preparing a letter with comments and recommendations for submittal to the Commission for inclusion in the agenda for the April 22<sup>nd</sup> Commission meeting. The letter will present BAWSCA's recommendations and findings to the questions of whether the WSIP will continue to meet Level of Service goals, what impact the proposed budget changes have, and whether there are increased risks to public health and safety from the schedule extension.

Ms. Sandkulla reported that Michael Hurley will address the Commission on the WSIP at its hearing on April 22<sup>nd</sup>, as she will be in Sacramento for the Senate Natural Resources



and Water Committee hearing on SB 1345, the legislation that extends the state oversight on the WSIP.

- D. Legislation – Status Report: SB 1345 is scheduled for action under consent in the Senate Natural Resources and Water Committee hearing on April 22<sup>nd</sup>. The legislation would extend the current state oversight on San Francisco's implementation of the WSIP to January 1, 2022. Ms. Sandkulla thanked the agencies for the letters of support they prepared. The letters are extremely valuable in the Committee's understanding of the significance of the bill. The Committee is putting together a staff report that will support the bill at the hearing on April 22<sup>nd</sup>.

In response to Director Bronitsky's question, Ms. Sandkulla reported that BAWSCA recently met with San Francisco to assess the Mountain Tunnel issue. San Francisco is moving forward with actions that can be done immediately, in the event of a failure. The actions include an emergency plan, and construction contracts to increase accessibility to the tunnel for repair. Longer term actions include ongoing review of the best alternatives. San Francisco is pursuing the recommendation of a bypass, which will be reviewed by an expert panel. BAWSCA has asked to be part of that process, and will continue to monitor the developments.

Director Bronitsky asked if the \$126M cost is a part of contingency, or will that cost increase the rate for wholesale customers. Ms. Sandkulla explained that the \$126M budget increase for the WSIP is already included in the projected rate increases that agencies are scheduled to adopt in May, as well as in San Francisco's 10-year rate projection. San Francisco deferred some work from the 10-year CIP, and moved it out past the 10-year window. The deferred work includes upgrades to Millbrae facilities, and the implementation of the Regional Desal Projects.

In response to the Committee's concerns regarding the deferral of work, Ms. Sandkulla noted that BAWSCA's work with Terry Roberts Consulting is shifting focus from the WSIP to the 10-year CIP so that BAWSCA can have a greater ability to impact San Francisco's discussions on the 10-year CIP as they develop. Wholesale Customers will continue to pay for the regional system. The 10-year CIP is San Francisco's vehicle to implement its major capital projects.

What BAWSCA has learned with the WSIP is that the sooner BAWSCA can provide input, the better chance BAWSCA and its member agencies will have confidence that the projects are scoped, scheduled and budgeted appropriately for the interest of all water users.

Ms. Sandkulla stated that while she believes that the Regional Desal Project is critical, it is an appropriate project to defer from the 10-year CIP so that the more critical need of the Mountain Tunnel can be addressed.

Director Guzzetta expressed his agreement with how San Francisco re-prioritized its 10-year CIP to address the issue with the Mountain Tunnel while accommodating the wholesale customers' concerns with its impacts to wholesale rates.

Director Mendall noted that based on how San Francisco handled the Mountain Tunnel issue, it leaves a question in his mind about what else has been deferred in the past.

Ms. Sandkulla re-iterated that BAWSCA's scope of work with Terry Roberts Consulting is to closely monitor the WSIP and CIP activities to ensure that it is scoped, scheduled and budgeted appropriately.

Director Bronitsky asked about the SFPUC's unfunded liability amounts for their OPEB and whether BAWSCA will further look into obtaining additional information. Ms. Sandkulla acknowledged the request and will bring information back to the Committee.

- E. Board Policy Calendar: The Policy Calendar that will be provided to the Board in May will include actions scheduled for July.

7. **Comments by Committee Members:** There were no further comments.

8. **Adjournment:** The meeting was adjourned at 3:04pm. The next meeting is June 11, 2014.

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY**

**BOARD POLICY COMMITTEE – April 9, 2014**

**Roster of Attendees:**

**Committee Members Present**

Al Mendall, City of Hayward (Chair)  
Charlie Bronitsky, City of Foster City (Vice Chair)  
Randy Breault, City of Brisbane/GVMID (BAWSCA Vice Chair)  
Rob Guzzetta, California Water Service Company  
Tom Piccolotti, North Coast County Water District  
Barbara Pierce, City of Redwood City  
Louis Vella, Mid-Peninsula Water District  
John Weed, Alameda County Water District

**Committee Members Absent**

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

**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

**Public Attendees:**

Michelle Novotny                      San Francisco Public Utilities Commission

(This page intentionally left blank.)

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

**March 20, 2014 – 7 p.m.  
Foster City Community Building, Foster City CA**

<b>MINUTES</b>
----------------

**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-one (21) members of the Board were present, constituting a quorum. A list of Directors present (21) and absent (5) is attached.

**2. Comments by the Chair:**

Chair O’Connell reported the changes on the Board Policy Committee as of February 9, 2014. She thanked Director Guzzetta for his role as Chair of the Committee in 2013, and for guiding the committee discussions during a critical transition time. She announced that Al Mendall accepted the position of Chair of the Committee, and Charlie Bronitsky accepted the position of Vice-Chair. Director Kirsten Keith has also agreed to be a member of the Committee.

At the Chair’s request, SFPUC Assistant General Manager, Steve Ritchie, will address the Board on the SFPUC’s 10-year CIP, the critical work on the Mountain Tunnel, and the impacts of the drought on the Regional Water System’s water supply.

The CEO/General Manager will present the preliminary work plan and operating budget for FY 2014-15, which is designed to meet BAWSCA’s objectives of a reliable supply of high quality water at a fair price. It also focuses on the areas most critical to the member agencies and water customers in the coming years. The preliminary budget is 10% less than the current adopted budget, and proposes a 5% increase in assessments in order to fund the preliminary work plan and operating budget, and to bring the General Reserve in line with BAWSCA’s General Reserve policy.

**3. Board Policy Committee (BPC) Report:**

Committee Vice-Chair Randy Breault reported the discussions and actions that took place at the BPC meeting held on February 12, 2014. The Committee voted unanimously to recommend Board approval of Resolution 2014-01 and Resolution 2014-02. The Committee discussions on the Preliminary Work Plan and Operating Budget for FY 2014-15, and the status of the potential Pilot Water Transfer plan are reflected in the summary report provided in the packet.

**4. Public Comments:** Public comments were received from Wynn Greich.**5. Consent Calendar:**

**Director Richardson made a motion, seconded by Director Quigg, that the Budget Status Report as of January 31, 2014, and the Bond Status Report as of December**

**31, 2013 be received and filed, and that the Minutes of the January 16, 2014 meeting be approved.**

**The motion carried unanimously.**

**6. Action Calendar:**

A. Resolution Adopting Policy Governing Distribution of BAWSCA's Assets Upon Dissolution.

**Director Vella made a motion, seconded by Director Pierce, that the Board adopt Resolution No. 2014-01 which outlines the policy governing the distribution of the Agency's assets upon its dissolution.**

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

B. Resolution Adopting San Francisco Bay Area Integrated Regional Water Management Plan (IRWMP)

**Director Quigg made a motion, seconded by Director Breault, that the Board adopt Resolution No. 2014-02 to meet the requirements of DWR.**

**7. SFPUC Report:**

Deputy General Manager and Chief Operating Officer, Michael Carlin, addressed the Board on behalf of SFPUC General Manager Harlan Kelly. He reported on the current water supply conditions and the continuing call for water use reduction. Dave Briggs, Local and Regional Water System Manager addressed the Board on asset management. Steve Ritchie, Assistant General Manager of Water Enterprise, reported on the 10-year CIP. Mr. Carlin announced that the SFPUC is holding tours for the BAWSCA Board members in June and September.

**8. Reports and Discussions:**

Ms. Sandkulla presented the Preliminary Fiscal Year 2014-15 Work Plan and Operating Budget and a progress report on the potential Pilot Water Transfer Plan with East Bay Municipal Utility District (EBMUD).

**9. Reports:**

Ms. Sandkulla provided additional reports on SB 1345, the SFPUC's proposed WSIP changes, the Mountain Tunnel, and current water supply conditions. Ms. Sandkulla called attention to the Board Policy Calendar, and reminded the Board of its upcoming actions on the FY 2014-15 Budget and water demand projections in May, as well as consideration of the Pilot Water Transfer and addressing regional drought reliability in July.

**10. Directors' Discussion:**

Director Richardson asked if the budget assumptions used to develop the preliminary work plan and operating budget can be provided to the Board when it considers the work plan and budget in May. Ms. Sandkulla responded agreeably.

**11. Date, Time and Location of Next Meeting:** The next meeting is scheduled on May 15, 2014 in the Wind Room, Foster City Community Center.

**12. Adjournment:** The meeting adjourned at 8:40pm.

Respectfully submitted,

Nicole M. Sandkulla  
Chief Executive Officer/General Manager

NMS/le

Attachments: 1) Attendance Roster

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY**  
**Board of Directors Meeting**  
**March 20, 2014**

**Attendance Roster**

**Present:**

Ruben Abrica	City of East Palo Alto
Robert Anderson	Purissima Hills Water District
Randy Breault	Guadalupe Valley Water District
Tom Chambers	Westborough Water District
Michael Guingona	City of Daly City
Rob Guzzetta	California Water Service Company
Armando Gomez	City of Milpitas
Tom Kasten	Town of Hillsborough
Larry Klein	City of Palo Alto
Marty Laporte	Stanford
Gustav Larsson	City of Sunnyvale
Al Mendall	City of Hayward
Chris Mickelsen	Coastside County Water District
Irene O'Connell	City of San Bruno
Rosalie O'Mahony	City of Burlingame
Tom Piccolotti	North Coast County Water District
Barbara Pierce	City of Redwood City
Dan Quigg	City of Millbrae
Sepi Richardson	City of Brisbane
Louis Vella	Mid-Peninsula Water District
John Weed	Alameda County Water District

**Absent:**

Charlie Bronitsky	City of Foster City
Mike Kasperzak	City of Mountain View
Kirsten Keith	City of Menlo Park
Jerry Marsalli	City of Santa Clara
Chuck Reed	City of San Jose




**Bay Area Water Supply & Conservation Agency**

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

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

**FROM: Deborah Grimes, Office Manager**

**DATE: May 2, 2014**

**SUBJECT: Budget Status Report as of March 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 March 31, 2014, 75 percent into the fiscal year, total expenditures were \$2,236,025 or 68 percent of the total approved Operating Budget of \$3,280,188.

**Table 1. Operating Budget Summary as of March 31, 2014**

Cost Category	Year-To-Date		
	Budget	Expenses	Percent
<b>Consultants /Direct Expenditures</b>			
Reliability	1,205,662	757,740	63%
Fair Pricing	239,500	189,011	79%
Administration	74,000	241,404	326%
<b>Subtotal</b>	<b>1,519,162</b>	<b>1,188,155</b>	<b>78%</b>
<b>Administration and General</b>			
Salary & Benefits	1,406,526	866,810	62%
<b>Other Expenses</b>			
BAWSCA	290,500	180,547	62%
BAWUA	1,100	0	0%
<b>Subtotal</b>	<b>3,217,288</b>	<b>2,235,511</b>	<b>69%</b>
<b>Capital Expenses</b>	4,000	0	0%
<b>Budgeted Contingency</b>	57,500	0	0%
<b>Regional Financing Authority</b>	1,400	514	37%
<b>Grand Total</b>	<b>3,280,188</b>	<b>2,236,025</b>	<b>68%</b>

**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 65 percent expended. The Operating Budget allocation of \$150,000 for strategic counsel was 80 percent expended. Legal counsel's original budget of \$496,000 was 100 percent expended as of March 31<sup>st</sup> and in April, the CEO/GM authorized a budget amendment of \$25,000 under her discretionary authority such that legal counsel's expenses were 95% of the revised budget of \$521,000. The \$550,662 budget for water management and conservation-related activities was 74 percent expended.

**Administration and Other Expenses**

Budgets for salaries and other expenses were 62 percent expended.

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

During the quarter ending March 31, there were no new uses of the CEO's discretionary spending authority. In April, the CEO/GM authorized a budget amendment of \$25,000 to the Hanson Bridgett contract for legal services.

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

The General Reserve balance remains unchanged as of March 31, 2014. 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. It continues to be anticipated that this transfer will occur prior to the end of FY 2013-14.

**Table 2. General Reserve Fund Balance**

<b>Fund</b>	<b>Account Balance (As of 01/31/14)</b>	<b>Account Balance (As of 03/31/14)</b>
General Reserve	\$985,897	\$985,897

**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 January 31, 2014 total \$1,632,735.



**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: May 2, 2014**

**SUBJECT: Investment Report – As of March 31, 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 21<sup>st</sup> 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>12/31/13</u>	<u>03/31/14</u>
\$2,327,611	\$2,195,425

Of the total in the BAWSCA LAIF account as of March 31, 2014, \$985,897 represents BAWSCA's General Reserve Fund, equivalent to approximately 30 percent of FY 2013-14 Operating Budget. 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%

(This page intentionally left blank.)



**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: Christina Tang, Senior Administrative Analyst**

**DATE: May 6, 2014**

**SUBJECT: Bond Surcharge Collection, Account Balance and Payment Report  
as of March 31, 2014**

---

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

**Bond Surcharge Collections**

In July 2013, BAWSCA began collecting the bond surcharge from member agencies through the SFPUC as a separate item on SFPUC's monthly water bills to agencies. The bond surcharge payments are used to make debt service payments on BAWSCA's revenue bonds.

All surcharges billed for the months of January and February have been collected. Payments of surcharges billed for March are still being received. Table 1 below presents a summary of financial transactions related to BAWSCA's Bond Series 2013A and 2013B for the three months.

Table 1: Summary of Financial Transactions for Quarter Ending 3/31/2014  
- BAWSCA Bond Series 2013A and 2013B

<u>Month</u>	<u>Amount Billed</u>	<u>Amount Remitted to Trustee</u>
January 2014	\$2,056,235	\$2,056,235
February 2014	\$2,056,235	\$2,056,235
March 2014	<u>\$2,056,235</u>	<u>\$1,101,661</u>
Total	\$6,168,705	\$5,214,131

**Bond Surcharge Account Balances**

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

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

Table 2: Bank of New York Bond Trustee Account Activity for Quarter Ending 3/31/2014

	\$21,626,945	Account balance as of 12/31/2013
<i>plus:</i>	6,103,470	<i>Surcharge collections for amounts billed in Dec 2013 through Feb 2014</i>
<i>plus:</i>	167,787	<i>Interest earnings</i>
<i>minus:</i>	0	<i>Debt service payment to bondholders</i>
<i>minus:</i>	<u>32,714</u>	<u><i>Accrued interest for Treasury coupon bonds purchased in January</i></u>
	\$27,865,489	Account balance as of 3/31/2014

There are two ways interest is earned by BAWSCA on the collected surcharge payments. First, interest is automatically earned on the account balance in the Bank of New York Bond Trustee money market account at a rate of 0.01%. Last quarter, that interest earning was \$42. Second, BAWSCA has the ability to invest the collected surcharge payments by purchasing US Treasury securities, possibly earning a higher rate of return than the money market account. BAWSCA receives semi-annual interest earnings on the purchased U.S. Treasury securities. Total interest earnings of \$167,745 were received on the securities purchased for the stabilization fund in March.

Based upon an evaluation of the available yields, it was determined that BAWSCA would realize slightly more than a \$500 threshold earnings benefit by purchasing the U.S. Treasury Bill instead of staying invested in the money market fund in January 2014. Accordingly, BAWSCA purchased \$4,437,000 par amount of the U.S. Treasury Note maturing on 9/30/2014 at a total cost of \$4,539,562 with the surcharge payments collected in November and December 2013. The purchase price includes a total accrued interest of \$32,714 because BAWSCA will receive at the maturity date the interest which accrued during the period prior to the time the security was purchased. The estimated interest earnings are about \$2,445 more than the interests we could receive from the money market account.

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

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

The recent debt service payment of \$6,727,407 was made on April 1, 2014. It was paid using the bond surcharges collected from the agencies, consistent with the initial bond structure. The next debt service payment of \$17,947,407 will be made on October 1, 2014. There are sufficient funds in the Trustee account to make the payment. Debt service payments are made on April 1<sup>st</sup> and October 1<sup>st</sup> of each year until 2034.

(This page intentionally left blank.)





**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:** May 2, 2014

**SUBJECT:** Directors' Reimbursement Quarterly Report for the Period Ending March 31, 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 March 31, 2014.

(This page intentionally left blank.)

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY**

**BOARD OF DIRECTORS MEETING**

**Agenda Title: Potential Amendment to Hanson Bridgett Professional Services Contract**

**Summary:**

Matters requiring additional use of legal counsel services are expected to arise toward the end of the Fiscal Year and the contract with Hanson Bridgett must be amended to avoid disruption of necessary work and achieve critical results for FY 2013-14. The amount necessary for the budget increase was not presented to the Board Policy Committee at its April meeting as the CEO and legal counsel were continuing to evaluate the level of funding necessary and actions to be taken to manage the remaining budget for the balance of the fiscal year.

In April, the CEO/GM executed amendment #1 to the Hanson Bridgett contract increasing the budget by \$25,000 to \$521,000 under her discretionary authority. A second amendment for an additional \$80,000 is necessary to fund necessary work through June 2014 for a revised not to exceed budget of \$601,000.

**Fiscal Impact:**

The adopted FY 2013-14 Operating Budget has the funds available for this contract increase. The source of funds will be the budgeted contingency of \$57,500, of which none has been expended to date, and unspent funds associated with other financial and technical consultant contracts, water conservation and grant activities, and miscellaneous sponsorships that are not anticipated to be fully expended this Fiscal Year.

**Board Policy Committee Action:**

The Committee voted unanimously to recommend the CEO/General manager to monitor the professional services contract with Hanson Bridgett to determine the most efficient and effective deployment of resources through the close of this fiscal year, and provide a recommendation for a possible contract amendment to the full board at its May meeting.

**Recommendation:**

**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.**

**Discussion:**

In Fall of this year, BAWSCA reallocated \$80,000 from the legal budget adopted in May 2013 to fund the Pilot Water Transfer Plan Phase II. At that time, the possible need to increase legal counsel's budget to accommodate that work plan modification was discussed but any potential action was deferred to later in the fiscal year when the actual need for a contract amendment would be known. Since that adjustment, significant issues have arisen

requiring deployment of legal resources that are expected to exceed the legal budget through the end of the Fiscal Year.

At the April Board Policy Committee meeting, the dollar value of a recommended budget amendment was not presented as the CEO/General Manager and legal counsel were continuing to evaluate the possible options for funding the necessary work through the balance of the fiscal year.

In April, a \$25,000 budget amendment for Hanson Bridgett was executed by the CEO/General Manager under her discretionary authority. A second amendment for an additional \$80,000 is necessary to ensure that the necessary legal counsel services are available to achieve BAWSCA's critical results this fiscal year. The recommended action would increase the not-to-exceed budget for this contract. Only those actual expenses incurred will be charged.

Alternatives considered included delaying less critical work items until next fiscal year. Those actions are being taken to the extent that the schedules are flexible and critical results to be achieved are not negatively impacted.

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY**

**BOARD OF DIRECTORS MEETING**

**Agenda Title: Amendment to FY 2013-14 Budget to Fully Fund Maddaus Water Management Professional Services Contract**

**Summary:**

In March 2013, the Board authorized a professional services contract with Maddaus Water Management (MWM) for \$365,000 to complete the Regional Demand and Conservation Projections Project. The Project extended over FY 2012-13 and FY 2013-14. The Board authorized the following amounts:

- \$65,000 for work done in FY 2012-13 funded from the BAWSCA General Reserve; and
- \$300,000 for work done in FY 2013-14 as part of the FY 2013-14 budget, but with funding from the General Reserve.

Of the \$65,000 authorized in FY 2012-13, only \$36,784 was spent. The remaining \$28,216 is requested at this time to complete the scope of work authorized under the MWM contract. BAWSCA has worked very closely with MWM to manage the cost and schedule for this Project and has held the consultant to the original budget amount. All consultant work will be completed in FY 2013-14 as scheduled.

**Fiscal Impact:**

The amount requested, \$28,216, is an appropriate estimate assuming full expenditure of the \$365,000 contract amount to complete the project. The source of funds would be various budget amounts from unspent water conservation activities and miscellaneous sponsorships. Any funds remaining unspent at the end of the year will return to the General Reserve. The total impact on the General Reserve from the contract is consistent with what was originally anticipated for the two-year contract term.

**Board Policy Committee Action:**

The need for this amendment was identified after the April Board Policy Committee meeting, therefore, no Committee recommendation is provided.

**Recommendation:**

**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.**

**Discussion:**

The Regional Demand and Conservation Projections Project is a critical input for the completions of BAWSCA's Long-Term Reliable Water Supply Strategy. The Project was initiated in FY 2012-13 given the tight deadline requirements for input to the Strategy and the required time to complete the project.

Initial work in FY 2012-13 was at a slower expense rate than originally anticipated to allow for more preparation time by the consultant prior to the first major work product being distributed to the member agencies. MWM has made good progress to date and the Project will be completed in June 2014. The Project will be completed within the original budget of \$365,000.

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY**

**BOARD OF DIRECTORS MEETING**

**Agenda Title:**        **Proposed Fiscal Year 2014-15 Work Plan and Operating Budget**

**Summary:**

This memorandum presents the proposed Fiscal Year 2014-15 Work Plan, Results to be Achieved, Operating Budget, and funding plan. This memorandum reflects input received from the Committee and Board to date, addresses clarifying questions raised by the Committee and Board to date, and summarizes the major conclusions. Additional detail is contained in the accompanying appendices.

The proposed Work Plan remains aligned with BAWSCA's legislated authority and its three goals: a reliable supply of high quality water at a fair price.

The estimate for next year's Operating Budget is \$2,939,286 which is about 10% below the current FY 2013-14 approved budget. Given the projected balance in the General Reserve at the end of FY 2013-14, it will be necessary to increase assessments to fund the proposed Operating Budget. To fund the proposed Operating Budget, a 5% increase in assessments and transfer of \$296,436 from the General Reserve is recommended and is anticipated to be sufficient to bring the General Reserve within the budgetary guidelines established by the Board by the end of FY 2014-15.

The preliminary Work Plan and Operating Budget were presented to the Committee in February and to the Board in March for discussion and comments. No action was requested. The Committee and the Board supported the preliminary Work Plan and the Results to be Achieved in FY 2014-15. Board members expressed support for the recommendation to fund the Operating Budget with a 5% increase in assessments and transfer of funds from the General Reserve.

**Board Policy Committee Action:**

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

**Recommendation:**

**That the Committee recommend that the Board approve the:**

- **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.**

**Proposed Work Plan:**

The proposed FY 2014-15 Work Plan addresses all of the forward-looking issues discussed with the Board Policy Committee in December and February and with the Board in January and March.

Major efforts included in the proposed FY 2014-15 Work Plan and that affect the proposed FY 2014-15 Operating Budget are:

- Ongoing oversight of the San Francisco's WSIP and 10-Year Capital Improvement Program (CIP);
- Pursuit of legislation to extend State oversight of San Francisco's progress implementing the WSIP;
- Administration of BAWSCA's bonds;
- Actively participation in the relicensing of New Don Pedro Reservoir to protect regional water supplies;
- Completion of the Long-Term Reliable Water Supply Strategy; and
- Completion of initial actions to improve drought reliability including the examination of a pilot water transfer with Santa Clara Valley Water District.

Table 1 lists all of the major Results to be Achieved. The activities are grouped according to the agency goals they support.

Table 2 lists the items that are not included in the preliminary Operating Budget. Any of these items could be added at a later date, if needed.

In developing the preliminary Work Plan, several activities were identified that could be performed by BAWSCA to the benefit of the agency and its members, but that are not included in the preliminary Work Plan because they are not critical to the agency achieving its state mandated mission and purpose. This information is presented in Appendix L of this memo.

Each year, BAWSCA's work plan development process starts by reviewing and updating the major activities over the next 20 years. These activities require coordinated action by BAWSCA and its member agencies to protect water reliability, quality and fair price. Table 3 lists these activities as they were updated as part of the FY 2014-15 Work Plan development. In each case, the results identified in Table 3 will take the form of agreements, legislation, or other legally enforceable work products. Development of these documents will result from skilled negotiations based on rigorous investigations of impacts and alternatives, costs, cost allocation, and other matters.

Further budget details and historical budget information are included in the appendices to this memo.



**Table 1. Results to be Achieved in FY 2014-15**

**RELIABLE SUPPLY - WATER SUPPLY MANAGEMENT PROGRAM**

1. **Long-Term Supply Solutions: Ensure a Reliable, High Quality Supply of Water is Available Where and When Needed.**
  - a. Long Term Reliable Water Supply Strategy – Complete Strategy by Dec. 2014. Work will include evaluation of project portfolios to meet updated supply needs & presentation of policy decisions for board consideration, including drought level of service.
  - b. Drought Reliability – Pursue planning for projects that would enhance near-term drought reliability for all agencies including examination of a pilot water transfer with Santa Clara Valley Water District. Implementation of a pilot water transfer is not included but can be added if later authorized by the Board.
  - c. Consistent and Defendable Regional Planning – Support members’ efforts to develop required 2015 Urban Water Management Plans.
2. **Near-term Supply Solutions: Water Conservation**
  - a. Implement Core Water Conservation Programs - Programs that benefit all customers.
  - b. Implement Subscription Water Conservation Programs - Rebate and other programs that benefit, and are paid for by, agencies that subscribe for these services.
3. **Facility Reliability: Monitor the SFPUC’s Water System Improvement Program/10-Year Capital Improvement Program**
  - a. Monitor WSIP scope, cost, and schedule as San Francisco continues an aggressive construction schedule through 2019. Press the SFPUC and the city's political leadership to meet the city's adopted schedule, satisfy the requirements of AB 1823, and respond promptly to BAWSCA's reasonable requests. Focus resources on monitoring project and program performance during construction.
  - b. Pursue legislation to modify current sunset clause and extend State oversight on WSIP implementation to 2022.
  - c. Review and monitor SFPUC’s Regional 10-Year Capital Improvement Program to ensure that identified projects and programs meet the needs of the BAWSCA member agencies in a cost-effective and appropriate manner. Some of the consultant resources currently being utilized as part of BAWSCA’s WSIP review will aid in this effort.
4. **Protect Members’ Interests in a Reliable Water Supply**
  - a. Proponents of draining Hetch Hetchy Reservoir – Continue to assess potential significance and risks associated with “legal and congressional” actions that might be taken by proponents.
  - b. FERC – Ensure resources for legal and technical monitoring and intervention in the FERC re-licensing of New Don Pedro Reservoir are sufficient to protect the customers’ long-term interests in Tuolumne River water supplies.
  - c. SFPUC Water Supply Level of Service Goal – Protect members’ water supply and financial interests as SFPUC addresses actions needed to meet its adopted Water Supply Level of Service Goal
5. **Take Actions to Protect Members’ Water Supply Interests in the Administration of the 2009 Water Supply Agreement**
  - a. Pursue amendment of the Tier 1 drought allocation formula with SFPUC.
  - b. SFPUC Interim Supply Decisions – Protect members’ water supply and financial interests as SFPUC initiates new planning effort (Water Management Action Plan “MAP”) to support the Commissions’ upcoming 2018 water supply decisions.

**6. Pursue Grant Opportunities Independently and in Coordination with Regional Efforts**

- a. Implement use of Proposition 84 grant funds awarded for water conservation programs.
- b. Secure new Proposition 84 Round 2 grant funds as appropriate for water conservation programs.
- c. Investigate the potential for additional grant funds to support the implementation of the Strategy.

**7. Reporting and Tracking of Water Supply and Conservation Activities**

- a. BAWSCA Annual Survey
- b. BAWSCA Annual Water Conservation Report
- c. Water Conservation Database

**FAIR PRICE**

**8. Perform Matters that Members Delegated to BAWSCA in the Water Supply Agreement**

- a. Administer the Water Supply Agreement with SF to protect interests of members and their customers in a fair price for water purchased.
- b. Administer bonds issued by BAWSCA to retire capital debt owed to San Francisco.
- c. Coordinate input to goals and objectives for future examination of alternative wholesale water rate structures and potential relationship to alternative retail rate structures Member Agencies might consider to stabilize water rates and water revenues.

**HIGH QUALITY WATER**

**9. Support Member Agencies in Receiving Reliable Communication of Water Quality Issues**

- a. Coordinate member agency participation in Water Quality Committee established by the 2009 Water Supply Agreement to ensure it addresses Wholesale Customer needs.
- b. Review and act on, if necessary, State legislation affecting water quality regulations.

**AGENCY EFFECTIVENESS**

**10. Maintain Community Allies and Contacts with Environmental Interests**

- a. Maintain close relationships with BAWSCA's powerful allies (state legislators, business, labor, local government, water customers, and the media) and activate them if necessary to safeguard the health, safety, and economic well-being of residents and communities. Respond to requests from local legislators. Maintain a dialogue with responsible environmental and other groups, who will participate in the project permitting and approval process for rebuilding the system.
- b. In conjunction with San Francisco, conduct or co-sponsor tours of the water system for selected participants.

**11. Manage the Activities of the Agency Professionally and Efficiently**

**Table 2: Activities Not Included in Proposed Work Plan and Operating Budget for FY 2014-15**

**Reliable Supply**

1. Implement a pilot water transfer with EBMUD in FY 2014-15, following completion of the pilot transfer plan.
2. Engage in extended or complex applications for grant funds. Application for water conservation grants will continue to be made through or with the Bay Area Water Agency Coalition, the California Urban Water Conservation Council, or other agencies.
3. Introduce major new legislation or supporting/opposing legislation initiated by others. If needed, the agency could support major legislative efforts by redistributing resources, using the contingency budget, or accessing the general reserve, subject to prior Board approval.

**Fair Price**

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

**High Water Quality**

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

**Agency Efficiency**

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

**Table 3. Future Challenges Facing BAWSCA, Member Agencies, and Their Customers**

Year or Period	Major Challenges or Issues
2014 to 2015	<ul style="list-style-type: none"> <li>• Protect health and safety through legislation that amends the California Water Code to extend State oversight of the WSIP until completion of the WSIP.</li> <li>• Monitor WSIP implementation to protect interests of member agencies and take steps necessary to ensure all adopted Level of Service goals are achieved.</li> <li>• Administer repayment and reporting of BAWSCA's 2013 bonds</li> <li>• Complete development of BAWSCA's Long-Term Reliable Water Supply Strategy (December 2014).</li> <li>• Represent member agencies in Federal relicensing of New Don Pedro and to protect SFPUC supplies (2015-16).</li> <li>• Amend Tier 1 drought allocation formula with San Francisco.</li> <li>• Provide additional drought protection to protect BAWSCA member agencies from excessive economic impacts.</li> <li>• Ensure new water supplies or transfers are brought on line to meet the needs of agencies that require additional water.</li> <li>• Protect customers from legal and legislative efforts to draining Hetch Hetchy that disregard their interests in reliability, quality and cost.</li> <li>• SF elects Mayor in 2015.</li> </ul>
2016 to 2020	<ul style="list-style-type: none"> <li>• Continue representing members' interests in reliable supplies through FERC issuance of a new license for New Don Pedro in 2016.</li> <li>• Conduct investigations and advocate appropriate positions prior to San Francisco deciding whether or not to make San Jose and Santa Clara permanent Wholesale Customers by 2018.</li> <li>• Conduct investigations and advocate appropriate positions prior to San Francisco deciding whether to provide more than 184 mgd to Wholesale Customers and whether or not to increase the perpetual Supply Assurance by 2018.</li> <li>• Ensure San Francisco maintains its Tuolumne River water rights.</li> <li>• Enforce the Water Supply Agreement to ensure San Francisco meets its water supply, quality, maintenance and reporting commitments.</li> <li>• Assist member agency negotiation of a new Tier 2 drought allocation formula by preparing and analyzing alternatives, facilitating agreement and producing legal documents before the existing one expires at the end of 2018.</li> <li>• SF elects Mayor in 2019.</li> </ul>
2021 to 2035	<ul style="list-style-type: none"> <li>• Ensure new water supplies are on line to meet future needs that are not met by San Francisco.</li> <li>• Extend or renegotiate the Water Supply Agreement before it expires in 2034.</li> <li>• SF elects Mayor in 2023, 2027, 2031, and 2035.</li> </ul>

**Recommended Proposed FY 2014-15 Operating Budget:**

The proposed Operating Budget presented in Table 4 reflects the funding necessary to achieve the full Work Plan and includes the net increase to fund the Annual Required Contribution (ARC) for Other Post-Employment Benefits (OPEB). This is included as a separate line item to highlight its inclusion in this second year of funding.

**Table 4. Proposed FY 2014-15 Operating Budget  
by Major Expenditure Category**

Cost Category	Approved FY 2013-14 Budget, dollars*	Proposed FY 2014-15 Budget, dollars	Difference, dollars
<b>Consultants/ Direct Expenditures</b>			
Reliability	1,205,662	770,162	(435,500)
Fair Pricing	239,500	287,000	47,500
Administration	74,000	85,300	11,300
<i>Subtotal</i>	1,519,162	1,142,462	(376,700)
<b>Administration</b>			
Employee Salaries & Benefits	1,308,527	1,343,406	34,879
Other Post-Employment Benefits( <i>net</i> )	98,000	95,918	(2,082)
<i>Benefits Subtotal</i>	1,406,527	1,439,324	32,797
Operational Expenses	290,500	295,000	4,500
BAWUA	1,100	1,100	0
Subtotal	1,698,127	1,735,424	37,297
Total Operating Expenses	3,217,288	2,877,866	(339,403)
<b>Capital Expenses</b>	4,000	2,500	(1,500)
<b>Budgeted Contingency</b>	57,500	57,500	(0))
<b>Regional Financing Authority</b>	1,400	1,400	0
<b>Grand Total</b>	3,280,188	2,939,286	(340,903)
*As amended by the Board on July 18, 2013.			

**Funding the Proposed Operating Budget:**

Four principles were considered when examining how to fund the proposed Operating Budget:

1. Budget sufficient resources to achieve the desired Work Plan results.
2. Spend only what is needed to achieve the results.
3. Do not increase assessments unless absolutely necessary.
4. Maintain a prudent General Reserve balance within Board guidelines.

The proposed funding plan complies with all four principles. The proposed Operating Budget achieves the results listed in the FY 2014-15 Results to be Achieved.

Use of and Status of General Reserve

Each year, unspent funds are moved to the General Reserve to fund special needs and future years' budgets. For example, over the past several years, additions to and planned use of the General Reserve have included:

- \$172,190 assessment refund to the member agencies from the General Reserve in October 2011;
- Approved adjustments to the adopted work plan in FY 2011-12 resulted in \$264,000 in unspent FY 2011-12 funds being transferred into the General Reserve in FY 2012-13;
- \$130,000 from General Reserve in FY 2012-13 to fund EBMUD Pilot Water Transfer Plan,
- \$65,000 from General Reserve in FY 2012-13 to fund Water Demands Projection Project, and
- \$398,000 from the General Reserve in FY 2013-14 to fund the Water Demand Study and the Annual Required Contribution (ARC) for the OPEB obligations.

The funding plan for the adopted FY 2013-14 Operating Budget included use of \$762,188 from the General Reserve and assumed a deposit of unspent funds from FY 2012-13 to the General Reserve of approximately \$250,000.

Though expenditures in FY 2012-13 were within the approved FY 2012-13 budget, revenue realized by June 30, 2013 was less than actual expenses. The net result is such that no funds were available to deposit into the General Reserve with the close of FY 2012-13. This information became available upon completion of BAWSCA's audited financials for FY 2012-13 and reported in the BAWSCA Budget Status Report as of September 30, 2013.

At this time, the FY 2013-14 year end General Reserve balance is estimated to be \$551,628, or 18% of the proposed FY 2014-15 Operating Budget, which is outside the adopted General Reserve Policy. BAWSCA's General Reserve Policy, last adopted July 2011, identifies a range of 20% to 35% of the fiscal year operating expense as a budgetary guideline for the General Reserve balance.

Alternatives Examined for Funding the Proposed Operating Budget

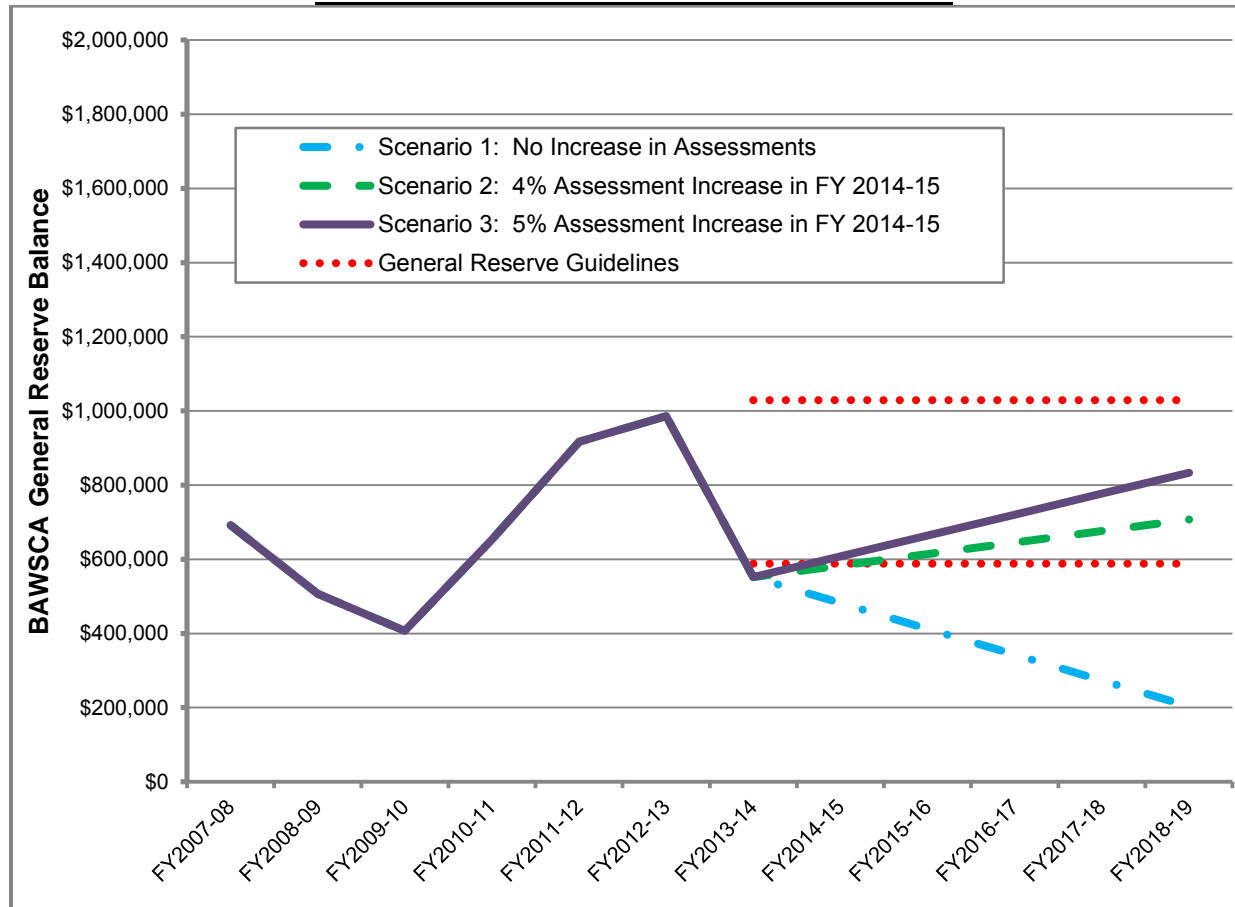
Several alternatives to funding the proposed Operating Budget were examined and are presented below and depicted in Figure 1:

- Scenario 1: Fund the FY 2014-15 proposed Operating Budget with no increase in assessments. This scenario results in a decreasing General Reserve balance for the upcoming 5 years.
- Scenario 2: Fund the FY 2014-15 proposed Operating Budget with a one-time 4% increase in assessments and difference withdrawn from the General Reserve. This scenario results in a General Reserve balance that is less than the minimum budgetary guideline adopted by the Board.
- Scenario 3: Fund the FY 2014-15 proposed Operating Budget with a one-time 5% increase in assessments in FY 2014-15. This scenario results in achieving the minimum General Reserve target in FY 2014-15 and staying below the maximum budgetary guidelines through FY 2018-19.

All three scenarios assume the following: 1) full funding of the budget through assessments and transfers from the General Reserve, 2) an Operating Budget of \$2,939,286 for five years, 3) 90% spending-to-budget ratio for FY 2013-14 and the historical spending-to-

budget ratio of 88% afterwards, and 4) that unspent funds are deposited back into the General Reserve at year-end.

**Figure 1: Increase in Assessments Needed to Meet General Reserve Minimum Guidelines**



In examining alternatives to funding the proposed Operating Budget, a few key results can be determined:

- Scenario 1 results in an estimated General Reserve balance at the end of FY 2014-15 that is below the minimum budgetary guideline established by the Board, and the balance would continue to decline in subsequent years.
- Scenario 2 results in an estimated General Reserve balance at the end of FY 2014-15 that is slightly below the minimum budgetary guideline established by the Board.
- Scenario 3 results in the estimated General Reserve balance at the end of FY 2014-15 within the established budgetary guidelines, at 21% of the proposed FY 2014-15 Operating Budget.

Based on the examinations made, a 5% increase in assessments appears sufficient to bring the estimated General Reserve within the budgetary guidelines established by the Board. BAWSCA's assessments have not been increased in 5 years. Historical BAWSCA assessments are provided in Appendix E.

A 5% increase in assessments represents a total increase of \$125,840.60. Table 5 presents the results of a 5% increase in assessments by member agency.

The combination of a 5% increase in assessments and the transfer of \$296,436 from the General Reserve is sufficient to fund the proposed FY 2014-15 Operating Budget.

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

<b>Members</b>	<b>Adopted FY 2013-14 Annual Assessment</b>	<b>5% Increase</b>	<b>Difference</b>
ACWD	\$169,133	\$177,589.65	\$8,456.65
Mid Peninsula	\$51,560	\$54,138.00	\$2,578.00
Brisbane	\$5,268	\$5,531.40	\$263.40
Burlingame	\$70,011	\$73,511.55	\$3,500.55
Coastside	\$22,289	\$23,403.45	\$1,114.45
Cal Water	\$534,120	\$560,826.00	\$26,706.00
Daly City	\$65,356	\$68,623.80	\$3,267.80
E. Palo Alto	\$30,840	\$32,382.00	\$1,542.00
Estero	\$84,767	\$89,005.35	\$4,238.35
GVMID	\$6,573	\$6,901.65	\$328.65
Hayward	\$264,276	\$277,489.80	\$13,213.80
Hillsborough	\$54,899	\$57,643.95	\$2,744.95
Menlo Park	\$49,702	\$52,187.10	\$2,485.10
Millbrae	\$39,503	\$41,478.15	\$1,975.15
Milpitas	\$101,601	\$106,681.05	\$5,080.05
Mtn. View	\$159,987	\$167,986.35	\$7,999.35
North Coast	\$49,462	\$51,935.10	\$2,473.10
Palo Alto	\$198,514	\$208,439.70	\$9,925.70
Purissima Hills	\$31,448	\$33,020.40	\$1,572.40
Redwood City	\$169,604	\$178,084.20	\$8,480.20
San Bruno	\$35,161	\$36,919.05	\$1,758.05
San Jose	\$69,295	\$72,759.75	\$3,464.75
Santa Clara	\$58,922	\$61,868.10	\$2,946.10
Stanford	\$38,799	\$40,738.95	\$1,939.95
Sunnyvale	\$141,167	\$148,225.35	\$7,058.35
<u>Westborough</u>	<u>\$14,555</u>	<u>\$15,282.75</u>	<u>\$727.75</u>
Total	\$2,516,812	\$2,642,652.60	\$125,840.60



## **APPENDICES**

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

### **Appendix A: Assumptions Included in Development of Proposed FY 2014-15 Operating Budget**

The following are the major assumptions included in the development of the proposed FY2014-15 Operating Budget related to implementing the Pilot Water Transfer, employee salaries and benefits, funding the agency's Other Post-Employment Benefits (OPEB) Annual Required Contribution (ARC), and overall funding of the budget.

Implementing a Pilot Water Transfer: The proposed Work Plan and Operating Budget does not include work associated with implementation of a pilot water transfer with East Bay Municipal District (EBMUD) in FY 2014-15. Implementing a pilot water transfer with EBMUD requires two specific triggers:

- EBMUD must declare a water shortage and decide to access additional water supply via its Freeport project; and
- SFPUC must declare a water shortage requesting water use reductions.

Water supply conditions will continue to be reviewed in the coming months in anticipation of potential consideration by the BAWSCA Board at its July or September 2014 meeting to implement a pilot water transfer with EBMUD. Possible options to fund the implementation of the Pilot Water Transfer Plan will be presented as part of any recommended action and will include possible use of the Water Management Charge, a funding tool enabled in the 2009 Water Supply Agreement.

Employee Salaries and Benefits: The increase for salaries and benefits of \$32,797 shown in the proposed Operating budget is a result of a variety of changes. Many of these changes are associated with the large number of staffing adjustments experienced in FY 2013-14 and also include increases in health benefit costs, reduced retirement benefit costs for new employees due to the Public Employment Pension Reform Act (PERPA), and staffing support associated with the CEO transition. The proposed Operating Budget also includes the following:

- \$19,064 for a COLA adjustment to top step salaries
- \$12,551 merit allowance separate from COLA adjustment

A Cost of Living Allowance (COLA) adjustment of 2.60% to the top step of salaries has been included in the proposed Operating Budget and is consistent with the December value for the Consumer Price Index for Urban Wage Earners and Clerical Workers in the San Francisco-Oakland-San Jose area. COLA increases for employees are not automatic but can be granted by the CEO on the basis of merit. The history of salary and benefit adjustments for BAWSCA is presented in Appendix H to this memo.

The size of the merit allowance would permit awarding salary increases of up to 5%, or to top step for the position, whichever is less. Consistent with past practice, no salary increment is budgeted for the CEO.

OPEB ARC: The proposed FY 2014-15 Operating Budget includes funding the increase to fund the Annual Required Contribution (ARC) for Other Post-Employment Benefits.

**Funding the Budget:** The funding analysis assumes the following: 1) full funding of the budget through assessments and transfers from the General Reserve, 2) an Operating Budget of \$2,939,286 for five years, 3) 90% spending-to-budget ratio for FY 2013-14 and the historical spending-to-budget ratio of 88% afterwards, and 4) that unspent funds are deposited back into the General Reserve at year-end, assuming that budgeted revenue goals are realized.

**Appendix B: Funding for Subscription Conservation Programs**

As in prior years, a portion of operating expenses would be reimbursed by agencies that participate in BAWSCA's subscription water conservation programs. The staff time to be devoted to those programs during FY 2013-14 is estimated to be 770 hours. Agencies participating in subscription programs pay for associated consultant support and direct expenses. A slightly increased level of effort is planned for FY 2014-15 with the addition of a new subscription program associated with the Residential Home Water Use Reports program. As in prior years, those consultant costs and direct expenses are not included in the Operating Budget.

**Appendix C: Funding for the Long-Term Reliable Water Supply Strategy**

The Operating Budget does not include the cost of consulting services for developing the Long-Term Reliable Water Supply Strategy, which is being funded through the Water Management Charge authorized by the Board in July 2010. An update on the Water Management Charge revenue is provided in the Budget Status Reports to the Board.

**Appendix D: Value for the Cost**

The formula for BAWSCA assessments results in equivalent cost per gallon throughout BAWSCA's members. All BAWSCA costs are ultimately passed on to water customers through the water rates of the local city, district, or private utility. The current cost of assessments to residential customers in the BAWSCA area averages about \$4.60 per household per year.

**Appendix E: Historical Assessments**

Table E-1 displays the history of assessments and year-end reserves.

**Table E-1. Historical Annual Assessments and Year-End Reserves**

Fiscal year	Assessments	Year-End Reserves
2003-04	\$1,668,550	\$276,480
2004-05	\$1,641,995	\$246,882
2005-06	\$1,953,998	\$240,000
2006-07	\$2,117,904	\$654,000
2007-08	\$2,117,904	\$691,474
2008-09	\$2,309,000	\$507,474
2009-10	\$2,517,000	\$407,192
2010-11	\$2,517,000	\$653,763
2011-12	\$2,517,000	\$916,897

2012-13	\$2,517,000	\$985,897
2013-14	\$2,517,000	\$551,628

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

The proposed FY 2014-15 budget for BAWUA is \$1,100. This amount appears in the BAWSCA budget.

**Appendix G: Proposed Budget for the Regional Financing Authority Budget**

The BAWSCA Board of Directors has continued to agree to fund nominal administrative costs for the Regional Financing Authority (RFA), at least until it became more actively involved and required significant resources. Assuming a continued low level of activity in FY 2014-15, the proposed RFA budget is \$1,400. The RFA will formally consider and adopt this budget in July 2014.

**Appendix H: History of Salary and Benefits Adjustments**

The information below presents the history of salary and benefits adjustments for BAWSCA staff.

- FY 2013-14: The Board approved a 2.312 percent increase to the top step of staff salary ranges, consistent with the December value for the Consumer Price Index for Urban Water Earners and Clerical Workers in the San Francisco-Oakland-San Jose area. COLA increases for employees are not automatic but can be granted by the CEO on the basis of merit.
- FY 2012-13: The Board approved a 3.10 percent increase to the top step of staff salary ranges. Those adjustments were consistent with the December value for the Consumer Price Index for Urban Wage Earners and Clerical Workers in the San Francisco-Oakland-San Jose area. COLA increases for employees are not automatic but can be granted by the CEO on the basis of merit.
- FY 2011-12: The Operating Budget included no adjustment to the salary for any employee for COLA, merit or any other reasons.
- FY 2010-11: The Board approved a 3.01 percent increase to the top step of staff salary ranges. Those adjustments were consistent with the December value for the Consumer Price Index for Urban Wage Earners and Clerical Workers in the San Francisco-Oakland-San Jose area. COLA increases for employees are not automatic but can be granted by the CEO on the basis of merit.
- FY 2009-10: There was no COLA adjustment. An allowance for merit adjustments was budgeted for employees not yet at top step.

**Appendix I: Uses of Professional Services**

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

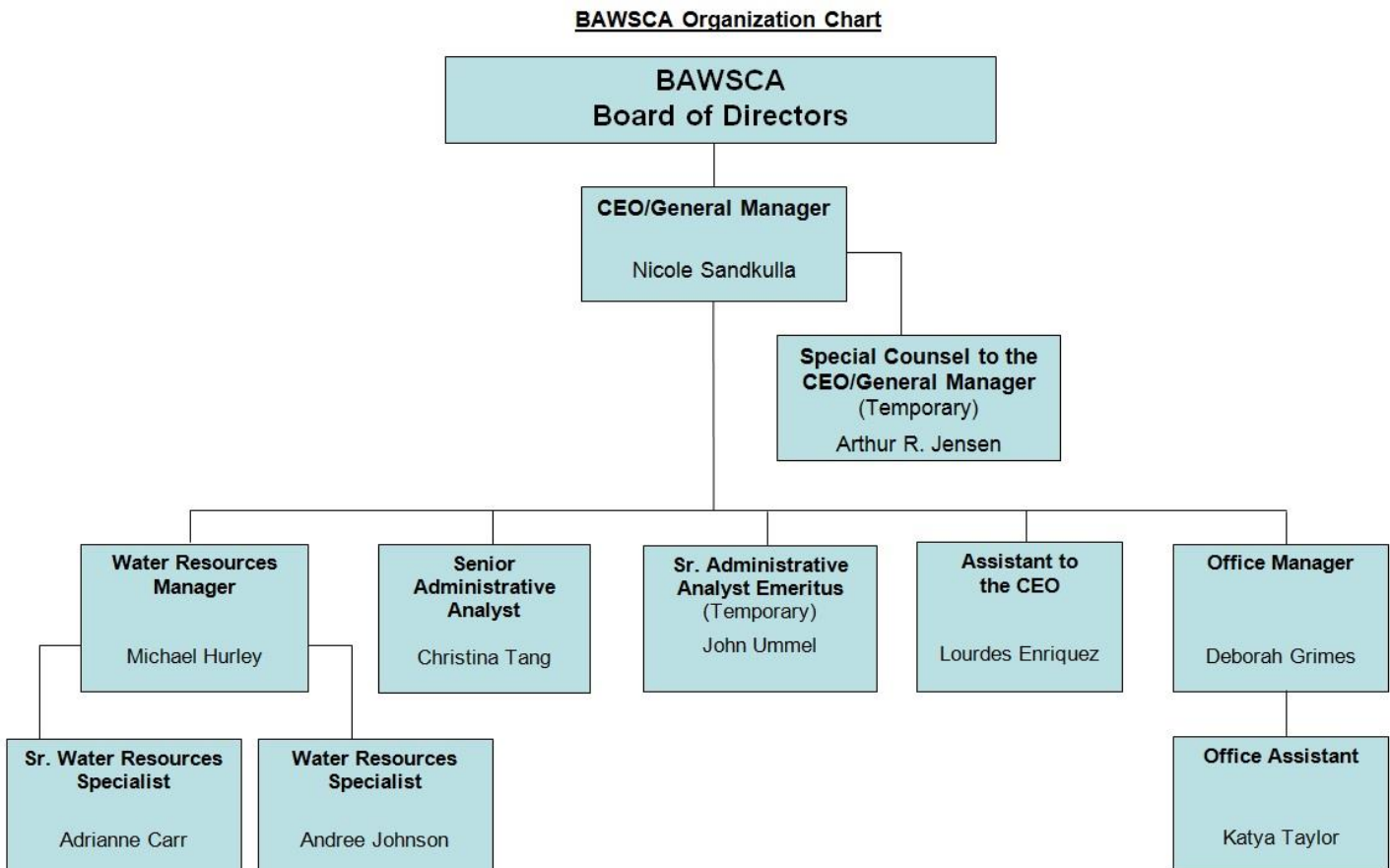
1. Professional engineering services for: a) developing a long-term strategy to ensure a reliable supply of water; b) implementing and tracking water conservation efforts; c) evaluating and monitoring SFPUC's 10-Year Capital Improvement Program development and implementation; d) evaluating Water System Improvement Program project scopes during design and construction; e) monitoring WSIP project cost estimates, bids and schedules; f) monitoring and assessing San Francisco's performance in implementing the overall WSIP; g)

assessing San Francisco's method for cost estimation, application of contingencies and addressing cost inflation during the WSIP; h) providing specific constructive recommendations for keeping the WSIP on or ahead of schedule; and i) analyzing hydraulic records used by San Francisco in setting the wholesale water rates.

2. General legal services for BAWSCA and the RFA; specialized legal services to support administration of the Water Supply Agreement and specialized legal services for addressing matters related to water supply reliability.
3. Strategic counsel for identifying and addressing strategic and political issues associated with maintaining the progress of the Water System Improvement Program, assisting the Board and the CEO in developing and implementing an effective policy making process that supports the development of the Long-Term Reliable Water Supply Strategy, providing legislative and political support, and providing advice to the CEO and the Board on other issues significant to the water customers and the effectiveness of the agency.
4. Financial advisory services to conduct specified capital financing and rate impacts analyses on a task order basis.
5. Accounting/auditing expertise to assist with implementing the Water Supply Agreement, as well as an independent auditor to prepare and review annual financial statements.

#### **Appendix J: Current Organization and Staffing**

Figure J-1 represents the current reporting relationships in the organization.



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

Table 3 details the major challenges faced by BAWSCA, Member Agencies, and their customers between now and 2035 that were identified during the FY 2014-15 Work Plan development.

**Appendix L: Beneficial Activities Identified But Not Included in Work Plan**

In developing the proposed Work Plan, several activities were identified that could be performed by BAWSCA to the benefit of the agency and its members but that are not included in the proposed Work Plan because they are not critical to the agency achieving its state mandated mission and purpose. These items are presented in Table L-1 below.

**Table L-1: Beneficial Activities Identified  
But Not Included in Proposed Operating Budget for FY 2014-15**

<b><u>Program Area</u></b>	<b><u>Activity</u></b>
Fair Price	<ul style="list-style-type: none"> <li>• Produce an independent evaluation of wholesale rate structures and how retail rates could be structure to avoid large revenue uncertainties. San Francisco has considered setting rates based on Individual Supply Guarantees, which would reduce or eliminate savings in the cost of water as an incentive for developing water conservation or alternative supplies.</li> </ul>
Reliable Supply	<ul style="list-style-type: none"> <li>• Coordinate or develop and implement drills of emergency preparedness procedures between the SFPUC and the BAWSCA member agencies (including their associated cities and counties) to protect the public health and safety of the water customers. Historical drills have focused on more on testing SFPUC response and communication rather than integrated response and operations.</li> <li>• Develop regional conservation program materials for BAWSCA member agencies to support their programs and BAWSCA's programs in a uniform fashion</li> <li>• Modify to BAWSCA's Water Conservation Database to match current CUWCC reporting requirements.</li> </ul>

(This page intentionally left blank.)

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY**

**BOARD OF DIRECTORS MEETING**

**Agenda Title: Approval of Professional Services Contracts for Fiscal Year 2014-15**

**Summary:**

Outside professional services are used for legal, engineering, financial, strategic and water conservation support of BAWSCA's programs and objectives for FY 2014-15. To ensure work begins promptly or continues without interruption, fourteen contracts need to be in place by July 1, 2014.

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

Following consideration and adoption of a budget for FY 2014-15, the Board will consider each of the fourteen contracts. Other consulting services that may be needed to complete the FY 2014-15 Work Plan will be brought to the Board for authorization during the year.

**Fiscal Impact:**

The proposed FY 2014-15 Operating Budget contains a total of \$1,026,300 for outside professional services to support BAWSCA, including \$2,000 to support the RFA and BAWUA. The combined budget for the fourteen professional services contracts that need to be in place on July 1, 2014 is \$1,006,000. The balance of professional services included in the Operating Budget is for services that will be needed later in the year and authorization would be considered by the Board at a later date.

**Board Policy Committee Action:**

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

**Recommendation:**

**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.**

**Discussion:**

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

A separate memorandum for each professional service contract presents the qualifications of the service providers and the scopes of work for FY 2014-15. BAWSCA's standard form of contract will be used as the basis for each contract.

Table 1 summarizes the costs for fourteen professional services contracts needed in place by July 1, 2014. The combined budget for these professional services is \$1,006,000. The corresponding consulting budgets for FY 2013-14 are the values as of March 31, 2014.

**Table 1: Annual Professional Services Funded Through the Operating Budget**

<b><u>Services Provided</u></b>	<b><u>FY 2013-14</u> <u>(as of 4/16/14)</u></b>	<b><u>Proposed</u> <u>FY 2014-15</u></b>
BLX Group LLC (Investment Advisor)	-	\$12,500
Brown and Caldwell (Water Conservation Database)	\$35,000	\$30,000
Burr Pilger Mayer (Auditing, 2009 WSA Administration)	\$15,000	\$15,000
Hanson Bridgett, LLP (Legal Counsel) <sup>1</sup>	\$496,000	\$524,000
Hilton Farnkopf Hobson (Engineering, Financial, 2009 WSA)	\$30,000	\$40,000
Kelling, Northcross, Nobriga (Financial Counsel)	\$60,000	\$50,000
Orrick, Herrington & Sutcliffe (Bond Documents, Legal Support)	\$12,000	\$12,000
Terry Roberts Engineering (WSIP Oversight, 10–Year CIP)	\$125,000	125,000
Stetson Engineering (Engineering, 2009 WSA Administration, Water Use Analyses)	\$47,500	\$47,500
Bud Wendell (Strategic Counsel)	\$150,000	\$150,000
EarthCapades (School Assembly Program)	N/A <sup>2</sup>	N/A <sup>2</sup>
Resource Action Program (School Education Programs)	N/A <sup>2</sup>	N/A <sup>2</sup>
Tuolumne River Trust (Classroom Education Program)	-	N/A <sup>2</sup>
Waterfluence (Large Landscape Conservation Services)	N/A <sup>2</sup>	N/A <sup>2</sup>
<b>Total</b>	<b>\$970,500</b>	<b>\$1,006,000</b>

1. The contract not-to-exceed amounts exclude funding from the Water Management Charge to support the Long-Term Reliable Water Supply Strategy.

2. Subscription Programs paid by participating agencies.

**Legal counsel services funded by the Operating Budget**

The contract not-to-exceed amount for legal services is \$524,000 and is contained in the FY 2014-15 proposed Operating Budget. The proposed legal budget is \$28,000 more than the approved budget for FY 2013-14 as of April 16, 2014. Not included in this amount is the funding for legal counsel support of the Long-Term Reliable Water Supply Strategy. The use of a portion of the Water Management Charge for these legal services was approved by the Board on July 2010.

**Strategic counsel services funded by the Operating Budget**

Mr. Wendell has provided strategic counsel for the CEO/General Manager and Board (BAWSCA and BAWUA) since FY 2000-01. The not-to-exceed amount for strategic counsel services in the FY 2014-15 proposed Operating Budget is \$150,000.

If large unanticipated legislative or other efforts that arise during FY 2014-15 require additional strategic counsel or legal assistance, the Board would be asked to reprogram the FY 2014-15 Work Plan and budget resources, and authorize any additional strategic resources needed. For example,



proponents of draining Hetch Hetchy Reservoir may take their battle to the federal level, and the budget for strategic counsel does not cover the work that would be necessary to protect the water customers from such a development.

**Technical services funded by the Operating Budget**

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

Stetson Engineering assists BAWSCA in ensuring that the SFPUC's allocations of costs to the wholesale customers are based on accurate data and calculated as specified in the new Water Supply Agreement.

HFH will help ensure proper implementation of the 2009 WSA, especially in matters dealing with cost allocation. In addition, HFH's expertise in water rate design and prior work on the drought allocation plan will be useful should the SFPUC propose a new wholesale water rate structure.

Mr. Roberts has a track record of successfully implementing complex capital improvement programs for local Bay Area cities including San Jose's \$3.5 billion, 5-year capital improvement program. The technical support from Mr. Roberts gives BAWSCA the ability to contribute constructive recommendations to the SFPUC on project implementation, including construction and program management for both the WSIP and the 10-Year CIP. His services help BAWSCA ensure that member agency needs can be met reliably during and after construction, and that issues pertinent to serving their customers and saving money are identified and addressed.

The technical services provided by Mr. Roberts differ from the work performed by the SFPUC and its consultants. Mr. Roberts' review SFPUC work products and progress to ensure that projects will provide the desired service to the wholesale customers and that the WSIP is being well managed. Among the specific questions Mr. Roberts' helps BAWSCA address are the following questions to which the CEO/General Manager refers in making her periodic assessments and reports to the Board of Directors:

- Are project scopes consistent with the SFPUC's levels of service goals?
- Have scopes been narrowed to stay within schedule or budget?
- Will projects remain within scope?
- Are projects on their adopted schedules?
- When will scope changes and schedule delays be reported to the State?
- Is work being completed within planned budgets and will projects remain within budgets?
- Does sufficient project contingency remain to complete construction?
- Do construction bids compare favorably to engineers' estimates and cost at completion?
- Does the escalation allowance continue to appear sufficient?
- How does SFPUC address project quality control?
- Is the SFPUC anticipating problems and taking appropriate actions?
- What is SFPUC doing to ensure sufficient resources in time for the steep construction period?
- Will changes in policy and management leadership before the end of construction delay the program?

**Financial services funded by the Operating Budget**

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

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

For FY 2014-15, BLX will monitor market conditions and the agency's circumstances on an ongoing basis to provide opportunities to all the agency's funds (including stabilization funds, interest funds and principal funds) deposited at the BNY while satisfying all cash flow, safety and liquidity considerations in a manner consistent with Board's investment policy.

Orrick served as BAWSCA's Bond Counsel when BAWSCA's revenue bonds were issued in FY 2012-13 to prepay a capital debt that the member agencies owed to San Francisco. Orrick has been providing BAWSCA legal support on the bond documents since the bonds were issued.

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY**

**BOARD OF DIRECTORS MEETING**

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

**Summary:**

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with BLX Group LLC (BLX) for FY 2014-15 to provide investment advisory services for BAWSCA's bond funds deposited at the Trustee and to provide arbitrage rebate compliance services with respect to the Revenue Bonds, Series 2013A issued in February 2013. The contract will be prepared in BAWSCA's standard form of agreement with clauses necessary for the agreement to comply with Securities and Exchange Commission (SEC) requirements for investment advisory services.

**Fiscal Impact:**

The total not-to-exceed amount of \$12,500 with BLX is included in the FY 2014-15 proposed operating budget. The proposed budget is \$6,500 more than the last contract with BLX.

**Board Policy Committee Action:**

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

**Recommendation:**

**That the Board authorize the CEO/General Manager to negotiate and execute a contract between BAWSCA and BLX for a total not-to-exceed amount of \$12,500 subject to legal counsel's review.**

**Discussion:**

BAWSCA retained BLX Group LLC as the investment advisor to identify the investment alternatives available to the agency's bond stabilization fund deposited at the Trustee, Bank of New York (BNY) for FY 2013-14. With BLX's assistance, BAWSCA selected the winning broker for the stabilization fund through a competitive bidding process. BLX's one-time securities procurement services in FY 2013-14 terminated upon closing of the transaction in July 2013.

For FY 2014-15, BLX will do the following:

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

- Perform calculations relating to the arbitrage and rebate requirements contained in the Internal Revenue Code with respect to the Revenue Bonds, Series 2013A.

**Scope of Services – Results to be Achieved:**

The draft scope of services with BLX to provide investment advisory services for BAWSCA's bond funds deposited at the Trustee for FY 2014-15 is shown in Exhibit A.

The draft scope of services with BLX to provide arbitrage rebate compliance services for FY 2014-15 is shown in Exhibit B.

**EXHIBIT A**

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

**DRAFT**

**FY 2014-15 SCOPE OF SERVICES**

**Purpose**

For FY 2014-15, BAWSCA requires on-going professional investment advisory services on the agency's funds deposited at the Bank of New York in a manner consistent with Board's investment policy.

**Work to be Performed:**

Anticipated tasks may include the following:

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

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

**Proposed Budget: \$10,000**

**Rates & Charges:**

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

Due to the short investment horizon and expectations of continued low short-term investment yields, BLX has proposed to waive the portion of their management fees allocable to the interest funds and principal funds in FY 2014-15.

**EXHIBIT B**

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

**DRAFT**

**FY 2014-15 SCOPE OF SERVICES**

**Purpose**

For FY 2014-15, BAWSCA requires arbitrage rebate compliance services with respect to the Revenue Bonds, Series 2013A, issued in February 2013.

**Work to be Performed:**

Anticipated tasks may include the following:

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

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

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

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

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

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

**Proposed Budget: \$2,500**

**Rates & Charges:**

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

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

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY**

**BOARD OF DIRECTORS MEETING**

**Agenda Title:**        **Professional Services Contract with Brown & Caldwell to Support the Implementation of the BAWSCA Water Conservation Database for FY 2014-15**

**Summary:**

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with Brown & Caldwell (B&C) to provide as needed technical support services for the on-going implementation of the BAWSCA Water Conservation Database (WCDB) for FY 2014-15.

**Fiscal Impact:**

The BAWSCA budget for FY 2014-15 includes \$30,000 for consulting support services for implementation of the WCDB.

**Board Policy Committee Action:**

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

**Recommendation:**

**That the Board authorize the CEO/General Manager to negotiate and execute a contract between BAWSCA and B&C for a not-to-exceed amount of \$30,000 to provide as needed technical support services for the implementation of the WCDB in FY 2014-15.**

**Discussion:**

As presented during the budget development process, additional outside resources are necessary to complete the adopted Work Plan for FY 2014-15 in several areas. One such area is the need for additional technical resources to support ongoing implementation of the WCDB.

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

In FY 2010-11 through FY 2013-14, BAWSCA contracted with B&C to assist with the implementation of the WCDB and training of the member agencies on use of the database. As part of these contracts, B&C also provided as needed technical support to integrate the WCDB with existing BAWSCA agency database systems and to provide other WCDB system refinements. In FY 2010-11 the budget for this work was \$125,800; in FY 2011-12 the budget was \$75,000; and in FY 2012-13 the budget was \$35,000. The proposed budget of \$30,000 for FY 2014-15 represents a continued reduction of the budget allocated to B&C for these work products. A contract with B&C in FY 2014-15 is proposed to provide additional as needed technical support to BAWSCA and the member agencies for on-going implementation of the WCDB and integration of the WCDB with the DSS Models that are being developed for each BAWCA agency as part of the Regional Water Demand and Conservation Projection Project, which was approved by the

BAWSCA Board at its March 2013 meeting. Such technical support activities include adding or deleting additional data sheets as agency water conservation programs evolve, addressing technical issues that arise during agency utilization of the WCDB, and augmenting the database to improve key features and user experience. Use of the WCDB improves the cost-effectiveness of BAWSCA's necessary data collection and management activities for both BAWSCA and the member agencies.

The need for additional resources to implement the WCDB in FY 2014-15 was identified as part of the BAWSCA Proposed Work Plan for FY 2014-15.

**Alternatives:**

Alternatives to the recommended action are to: (1) not support the WCDB in FY 2014-15, or (2) train BAWSCA staff to support the WCDB rather than enter into a contract with B&C. BAWSCA does not recommend these alternatives for the reasons stated below.

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

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

**Conclusion:**

The WCDB has enhanced member agency's water conservation and Annual Survey reporting efforts at reasonable cost. The WCDB will also be integral to supporting updates to the DSS Models that are being developed for each agency as part of the Regional Demand and Conservation Projections Project. The services provided by B&C during the past five years have been critical to the overall WCDB success. For this reason it is recommended that BAWSCA continue to contract with B&C to maintain the WCDB in FY 2014-15.

**Attachment:**

The Scope of work for FY 2013-14 is shown in Exhibit A. The scope of work for FY 2014-15 will be updated as necessary during negotiations of a new contract.



**EXHIBIT A**

**TO THE CONSULTING SERVICES AGREEMENT  
Between the Bay Area Water Supply and Conservation Agency  
And Brown and Caldwell**

**SCOPE OF SERVICES**

**PURPOSE**

For FY 2013-14, BAWSCA requires specialized services to support the ongoing implementation of its Water Conservation Database (WCDB) including as needed technical support to BAWSCA and the member agencies.

**Work to be Performed:**

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

- Provide WCDB technical support on an “on-call” basis, potentially including:
  - Development of new water conservation measure sheets
  - Integration with the demand and conservation projection process
  - Other on-call work
- Conduct project management

**Not to Exceed Budget:** **\$30,000**

**Rates & Charges:**

Project Manager (Senior Engineer)	\$151/hour
Project Assistant (Project Analyst III)	\$99/hour
IT Associate (Sr. IT Analyst/Developer)	\$162/hour
IT Manager (Information Resources Manager)	\$252/hour
Accountant (Accountant II)	\$90/hour
Monitoring Manager (Managing Engineer)	\$229/hour
Alternate IT Manager (Managing Geol/Hydrogeologist)	\$234/hour

(This page intentionally left blank.)

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY**

**BOARD OF DIRECTORS MEETING**

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

**Summary:**

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with Burr, Pilger and Mayer (BPM) for FY 2014-15 to provide audit and accounting services. The contract will be prepared in BAWSCA's standard form of agreement.

**Fiscal Impact:**

The contract not-to-exceed amount of \$15,000 is included in the proposed FY 2014-15 Operating Budget for external auditing services associated with the wholesale revenue requirement/compliance audit.

**Board Policy Committee Recommendation:**

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

**Recommendation:**

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

**Discussion:**

Burr, Pilger and Mayer is a full-service accounting and business consulting firm with expertise in tax preparation, planning, assurance, and audits. Every year, the SFPUC conducts an audit of the wholesale revenue requirement – soon to exceed \$300M – to ensure that the wholesale customers' share of operating and capital expenses for the Regional Water System have been allocated between in-City retail and suburban customers per the 2009 Water Supply Agreement. BPM's primary role is to assist BAWSCA with its review of the annual wholesale revenue requirement and the annual compliance audit and other SFPUC financial statements.

The proposed budget is \$15,000, which is the same as what is included in the approved FY 2013-14 Operating Budget.

**Scope of Services – Results to be Achieved:**

The draft scope of services with BPM for FY 2014-15 is shown in Exhibit A.

**Billing Rates:**

The following are the FY 2014-15 billing rates for this contract:

- Partner \$350/hour

**EXHIBIT A**

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

**DRAFT**

**FY 2014-15 SCOPE OF WORK**

**Purpose:**

For FY 2014-15, BAWSCA requires on going professional auditing and accounting analysis to assist in its review of the annual wholesale revenue requirement/compliance audit.

**Work to be Performed:**

Anticipated tasks include the following:

**Task 1.** If needed, assist BAWSCA in guiding the procedures to be used in future compliance audits, commencing with the compliance audit for FY 2013-14.

**Task 2.** Attend the FY 2013-14 compliance audit kick-off meeting (Fall 2014) with the SFPUC's compliance auditor and staff. Represent the wholesale customers' interests in the development of the compliance auditor's work plan.

**Task 3.** Review the independent compliance auditor's report for the FY 2013-14 wholesale revenue requirement, changes to balancing account, and accompanying management letter. Comment on the report and letter for thoroughness, with special attention paid to any notes concerning internal controls, procedures, material weaknesses, or significant deficiencies, as well as management's response to such, including stated corrective measures.

**Not to Exceed Contract Limit: \$15,000**

**Rates & Charges:**

The hourly billing rate is shown below.

- Partner: \$350

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY**

**BOARD OF DIRECTORS MEETING**

**Agenda Title:**                    **Professional Services Contract with Hanson Bridgett LLP  
(Legal Services) for FY 2014-15**

**Summary:**

The annual contract for legal services should be executed by July 1, 2014. In addition to providing general legal services for BAWSCA, BAWUA, and the RFA, next year's proposed scope includes work related to protecting member agency financial interests in implementing the 2009 Water Supply Agreement (WSA) and interests during FERC negotiations, and implementation of solutions for meeting near-term and long-term water needs.

This item requests authorization for the CEO/General Manager to execute a contract with Hanson Bridgett for FY 2014-15. The contract will be prepared in BAWSCA's standard form of agreement.

**Fiscal Impact:**

The contract not-to-exceed amount for legal services is \$524,000 and is contained in the FY 2014-15 proposed operating budget. The proposed budget of \$524,000 is \$28,000 more than the currently approved budget for FY 2013-14 of \$496,000. Lower levels of work are anticipated in supporting conservation activities and legislation. Increased levels of effort are anticipated to protect water supplies during the FERC process and protect the member agencies' financial interests in implementing the 2009 WSA.

The proposed contract not-to-exceed \$524,000 does not include legal support for developing the Long-Term Reliable Water Supply Strategy (Strategy). The budget of \$141,000 for such support was separately authorized by the Board and is paid using revenue from the Water Management Charge approved by the Board in July 2010. To date expenses are within budget.

**Board Policy Committee Action:**

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

**Recommendation:**

**That the Board authorize the CEO/General Manager to negotiate and execute a contract between BAWSCA and Hanson Bridgett for a not-to-exceed amount of \$524,000.**

**Discussion:**

Hanson Bridgett's scope includes routine general legal services related to contract reviews, personnel and other administrative functions. The scope also supports work related to achieving specific results such as water contract administration for the 2009 WSA,

implementing solutions for meeting near-term and long-term water needs, assisting in efforts to get the system rebuilt in a way that satisfies water customer needs, protecting the water supply on which member agencies depend, and assistance with legislation.

Hanson Bridgett has been providing legal assistance to BAWSCA and its predecessor for more than 25 years. Hanson Bridgett helped negotiate both the prior and the current 2009 WSA with San Francisco. They drafted the legislation that now pressures San Francisco to fix the system, formed the RFA and enabled the formation of BAWSCA.

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

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

**Exhibit A**

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

**Legal Services**

**PURPOSE**

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

1. General legal support (e.g., administration, contracting and personnel administration)
2. Assistance for achieving results during FY 2014-15.

**FY 2014-15 SCOPE OF WORK**

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

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

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

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

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

- Implementation and administration of the 2009 WSA
- Represent BAWSCA and its member agencies during FERC negotiations related to the relicensing of New Don Pedro Reservoir
- Review of remaining environmental documents associated with WSIP
- Implementation of activities under the Water Conservation Implementation Plan
- Legal support for monitoring the SFPUC's 10-Year CIP and SFPUC's WSIP, including the water supply level of service goal and related activities being implemented by SFPUC
- Routine contract reviews for water conservation activities, partnerships with other agencies, and professional services

The above-mentioned activities may require legal counsel to:

- Provide ongoing counsel to the CEO and Board of Directors.
- Provide support for interpreting the 2009 Water Supply Agreement. In situations where differences cannot be resolved administratively, legal counsel may be asked to initiate arbitration proceedings on behalf of the wholesale customers.
- Provide legal input on the preparation and implementation of the new subscription water conservation programs to be offered to member agencies.
- Meet with the CEO and attend meetings of the BAWSCA Board of Directors and the Board Policy Committee.
- Prepare, or approve as to form, resolutions, contracts, all changes to the Rules of the Board and other documents requiring legal review related to the business of BAWSCA, RFA or BAWUA.
- Represent BAWSCA in proceedings before other government agencies, regulatory bodies, and in contacts with professional and public agencies and organizations.
- Meet and confer with other BAWSCA consultants.
- Upon request, review and make recommendations to BAWSCA concerning proposed Federal, state or local legislation, regulations, litigation and/or administrative proceedings and required filings related to the business of BAWSCA, the RFA or BAWUA.
- Represent BAWSCA's Board and management in all suits, administrative proceedings, arbitration hearings and other legal matters to which BAWSCA is a party or in which it is legally interested, except in those instances when BAWSCA determines that the matter should be handled by special counsel



**Budgeted Activities and Not to Exceed Contract Limit: \$524,000**

The total budget request is based on the following estimates for specified activities:

Conservation, FERC, Urban Water Mgmt. Plans	\$262,000
Water Supply Agreement Administration	\$110,000
SFPUC 10-Year CIP and WSIP	\$95,000
BAWSCA	\$55,000
RFA & BAWUA	\$2,000
Total	\$524,000

This breakdown of activities is based on estimates at the time of budgeting. The contract will be managed to provide actual services required within the total not-to-exceed limit of \$524,000. If unanticipated activities require significant legal support, recommended changes would be brought to the Board of Directors.

(This page intentionally left blank.)

**Exhibit B**

**Hanson Bridgett LLP  
Rate and Charges**

**FY 2014-15**

The charges and billing rates for persons/positions associated with this agreement are set forth below for all matters except specialized litigation. There will be no changes to the hourly rates for FY 2014-15. The contract will be managed to provide actual services required within the total not-to-exceed limit of \$524,000.

**FY 2014-15 RATES**

Partner	\$325 per hour
Senior Counsel	\$290 per hour
Associates	\$260 per hour

**OUT OF POCKET EXPENSES**

At Cost

**OTHER CHARGES**

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

**COST SAVING ADJUSTMENTS**

In house photocopying	no charge
-----------------------	-----------

(This page intentionally left blank.)

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY**

**BOARD OF DIRECTORS MEETING**

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

**Summary:**

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with Hilton, Farnkopf and Hobson (HFH) for as needed assistance in administering the 2009 Water Supply Agreement (WSA) and other activities during FY 2014-15. The contract will be prepared in BAWSCA's standard form of agreement.

**Fiscal Impact:**

The contract for a not-to-exceed amount of \$40,000 is included in the proposed FY 2014-15 Operating Budget. The proposed budget is \$10,000 more than the current year's adopted operating budget. Increased levels of work are anticipated in penstocks and mountain tunnel analysis.

**Board Policy Committee Action:**

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

**Recommendation:**

**That the Board authorize the CEO/General Manager to negotiate and execute a contract between BAWSCA and HFH for a not-to-exceed amount of \$40,000 subject to legal counsel's review.**

**Discussion:**

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

For FY 2014-15, HFH will provide reviews and analyses for administration of the WSA on an as-needed basis and assist BAWSCA staff in analyzing alternatives to the existing drought allocation formula between SFPUC and the Wholesale Customers. Mr. Farnkopf's past experience is invaluable for analyzing certain cost allocation issues during administration of the WSA that ensure the member agencies pay only their fair share of costs associated with the Regional Water System as consistent with the 2009 WSA.

**Scope of Services – Results to be Achieved:**

The draft scope of services with HFH for FY 2014-15 is shown in Exhibit A.

**Billing Rates:**

The following are the FY 2014-15 billing rates for this contract:

Vice President	\$190
Sr. Analyst/ Sr. Assoc.	\$120
Associate/Analyst	\$75-100

**EXHIBIT A**

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

**DRAFT**

**2014-15 SCOPE OF SERVICES**

**Purpose**

For FY 2014-15, BAWSCA requires on going professional analytical work and expert advice in conjunction with the implementation of the new agreement and possibly other important matters (e.g, water supply allocation, wholesale rate structure, conservation rates, wholesale revenue requirement, etc). HFH will also provide analytical assistance to BAWSCA staff associated with potential alternatives to the existing drought allocation formulas between SFPUC and the BAWSCA member agencies. As directed, HFH will provide the necessary analytical work, attend meetings with BAWSCA and/or SFPUC staff, and provide written reports or updates as required.

**Work to be Performed:**

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

**Not to Exceed Contract Limit: \$40,000**

**Rates & Charges:**

Vice President	\$190
Sr. Analyst/ Sr. Assoc.	\$120
Associate/Analyst	\$75-100

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY**

**BOARD POLICY COMMITTEE MEETING**

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

**Summary:**

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with KNN Public Finance (KNN) for FY 2014-15. The contract will be prepared in BAWSCA's standard form of agreement.

**Fiscal Impact:**

The contract not-to-exceed amount of \$50,000 is included in the proposed FY 2014-15 Operating Budget. The proposed budget is \$10,000 less than the current year's adopted operating budget.

**Board Policy Committee Action:**

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

**Recommendation:**

**That the Board authorize the CEO/General Manager to negotiate and execute a contract between BAWSCA and KNN for a not-to-exceed amount of \$50,000 subject to legal counsel's review.**

**Discussion:**

KNN has been BAWSCA's financial advisor since FY 2002-03. KNN provides analyses that help BAWSCA's review and interpretation of SFPUC reports and other financial information. For example, KNN assisted BAWSCA in reviewing the SFPUC's revenue and expenditure projections, bond refund authorizations and proposed operating and capital budgets. During FY2013-14, KNN assisted BAWSCA staff in reviewing debt service and capital spending calculations and other components of the wholesale revenue requirement. KNN also assisted BAWSCA on the issuance of the revenue bonds in February 2013.

For FY 2014-15, the consultant will assist in reviewing the FY 2013-14 wholesale revenue requirement calculation, verifying the wholesale share of SFPUC's debt service, supporting BAWSCA's on-going bond administration, and providing recommendations that best serve the interests of the water customers.

**Scope of Services – Results to be Achieved:**

The draft scope of services with KNN for FY 2014-15 is shown in Exhibit A.

**Billing Rates:**

The following are the FY 2014-15 billing rates for this contract:

Managing Director	\$325
Vice President	\$295
Asst. Vice President/ Sr. Analyst/ Sr. Assoc.	\$245
Associate	\$200
Analyst	\$175

**EXHIBIT A**

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

**DRAFT**

**FY 2014-15 SCOPE OF SERVICES**

**Purpose**

For FY 2014-15, BAWSCA requires on-going professional financial analysis and advice in conjunction with the wholesale revenue requirement, rate and financial implications, bond administration and ongoing implementation of the new Water Supply Agreement.

**Work to be Performed:**

Anticipated tasks may include the following:

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

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

**Proposed Budget: \$50,000**

**Rates & Charges:**

Managing Director	\$325
Vice President	\$295
Asst. Vice President/ Sr. Analyst/ Sr. Assoc.	\$245
Associate	\$200
Analyst	\$175



**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY**

**BOARD OF DIRECTORS MEETING**

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

**Summary:**

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with Orrick, Herrington & Sutcliffe, LLP (Orrick) for FY 2014-15 for as needed legal support on the bond documents. The contract will be prepared in BAWSCA's standard form of agreement.

**Fiscal Impact:**

The contract not-to-exceed amount of \$12,000 is included in the proposed FY 2014-15 Operating Budget for on-going legal support on the bond documents prepared by Orrick associated with the Revenue Bonds (Series 2013 A & Series 2013 B (Taxable) sale in February 2013. The proposed budget is the same as the adopted FY 2013-14 budget.

**Board Policy Committee Action:**

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

**Recommendation:**

**That the Board authorize the CEO/General Manager to negotiate and execute a contract between BAWSCA and Orrick for a not-to-exceed amount of \$12,000 subject to legal counsel's review.**

**Discussion:**

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

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

For FY 2014-15, the consultant will continue providing legal support on the bond documents as needed to support cost-effective and correct implementation of the bonds. A list of those documents is included in the draft Scope of Work.

**Scope of Services – Results to be Achieved:**

The draft scope of services with Orrick for FY 2014-15 is shown in Exhibit A.

**Billing Rates:**

The following are the FY 2014-15 billing rates for this contract:

Stephen A. Spitz	\$760/hour
Devin Brennan	\$590/hour
Richard J. Moore	\$750/hour
Roma Shupe	\$295/hour

**EXHIBIT A**

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

**DRAFT**

**FY 2014-15 SCOPE OF SERVICES**

**Purpose:**

For FY 2014-15, BAWSCA requires on-going legal support on the bond documents prepared by Orrick associated with the Revenue Bonds (Series 2013 A & Series 2013 B (Taxable) sale in February 2013.

**Work to be Performed:**

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

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

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

**Not to Exceed Contract Limit: \$12,000**

**Rates and Charges:**

<b><u>Name</u></b>	<b><u>Hourly Rate</u></b>
Stephen A. Spitz	\$760/hour
Devin Brennan	\$590/hour
Richard J. Moore	\$750/hour
Roma Shupe	\$295/hour

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY**

**BOARD OF DIRECTORS MEETING**

**Agenda Title:**                    **Professional Services Contract with Terry Roberts Consulting, Inc. for FY 2014-15**

**Summary:**

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with Terry Roberts Consulting, Inc. for FY 2014-15. Mr. Roberts' experience and insights have been an integral part of reviewing the SFPUC's management of the Water System Improvement Program and preparing recommendations for its improvement. BAWSCA's recommendations to date have ensured that tens of millions of dollars in savings have remained available to benefit the water customers.

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

Mr. Roberts' expertise in implementing complex CIPs has been vital to BAWSCA's overall efforts in monitoring the SFPUC's implementation of the Water System Improvement Program (WSIP), from the perspective of the water suppliers and customers who rely upon the Regional Water System. In addition, BAWSCA recently began reviewing the SFPUC's 10-Year CIP in an effort to influence the scope, schedule and budget of that effort in the early development stages.

With the WSIP now fully in construction mode and the 10-Year CIP in its initial phase, Mr. Roberts' expertise in managing complex capital programs will be especially valuable to BAWSCA's efforts in tracking the implementation of the WSIP and achieving BAWSCA's goal of the WSIP being implemented on schedule, within budget, and to meet the water reliability needs of the member agencies. The contract will be prepared using BAWSCA's standard form of agreement.

**Fiscal Impact:**

The proposed budget contains \$125,000 for these services.

**Board Policy Committee Action:**

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

**Recommendation:**

**That the Board authorize the CEO/General Manager to negotiate and execute a contract between BAWSCA and Terry Roberts Consulting, Inc. for a not-to-exceed amount of \$125,000, subject to legal counsel's review.**

**Discussion:**

In November 2007, Mr. Roberts was retained to assist in reviewing the progress of the WSIP. In FY 2013-14, the SFPUC's efforts in implementing the WSIP will be nearly 100% engaged in construction activities. Several key projects will be in the construction phase next fiscal year, including the Calaveras Reservoir Replacement, New Irvington Tunnel, Bay Division Reliability Upgrade Tunnel and Pipeline, and the Harry Tracy Water Treatment Plan Long-Term Improvements.

Mr. Roberts' expertise is critically important to BAWSCA in its continuing review of the WSIP during this massive construction period. Specific areas of focus will include:

1. Bi-annual analysis of the SFPUC bid and award results for WSIP projects
2. Review SFPUC efforts in implementing the WSIP and identification of areas of conflict with BAWSCA's goals and the direction of the WSIP and
3. Timely input to the WSIP on areas of the WSIP implementation that will affect the BAWSCA agencies and the communities served by the Regional Water System.

Additionally, beginning in FY 2013-14, BAWSCA began reviewing the SFPUC's 10-Year CIP in an effort to influence the scope, schedule and budget of that effort in the early development stages. Work to date has focused on examining the proposed Mountain Tunnel capital project to address the potential failure of this critical piece of infrastructure. For FY 2014-15, these efforts are expected to increase.

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

**Scope of Services – Results to Be Achieved:**

The draft scope of services with Mr. Roberts for FY 2014-15 is shown in Exhibit A.

**Billing Rates:**

The following are the FY 2014-15 billing rates for this contract:

- Terry Roberts: \$198/hour
- Jean Gardner: \$125/hour

These billing rates have not been increased from the FY 2013-14 rates.

**EXHIBIT A**

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

**DRAFT**

**FY 2014-15 SCOPE OF SERVICES**

**Purpose:**

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

**Work to be performed:**

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

**Not to Exceed Contract Limit: \$125,000**

**Rates and Charges:**

The hourly billing rate is shown below.

<b><u>Name</u></b>	<b><u>Hourly Rate</u></b>
Terry Roberts	\$198.00/ hr.
Jean Gardner	\$125.00/hr

(This page intentionally left blank.)

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY**

**BOARD OF DIRECTORS MEETING**

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

**Summary:**

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with Stetson Engineering for FY 2014-15 to assist with administration of the 2009 Water Supply Agreement (WSA). The contract will be prepared in BAWSCA's standard form of agreement.

**Fiscal Impact:**

The contract not-to-exceed amount of \$47,500 is included in the proposed FY 2014-15 Operating Budget.

**Board Policy Committee Action:**

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

**Recommendation:**

**That the Board authorize the CEO/General Manager to negotiate and execute a contract between BAWSCA and Stetson Engineering for a not-to-exceed amount of \$47,500 subject to legal counsel's review.**

**Discussion:**

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

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

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

**Scope of Services – Results to be Achieved:**

The draft scope of services with Stetson Engineers for FY 2014-15 is shown in Exhibit A.

**Billing Rates:**

The following are the FY 2014-15 billing rates for this contract:

Supervisor II	\$171
Associate II	\$105
Associate I	\$110
Assistant I	\$93
Assistant II	\$88
Administrative I	\$68



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

**DRAFT**

**FY 2014-15 SCOPE OF SERVICES**

**Purpose:**

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

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

**Work to be Performed:**

Stetson Engineering will analyze the prior year's (FY 2013-14) water usage information and calculate water use factors in accordance with Exhibit J of WSA. Stetson Engineering will also monitor whether San Francisco performs mainline water meter repair, calibration and testing in accordance with the provisions of the Agreement. As required, Stetson will bring issues and recommendations to the BAWSCA General Manager or designated staff contact. In addition, Stetson will assist on an as needed basis in the implementation of the new water supply agreement.

Specific tasks will include:

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

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

**Budgeted Activities:**

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

Administration/General	\$ 5,250
Analyze Water Usage	20,000
Max. Day	1,000
J-Tables	5,250
System/County-line Meters	<u>16,000</u>
Sub-Total	\$47,500

**Not-to-Exceed Contract Limit: \$47,500**

**Rates and Charges:**

Hourly billing rates are shown below:

Supervisor II	\$171
Associate II	\$105
Associate I	\$110
Assistant I	\$93
Assistant II	\$88
Administrative I	\$68

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY**

**BOARD OF DIRECTORS MEETING**

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

**Summary:**

This item requests authorization for the CEO/General Manager to execute a contract with Mr. Wendell for FY 2014-15.

**Fiscal Impact:**

The not-to-exceed amount of \$150,000 for strategic services is included in the proposed budget for FY 2014-15.

If large unanticipated legislative or other efforts that arise during FY 2014-15 require additional strategic counsel or legal assistance, the Board would be asked to reprogram the FY 2014-15 Work Plan and budget resources, and authorize any additional strategic resources needed. For example, proponents of draining Hetch Hetchy Reservoir may take their battle to the federal level, and the budget for strategic counsel does not cover the work that would be necessary to protect the wholesale water customers from such a development.

**Board Policy Committee Action:**

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

**Recommendation:**

**That the Committee recommend the Board authorize the CEO/General Manager to execute a contract between BAWSCA and Mr. Wendell for a not-to-exceed amount of \$150,000 from the Operating Budget.**

**Discussion:**

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

During FY 2013-14, Mr. Wendell advised the CEO/General Manager and the leadership of the Board on a variety of issues. Examples include the following:

- a) Provided strategic counsel and assist to the Board in recruiting a new CEO/General Manager and implement a successful transition to the new CEO/General Manager.
- b) Created and executed strategies for successful passage of State legislation. Mr. Wendell provided invaluable support for preparation of legislation to extend State oversight of the SFPUC's implementation of the WSIP.

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

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

**Qualifications:**

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

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

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

**Scope of Services:**

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

For FY 2014-15, strategic services are needed to help BAWSCA achieve its results. A major result to be produced in FY 2014-15 will be the passage of legislation to extend State oversight of San Francisco's Water System Improvement Program. This legislation, SB 1345, has been introduced in FY 2013-14 and it is anticipated that work will be necessary in the early part of FY 2014-15 to secure its passage and eventual signing by the Governor.

A second major result to be produced in FY 2014-15 is associated with SFPUC's efforts to answer the critical water supply questions deferred in 2007 when it adopted the Water System Improvement Program (WSIP) and that it committed to answering by 2018.

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

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

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

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

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

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

Exhibit A includes a proposed scope of work.

**Exhibit A**

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

**Strategic Counsel**

**FY 2014-15 SCOPE OF WORK**

**PURPOSE**

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

**Work to be Performed:**

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

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

This scope of work includes \$150,000 of work to be funded from the operating budget.

The scope also includes strategic support for the Long-Term Reliable Water Supply Strategy. The estimated cost for that support is \$15,000, and funds are available from his currently authorized budget and the Water Management Charge for this purpose.

**Not to Exceed Contract Limit: \$165,000 with \$150,000 from the Operating Budget plus \$15,000 from the Water Management Charge to support the Long-Term Reliable Water Supply Strategy.**

**Rates and Charges:**

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

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

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY**

**BOARD OF DIRECTORS MEETING**

**Agenda Title:**           **Professional Services Contract with EarthCapades to Conduct School Assembly Program for FY 2014-15**

**Summary:**

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with EarthCapades to implement School Assembly Program for FY 2014-15. Participation in this water conservation program is voluntary. The opportunity to participate will be extended to all BAWSCA agencies. As a subscription program, participating agencies will pay the entire cost for the program.

**Fiscal Impact:**

For FY 2014-15, only those agencies that elect to participate in this program will pay the cost of the outside service provider as well as budgeted BAWSCA staff time.

**Board Policy Committee Action:**

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

**Recommendation:**

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

- 1. Negotiate and execute a contract between BAWSCA and EarthCapades, subject to legal counsel's final review, for implementation of the School Assembly Program in FY 2014-15; and,**
- 2. Offer participation in the program to interested BAWSCA agencies on a subscription basis.**

**Discussion:**

Fiscal year 2014-15 will be the fourth year that the School Assembly Program would be offered to BAWSCA member agencies. Thirteen agencies, including all three Cal-Water Districts, are currently participating in the program. The majority of these agencies have expressed interest in participating in this program again next year. This program is part of the comprehensive package of conservation programs that BAWSCA agencies have asked BAWSCA to support next fiscal year as part of the Water Conservation Implementation Plan.

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

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

Because of its connection with school children, this program would be initiated in August 2014 and run through June 2015. The scope of work for FY 2014-15 is expected to be largely consistent with the scope of work for the prior year’s program, which is included as Exhibit A.

**Alternatives:**

Alternatives to the recommended action included herein are to: (1) not offer the School Assembly Program in FY 2014-15, or (2) offer a potentially different type of School Assembly Program.

BAWSCA does not recommend the above alternatives for FY 2014-15 for the following reasons. The agencies have expressed a strong desire to continue to support a School Assembly Program that focuses on water conservation. EarthCapades was selected to provide the School Assembly Program through a competitive process in 2009. The agencies also continue to be pleased with this program and have expressed a desire to continue the School Assembly Program with EarthCapades in FY 2014-15. Given EarthCapades’ qualifications and performance, it is appropriate to contract for their services this coming fiscal year.

**Conclusion:**

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

**Attachment:**

The scope of work for FY 2013-14 is shown in Exhibit A. The scope will be updated for FY 2014-15 and is expected to be largely unchanged.



**EXHIBIT A**

**Scope of Services: EarthCapades School Assembly Program FY 2013-14**

**SCOPE OF WORK**

EarthCapades will schedule and perform assembly programs at eligible schools and public events within the Bay Area Water Supply and Conservation Agency (BAWSCA) service area during the Fiscal Year 2013-14 school year, August 2013 through June 2014.

**BAWSCA and/or Local Water Agency Roles and Responsibilities:**

- BAWSCA will provide EarthCapades with initial information regarding which schools are eligible within each BAWSCA member agency (Local Water Agency) and what the maximum not to exceed budget is for each Local Water Agency by July 2, 2013, or sooner. If, during the course of FY 2013-14, the Local Water Agency wishes to increase or decrease the number of shows and/or budget, the Local Water Agency will coordinate those changes with EarthCapades, who will in turn notify BAWSCA of any changes. A decrease in the total number of shows or budget can be accommodated as long as it does not impact any schools that have already been scheduled.
- BAWSCA and/or the Local Water Agencies will provide EarthCapades with show content requirements by August 1, 2013.
- BAWSCA and/or the Local Water Agencies are responsible for coordinating with EarthCapades if they would like select materials and information distributed as part of a show. Such coordination must occur no later than one week prior to the scheduled show. BAWSCA understands that EarthCapades may not be able to distribute items that are too large or that conflict with the message that EarthCapades is presenting and that BAWSCA or the Local Water Agencies may have to be responsible for the delivery and distribution of item(s) if they exceed EarthCapades' capacity to deliver the materials.
- Local Water Agencies will email a draft Letter of Invitation to eligible schools with a Fax Request Form (Template Letter with Agency-specific information, in a Word Document) to EarthCapades for review by July 25, 2013. EarthCapades will provide comments on drafts to Local Water Agencies by August 1, 2013.
- Local Water Agencies will mail a Letter of Invitation with a Fax Request Form to all eligible schools by August 5, 2013. Eligible schools interested in participating will respond directly to EarthCapades, which shall be responsible for all scheduling.

**EarthCapades Roles and Responsibilities:**

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

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

- EarthCapades will submit a progress report to BAWSCA on October 15, 2013 regarding how many and which of the eligible schools EarthCapades has been able to successfully enroll. EarthCapades will provide additional school scheduling updates upon request.
- If EarthCapades is having difficulty enrolling a school in the program, or if that school/classroom has not been enrolled by January 2014, EarthCapades will alert BAWSCA and the Local Water Agency.
- EarthCapades will fax or email each scheduled school a Performance Agreement stating the date and time of performance and EarthCapades' technical needs. The Performance Agreement will be signed and returned by the school's administrator.
- One week prior to performances EarthCapades will send a Performance Reminder fax or email to each scheduled school to re-confirm and remind them to be prepared for the program.
- On the day of the program, EarthCapades will distribute materials provided by BAWSCA and/or the Local Water Agency to the show attendees, if BAWSCA and/or the Local Water Agency have established a mutually agreeable arrangement with EarthCapades as to how to orchestrate the materials delivery and distribution.
- On the day of the program, EarthCapades will e-mail an online evaluation link for teachers and administrators to complete. BAWSCA and the Local Water Agency staff will be provided a link to review survey results at any time. The link will remain open and available to BAWSCA and the Local Water Agency staff until August 1, 2014.
- EarthCapades performer(s) will present a preapproved 35 to 45 minute assembly with different age appropriate versions for grades K-2, 3-5 and 6-8 that teach water conservation and appreciation.
- Agencies have the option to use program funds for performances at alternate locations and/or events as long as it coordinates with EarthCapades availability.
- EarthCapades will invoice BAWSCA monthly for shows performed in the previous month.
- If a scheduled school cancels before confirmation fax is sent, EarthCapades will reschedule the performance. If the school cancels after the Performance Reminder has been sent, the Local Water Agency will be charged for full amount.
- EarthCapades will manage scheduling and performances to stay within the specified Local Water Agency maximum not to exceed budgets.
- EarthCapades rates for this contract are listed below.

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

**Rates:**

***Single Performer Programs***

- \$510 / 1 show
- \$850 / 2 shows (back to back)
- \$1105 / 3 shows (same school same day)
- \$1360 / 4 shows (same school same day)

*Duo Performer Programs*

- \$680 / 1 show
  - \$1020 / 2 shows (back to back)
  - \$1275 / 3 shows (same school same day)
  - \$1445 / 4 shows (same school same day)
- 
- EarthCapades will provide BAWSCA with a Final Report by July 1, 2014 that includes the following:
    - a. Brief Introduction
    - b. Brief Summary of Show content
    - c. Documentation, by Agency, of the schools/locations/events where EarthCapades performed
    - d. Documentation, by Agency, of the number of people/kids that attended each EarthCapades performance
    - e. Select quotes from survey results
    - f. A few photos to give a feel of a performance
    - g. Link to the survey results

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY**

**BOARD OF DIRECTORS MEETING**

**Agenda Title:**        **Professional Services Contract with Resource Action Programs to Implement the School Education Program for FY 2014-15**

**Summary:**

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with Resource Action Programs (RAP) to implement the Water Wise School Education Program for FY 2014-15. Participation in this water conservation program is voluntary. The opportunity to participate will be extended to all BAWSCA agencies. As a subscription program, participating agencies will pay the entire cost for the program.

**Fiscal Impact:**

For FY 2014-15, only those agencies that elect to participate in this program will pay the cost of the outside service provider as well as budgeted BAWSCA staff time.

**Board Policy Committee Action:**

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

**Recommendation:**

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

- 1. Negotiate and execute a contract between BAWSCA and Resource Action Programs, subject to legal counsel's final review, for implementation of the School Education Program in FY 2014-15; and,**
- 2. Offer participation in the program to interested BAWSCA agencies on a subscription basis.**

**Discussion:**

Fiscal year 2014-15 will be the ninth year that the Water Wise School Education Program has been offered to BAWSCA member agencies. Eight agencies are currently participating in the program. The majority of these agencies have expressed interest in participating in this program again next year. This program is part of the comprehensive package of conservation programs that BAWSCA agencies have asked BAWSCA to support next fiscal year as part of the Water Conservation Implementation Plan.

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

Table 1 provides information for program activity from FY 2005-06 through FY 2012-13. Since its inception, the Water Wise School Education Program has been a cost-effective program that generates real water savings while providing an excellent customer education opportunity.

**Table 1: Water Wise School Education Program Summary**

<b>Program Information</b>	<b>FY 2005/06</b>	<b>FY 2006/07</b>	<b>FY 2007/08</b>	<b>FY 2008/09</b>	<b>FY 2009/10</b>	<b>FY 2010/11</b>	<b>FY 2011/12</b>	<b>FY 2012/13</b>
Number of Participating BAWSCA Agencies	6	11	14	14	12	8	8	6
Number of Participants (# of kits disbursed)	1,554	2,871	3,737	3,685	2,903	3,342	3,221	2,144
Est. Annual Water Savings (gallons per kit) (a) (b)	17,451	17,451	17,451	9,785	6,475	4,844	3,892	5,110
Estimated Lifetime Savings for Kits Installed (acre-feet, AF) (a) (b)	499	922	1,201	975	512	316	262	165
Total Spent By All Agencies	\$52K	\$93K	\$127K	\$112K	\$104K	\$122K	\$112K	\$68K
Average Cost of Water Savings (\$/AF)	\$103	\$101	\$106	\$114	\$203	\$370	\$427	\$425

**Table Notes:**

- (a) For years prior to FY 2008/09, water savings estimated based on an assumed 60% installation rate and a 10-year lifetime.
- (b) For FY 2008/09 through FY 2012/13, water savings estimated based on actual kit installation rate and a 10-year lifetime.

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

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

Because of its connection with school children, this program would be initiated in September 2014 and run through June 2015. Additional augmentations to the RAP program include incentives for both the students that complete the in-home water audit and for the teachers that complete the entire curriculum and get the most students to complete the in-home water audit. These incentives will be provided by BAWSCA, on behalf of, and paid for by, the participating agencies.

The scope of work for FY 2014-15 is expected to be largely consistent with the scope of work for prior year's programs, a sample of which is included as Exhibits A, B and C.

**Alternatives:**

Alternatives to the recommended action included herein are to (1) not offer the Water Wise School Education Program in FY 2014-15, or (2) offer a potentially different type of School Education Program.

BAWSCA does not recommend the above alternatives for FY 2014-15 for the following reasons. The agencies have expressed a strong desire to continue to support an in-classroom school education program that focuses on water conservation. The agencies also continue to be pleased with the Water Wise School Education Program and have expressed a desire to continue that program with RAP. Given RAP's qualifications and performance, it is appropriate to contract for their services this coming fiscal year.

**Conclusion:**

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

**Attachment:**

The scope of work for FY 2013-14 Indoor and Outdoor Water Wise programs are shown in Exhibits A and B. These scopes will be updated for FY 2014-15 and are expected to be very similar.

(This page intentionally left blank.)



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

**PROGRAM DESCRIPTION**

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

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

**BAWSCA Indoor WaterWise™ at a glance:**

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

and individuals. Beyond these computer resources, the BAWSCA Indoor **WaterWise™** program provides videos, posters, workbooks, and varied activities to reach all types of learning preferences. New knowledge translates to action at home with the installation activities. Families discover first-hand the value of the new *knowledge and habits* they have acquired.

#### **TEACHER ACCEPTANCE**

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

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

#### **PROGRAM GOALS**

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

#### **PROGRAM OBJECTIVES**

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

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

#### **ESTIMATED PROGRAM RESULTS**

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

**Projected 10 year Savings:**

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

(Actual results will vary)

**PROGRAM MATERIALS**

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

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

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

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

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

**PROGRAM IMPLEMENTATION**

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

***Responsibilities of Contractor:***

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

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

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

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

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

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

Contractor will answer all questions from participants via telephone (the 800#), email, fax or US mail depending on the need. Participants are also provided with the [www.getwise.org](http://www.getwise.org) web site address where there is a Frequently Asked Questions Section and an email link for questions. Additionally, the Contractor will attempt to contact each teacher via phone or email close to the

Program implementation date, as indicated by the teacher upon enrollment, to confirm implementation timing and to provide answers to any questions the teacher may have about the Program at that time.

E. Providing a Program Status Report. The Contractor will inform BAWSCA of each school that decides to participate and the name of each school in which the Program will be presented. The format of such notification will be in the form of a monthly report to BAWSCA. The report will include a listing of all of the schools and classrooms that Contractor is attempting to enroll in the Program and a status for each that includes information as to how many participants have enrolled for each school and classroom. If Contractor is having difficulty enrolling a school or classroom in the Program, or if that school/classroom has not been enrolled by March 15, 2014, CONTRACTOR will alert BAWSCA.

F. Providing a Preliminary Program Summary Report. No later than March 15, 2014, Contractor will provide BAWSCA with a summary of the status of the school enrollment through March 10, 2014. In addition, based on the results of the surveys returned to Contractor by March 10, 2014, Contractor will provide BAWSCA with a preliminary report which will include installation rates of each program. BAWSCA understands that these results are preliminary and may not be statistically significant.

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

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

#### **PROGRAM TIMETABLE**

June 2013 – July 2013	Receive sponsor funding commitment
September 2013 – May 2014	Teacher Outreach / Enrollment Process
September 2013 – May 2014	Program and Kit Delivery
September 2013 – June 2014	Program Implementation
March 15, 2014	Preliminary Report to BAWSCA of school enrollment and kit installation rate to the extent that information is available.
June 30, 2014	Program Summary Report delivered to sponsors for initial program

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

#### **BAWSCA INDOOR WATERWISE PROGRAM COST**

The per participant cost for the Indoor WaterWise program is \$34, broken down as follows: \$17 Materials, \$9.25 Service Fee, \$5.75 Reporting Service Fee, \$2 for Shipping. **This price is all inclusive.**

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

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

**Professional Services Agreement/Contract will be with:**

**Resource Action Programs®**  
*Program Center*  
**976 United Circle**  
**Sparks, NV 89431**  
**Phone: 1-888-438-9473**  
**Fax: 1-800-544-8051**  
**Contact: Joseph Thrasher**  
[jthrasher@resourceaction.com](mailto:jthrasher@resourceaction.com)

**EXHIBIT B**  
**Resource Action Programs®**  
**BAWSCA Outdoor WaterWise™ Program Description and Scope of Services**

**PROGRAM DESCRIPTION**

The BAWSCA Outdoor **WaterWise™** program offers a turn-key set of classroom activities and hands-on home projects. Students receive kits containing home efficiency devices, which are taken home, installed and shared with family members. They work on subjects required by state learning standards to understand and appreciate the value of natural resources in everyday life. This stimulating program shapes new behaviors and a mix of new product installation and resource efficiency knowledge, using the best messengers – children!

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

**BAWSCA Outdoor WaterWise™** at a glance:

- ◆ All implementation services are included.
- ◆ Features a fun and interactive curriculum to shape new family habits and usage.
- ◆ Includes Resource Action Kits to directly install resource-efficient technologies.
- ☑ **Savings Results.** (NOTE: are not measurable) Students conduct a simple home/yard audit to determine areas where their families are using water inefficiently. Family's work together to improve efficiency by changing usage habits and through the installation of the conservation technologies provided to each student in their Resource Action Kit. Kits include conservation measures and enable the family to determine the Water conservation opportunities that exist in their yard at their home, while providing the installable resource conservation technologies to achieve savings. These activities foster family cooperation and help educate parents on the benefits of resource conservation. Students submit reports detailing the items used during their conservation activities.
- ☑ **Water Education.** The BAWSCA Outdoor **WaterWise™** Program combines classroom activities with in-home hands-on retrofit projects that students perform with their families. This combination yields conservation results and strong practical learning, effectively shaping new resource usage behavior and attitudes. The BAWSCA Outdoor **WaterWise™** Program is turnkey and comprehensive while providing all materials, supplies, teaching tools and support needed by teachers and participants. **Builds New Resource Habits.** New habits result from effective education and personal action. The program provides a wide range of teaching tools to maximize learning. The feature-rich program website, [www.getwise.org](http://www.getwise.org), is a great resource for classes, teachers, and individuals. Beyond these computer resources, the BAWSCA Outdoor **WaterWise™** program provides videos, posters, workbooks, and varied activities to reach all types of learning preferences. New knowledge translates to action at home with the installation activities. Families discover first-hand the value of the new *knowledge and habits* they have acquired.



## **TEACHER ACCEPTANCE**

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

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

## **PROGRAM GOALS**

- ◆ Reshape family habits and reduce residential resource use.
- ◆ Develop community awareness about the importance of environmental issues.
- ◆ Help generate excellent media coverage, build brand awareness and strengthen community image.

## **PROGRAM OBJECTIVES**

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

- ◆ Install a Garden Hose Spray Nozzle.
- ◆ Install a Garden Hose Timer.
- ◆ Collect household item use.
- ◆ Reshape family resource usage habits and attitudes.

## **PROGRAM MATERIALS**

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

- Garden Hose Spray Nozzle
- Garden Hose Timer
- Male End Garden Hose Replacement
- Rain / Drip Gauge
- Soil Moisture Meter
- Watering Schedule Magnet

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



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

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

### ***PROGRAM IMPLEMENTATION***

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

#### ***Responsibilities of Contractor:***

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

A. Providing all school contact and enrollment services. Contractor will work directly with BAWSCA and/or BAWSCA Member Agencies to identify schools eligible to participate in the Program. Contractor will prepare Program marketing material describing the Program that will be sent with the Program enrollment form. The Contractor will e-mail or fax an Outdoor WaterWise Program Enrollment form to each school identified by BAWSCA and/or a BAWSCA Member Agency list to notify all 5th grade teachers that the Program is available in their area and to encourage them to enroll. If the e-mail or fax does not achieve the enrollment level as committed by the sponsor, the Contractor will attempt to contact the individual teachers via telephone or US mail to make them aware of the Program's availability and to encourage enrollment. If Contractor is having difficulty enrolling a school or classroom in the Program, or if that school/classroom has not been enrolled by March 15, 2014, Contractor will alert BAWSCA. BAWSCA Member Agencies shall identify the maximum amount of funding committed to the Program and Contractor shall not enroll schools, or schedule Programs that will require expenditures beyond that maximum amount.

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

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

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

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

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

E. Providing a Program Status Report. The Contractor will inform BAWSCA of each school that decides to participate and the name of each school in which the Program will be presented. The format of such notification will be in the form of a monthly report to BAWSCA. The report will include a listing of all of the schools and classrooms that Contractor is attempting to enroll in the Program and a status for each that includes information as to how many participants have enrolled for each school and classroom. If Contractor is having difficulty enrolling a school or classroom in the Program, or if that school/classroom has not been enrolled by March 15, 2014, CONTRACTOR will alert BAWSCA.

F. Providing a Preliminary Program Summary Report. No later than March 15, 2014, Contractor will provide BAWSCA with a summary of the status of the school enrollment through March 10, 2014. In addition, based on the results of the surveys returned to Contractor by March 10, 2014, Contractor will provide BAWSCA with a preliminary report of how many units of curriculum have been taught in each classroom and school, and what the kit installation rate for each classroom and school is. BAWSCA understands that these results are preliminary and may not be statistically significant.

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

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

**PROGRAM TIMETABLE**

June 2013 – July 2013	Receive sponsor funding commitment
September 2013 – May-2014	Teacher Outreach / Enrollment Process
September 2013 – May-2014	Program and Kit Delivery
September 2013 – June 2014	Program Implementation
March 15, 2014	Preliminary Report to BAWSCA of school enrollment and kit installation rate to the extent that information is available.
June 30, 2014	Program Summary Report delivered to sponsors for initial program

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

**BAWSCA OUTDOOR WATERWISE PROGRAM COST**

The per participant cost for the Outdoor WaterWise program is \$17, broken down as follows: \$15 Materials, \$2 for Shipping. **This price in all inclusive.**

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

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

**Professional Services Agreement/Contract will be with:**

**Resource Action Programs®**

***Program Center***

**976 United Circle**

**Sparks, NV 89431**

**Phone: 1-888-438-9473**

**Fax: 1-800-544-8051**

**Contact: Joseph Thrasher**

**[jthrasher@resourceaction.com](mailto:jthrasher@resourceaction.com)**

(This page intentionally left blank.)

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY**

**BOARD OF DIRECTORS MEETING**

**Agenda Title:**           **Professional Services Contract with Tuolumne River Trust to Conduct Classroom Education Program for FY 2014-15**

**Summary:**

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with Tuolumne River Trust to implement the “*That’s the Tuolumne in my Tap*” classroom education program for FY 2014-15. Participation in this water conservation program is voluntary. The opportunity to participate will be extended to all BAWSCA agencies. As a subscription program, participating agencies will pay the entire cost for the program.

**Fiscal Impact:**

For FY 2014-15, only those agencies that elect to participate in this program will pay the cost of the outside service provider as well as budgeted BAWSCA staff time.

**Board Policy Committee Action:**

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

**Recommendation:**

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

- 1. Negotiate and execute a contract between BAWSCA and Tuolumne River Trust, subject to legal counsel’s final review, for implementation of this classroom education program in FY 2014-15; and,**
- 2. Offer participation in the program to interested BAWSCA agencies on a subscription basis.**

**Discussion:**

BAWSCA has a long history of partnering with the Tuolumne River Trust, a nonprofit organization, on school education and outreach on water awareness. Several BAWSCA member agencies have expressed interest in contracting with the Tuolumne River Trust to offer the Tuolumne River Trust’s classroom program to schools within their service area. This program is part of the comprehensive package of conservation programs that BAWSCA agencies have asked BAWSCA to support next fiscal year as part of the Water Conservation Implementation Plan.

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

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

Because of its connection with school children, this program would be initiated in August 2014 and run through June 2015.

**Alternatives:**

Alternatives to the recommended action included herein are to: (1) not offer the Classroom Education Program in FY 2014-15, or (2) offer a potentially different type of Classroom Education Program.

BAWSCA does not recommend the above alternatives for FY 2014-15 for the following reasons. The agencies have expressed a strong desire to support a Classroom Education Program that focuses on water conservation. BAWSCA has a long history of partnering with the Tuolumne River Trust on its program, and the agencies have expressed a desire to sponsor the classroom education program in FY 2014-15. Given Tuolumne River Trust’s qualifications and history of working with schools in the BAWSCA service area, it is appropriate to contract for their services this coming fiscal year.

**Conclusion:**

This program is anticipated to be a cost-effective means of educating students on the value of water and the importance of water conservation. For this reason, addition of this water conservation program to BAWSCA’s subscription programs is recommended.

**Attachment:**

The draft scope of work for FY 2014-15 is shown in Exhibit A. The scope may be updated prior to finalization of the contract.

**EXHIBIT A**

**Tuolumne River Trust Classroom Education Program FY 2014-15**

**DRAFT**

**SCOPE OF SERVICES**

**Scope of Work:**

Tuolumne River Trust will schedule and provide classroom presentations at eligible schools and public events within the Bay Area Water Supply and Conservation Agency (BAWSCA) service area during the Fiscal Year 2014-15 school year, August 2014 through June 2015.

**BAWSCA and/or Local Water Agency Roles and Responsibilities:**

- BAWSCA will provide Tuolumne River Trust with initial information regarding which schools are eligible within each BAWSCA member agency (Local Water Agency) and what the maximum not to exceed budget is for each Local Water Agency by July 2, 2014, or sooner. If, during the course of FY 2014-15, the Local Water Agency wishes to increase or decrease the number of presentations and/or budget, the Local Water Agency will coordinate those changes with Tuolumne River Trust, who will in turn notify BAWSCA of any changes. A decrease in the total number of presentations or budget can be accommodated as long as it does not impact any schools that have already been scheduled.
- BAWSCA and/or the Local Water Agencies will provide Tuolumne River Trust with show content requirements by August 1, 2014.
- BAWSCA and/or the Local Water Agencies are responsible for coordinating with Tuolumne River Trust if they would like select materials and information distributed as part of a show. Such coordination must occur no later than one week prior to the scheduled show. BAWSCA understands that Tuolumne River Trust may not be able to distribute items that are too large or that conflict with the message that Tuolumne River Trust is presenting and that BAWSCA or the Local Water Agencies may have to be responsible for the delivery and distribution of item(s) if they exceed Tuolumne River Trust's capacity to deliver the materials.
- Local Water Agencies will email a draft Letter of Invitation to eligible schools with a Fax Request Form (Template Letter with Agency-specific information, in a Word Document) to Tuolumne River Trust for review by July 25, 2014. Tuolumne River Trust will provide comments on drafts to Local Water Agencies by August 1, 2014.
- Local Water Agencies will mail a Letter of Invitation with a Fax Request Form to all eligible schools by August 5, 2014. Eligible schools interested in participating will respond directly to Tuolumne River Trust, which shall be responsible for all scheduling.

**Tuolumne River Trust Roles and Responsibilities:**

- Tuolumne River Trust will incorporate the content requested by BAWSCA and/or Local Water Agencies into the presentations that are conducted within the Local Water Agency Service Area.
- Tuolumne River Trust will perform classroom presentations that include, but are not limited to, the following information:

- A tour of the Tuolumne River, highlighting the wildlife it supports, history of the Hetch-Hetchy water system, and an overview of some of the current threats to the river.
- A lively discussion about all the ways we use water, and how we can conserve it in order to protect the River. Conservation tips covered but not limited to:
  - Turn off the water when you're not using it (brushing teeth, washing hands, doing dishes, etc);
  - "Get off the bottle" and use reusable water bottles;
  - Fix leaky faucets and toilets;
  - Install low flow faucets aerators, shower heads and toilets;
  - Use a broom not a hose to clean the sidewalk;
  - Take shorter showers;
  - Run full laundry and dishwashing loads; and
  - Plant native drought resistant plants and water in the mornings and evenings.
- Tuolumne River Trust will schedule presentations directly with schools based upon a first come, first served basis.
- Tuolumne River Trust will submit a progress report to BAWSCA on October 15, 2014 regarding how many and which of the eligible schools Tuolumne River Trust has been able to successfully enroll. Tuolumne River Trust will provide additional school scheduling updates upon request.
- If Tuolumne River Trust is having difficulty enrolling a school in the program, or if that school/classroom has not been enrolled by January 2015, Tuolumne River Trust will alert BAWSCA and the Local Water Agency.
- Tuolumne River Trust will fax or email each scheduled school a Presentation Agreement stating the date and time of presentation and Tuolumne River Trust's technical needs. The Presentation Agreement will be signed and returned by the school's administrator.
- One week prior to presentations Tuolumne River Trust will send a Presentation Reminder fax or email to each scheduled school to re-confirm and remind them to be prepared for the program.
- On the day of the program, Tuolumne River Trust will distribute materials provided by BAWSCA and/or the Local Water Agency to the show attendees, if BAWSCA and/or the Local Water Agency have established a mutually agreeable arrangement with Tuolumne River Trust as to how to orchestrate the materials delivery and distribution.
- Tuolumne River Trust presenter(s) will present a preapproved 1 hour classroom presentation for grades 4-7 that teach water conservation and appreciation.
- Agencies have the option to use program funds for presentations at alternate locations and/or events as long as it coordinates with Tuolumne River Trust availability.
- Tuolumne River Trust will invoice BAWSCA monthly for presentations performed in the previous month.



- If a scheduled school cancels before confirmation fax is sent, Tuolumne River Trust will reschedule the presentation. If the school cancels after the Presentation Reminder has been sent, the Local Water Agency will be charged for full amount.
- Tuolumne River Trust will manage scheduling and presentations to stay within the specified Local Water Agency maximum not to exceed budgets.
- Tuolumne River Trust will provide BAWSCA with a Final Report by July 1, 2015 that includes the following:
  - a. Brief Introduction
  - b. Brief Summary of Show content
  - c. Documentation, by Agency, of the schools/locations/events where Tuolumne River Trust presented
  - d. Documentation, by Agency, of the number of people/kids that attended each Tuolumne River Trust presentation
  - e. A few photos to give a feel of a presentation

Tuolumne River Trust rates for this contract are listed below:

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

(This page intentionally left blank.)

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY**

**BOARD OF DIRECTORS MEETING**

**Agenda Title:**           **Professional Services Contract with Waterfluence, LLC to Implement the Large Landscape Conservation Services Program for FY 2014-15**

**Summary:**

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with Waterfluence to implement the Large Landscape Conservation Services Program (LLCSP) for FY 2014-15. Participation in this water conservation program is voluntary. The opportunity to participate will be extended to all BAWSCA agencies. As a subscription program, participating agencies will pay the entire cost for the program.

**Fiscal Impact:**

For FY 2014-15, only those agencies that elect to participate in this program will pay the cost of the outside service provider as well as budgeted BAWSCA staff time.

**Board Policy Committee Action:**

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

**Recommendation:**

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

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

**Discussion:**

Fiscal Year 2014-15 will be the thirteenth year that a Large Landscape Conservation Services Program (LLCSP) is offered to BAWSCA member agencies. Nine agencies are currently participating in the program, including one agency in Santa Clara County. These agencies have expressed interest in participating in this program again next year. This program is part of the comprehensive package of conservation programs that the BAWSCA agencies have asked BAWSCA to support next fiscal year as part of the Water Conservation Implementation Plan.

Table 1 provides information for program activity from FY 2002-03 through FY 2012-13. Since its inception, the LLCSP has been a very cost-effective program that generates real and significant water savings.

The LLCSP addresses the "Programmatic-Landscaping BMP", which requires water agencies to implement conservation programs to improve landscape irrigation efficiency. Specific activities for this program include water use budgeting, water use surveys, and supplemental landscape programs. Creating an economy of scale by using a single consultant with the requisite expertise, the LLCSP enables participating agencies to implement large landscape water budgets and water use surveys more cost effectively than if they were to hire consultants individually. The scope of work for FY 2014-15 is expected to be consistent with the scope of work for prior year's programs, a sample of which is included as Exhibit A.

**Table 1: Large Landscape Conservation Services Program Summary**

<b>Program Description</b>	<b>FY 2002/03</b>	<b>FY 2003/04</b>	<b>FY 2004/05</b>	<b>FY 2005/06</b>	<b>FY 2006/07</b>	<b>FY 2007/08</b>	<b>FY 2008/09</b>	<b>FY 2009/10</b>	<b>FY 2010/11</b>	<b>FY 2011/12</b>	<b>FY 2012/13</b>
Number of Participating BAWSCA Members	4	5	4	5	6	9	11	12	9	9	9
Estimated Savings (acre-feet per year AFY)*	N/A	299	212	520	543	602	435	1,080	632	786	990
Total spent by all agencies	\$65K	\$24K	\$30K	\$25K	\$23K	\$84K	\$109K	\$164K	\$104K	\$101K	\$67K
Cost Per Acre-Foot Saved (\$/AF)	N/A	\$59	\$90	\$37	\$43	\$63-124	\$83-125	\$58	\$82	\$131	\$90
Cost of Water from SFPUC (\$/AF)	\$383	\$479	\$492	\$444	\$531	\$566	\$623	\$719	\$828	\$1,146	\$1,276

\* Savings are calculated on a calendar year basis.

**Alternatives:**

Alternatives to the recommended action included herein are to: (1) not offer the LLCSP in FY 2014-15, or (2) offer a potentially different version of the LLCSP based on a contractor and program selected through a competitive bid process.

BAWSCA does not recommend the above alternatives. John B. Whitcomb (Waterfluence) was selected to provide the LLCSP services through a competitive process in 2002. His proposal was the most responsive and his proposed costs were highly competitive. His services during the past eleven years have been critical to the overall program's success. The agencies continue to be pleased with this program and have expressed a desire to continue the LLCSP in FY 2014-15 with Mr. Whitcomb through his new firm, Waterfluence. Given Mr. Whitcomb's qualifications, performance, and value received, it is appropriate to contract for his services this coming fiscal year.

**Conclusion:**

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

**Attachment:**

The scope of work for FY 2013-14 is shown in Exhibit A. The scope of work for FY 2014-15 will be updated as necessary during negotiation of a new contract.

(This page intentionally left blank.)

**EXHIBIT A**

**Scope of Services: Water Conservation Landscape Program (Program) FY 2013-14  
(Sample)**

**Program Initiation and Site Setup (first 60 days)**

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

**Report Distribution (ongoing)**

1. Data Collection. Agency forwards Waterfluence a water use file at the beginning of each month with the previous month's water use for each account in the program. Waterfluence collects daily weather data from CIMIS, NOAA, or other sources and updates water rates when relevant.
2. Water Use Report Distribution. Each month, Waterfluence distributes reports to all site contacts via email or mail.
3. Agency Review. Waterfluence provides Agency with electronic access to review all Water Use Reports, Site Maps, and Landscape Field Survey Reports (described in next section).
4. Site Contact Maintenance. Waterfluence will continually update site contact information. This includes monitoring changes in account number, investigating returned mail envelopes, and investigating email bounce backs. Site contacts can be added or modified via Waterfluence web site or toll free telephone. Primary site contact (water bill payer) needs to authorize any changes in site contacts to become effective.
5. Site Map Updating. Waterfluence will correct any map errors identified by site contacts.
6. Customer Service. Waterfluence provides customer service to site contacts via web site and toll free telephone number.

7. Messaging. Water Agencies and BAWSCA can have Waterfluence send specific messages to particular sites or group of sites via the Water Use Report. Messages might include information on other landscape programs (e.g., financial incentive programs), events, useful hyperlinks, or policies.
8. Premium Site Contact Management. For Agencies requesting premium site contact management, Waterfluence will a) send a direct email to all site contacts not reading their reports in last 3 months, direct telephone call to all site contacts not reading their reports in last 6 months, and provide a detailed annual report on the frequency of readership and survey results by all site contacts associated with agency sites.

### **Landscape Field Surveys (optional)**

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

### **Summary of Agency Tasks**

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

### **Deliverables**

Waterfluence provides the following project deliverables:

1. Waterfluence Web Portal Access. Water agency staff get access to the Waterfluence web portal via a username/password to:
  - a. View their most current Water Use Reports, site maps and, if relevant, Landscape Field Survey Reports.
  - b. Sort sites by characteristics such as total water use, water over budget, or site rank.
  - c. Target and approve sites to receive a Landscape Field Survey.
  - d. View site contacts and the last date the report was viewed (for sites getting their report electronically).
  - e. View a Fiscal Year history of program activity including:
    - i. Number of sites
    - ii. Total landscape acres
    - iii. Total water use
    - iv. Total over budget water use
    - v. Total water savings
    - vi. Number of Landscape Field Surveys



2. BAWSCA Fiscal Year Report. BAWSCA receives a spreadsheet table showing the aggregate program activity fields shown above for all sites participating from their member agencies by fiscal year.
3. Waterfluence Report and Website Content Changes. Waterfluence is continually expanding and evolving the content shown on the Water Use Report and its website. All participating water agencies and BAWSCA will be notified of significant changes in content.

(This page intentionally left blank.)

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY**

**BOARD OF DIRECTORS MEETING**

**Agenda Title:**           **Professional Services Contract with Highest Ranked Vendor(s) to Implement a Home Water Use Reports Program**

**Summary:**

The Home Water Use Reports Program (Program) is a potential new water conservation program. The Program would develop and deliver customized reports to individual single-family households based on data analytics and behavioral science techniques to provide water consumption information, messaging, and water saving recommendations. The objective of the Program is to motivate customers to improve water use efficiency through changes in behavior or adoption of more water efficient technology by increasing customer awareness of household water usage when compared to similar households.

As with all BAWSCA subscription programs, (1) participation is voluntary, (2) the participating agencies will pay the entire cost for the Program, and (3) the opportunity to participate will be extended to all BAWSCA agencies.

BAWSCA's share of the Bay Area Integrated Regional Water Management (IRWM) Prop 84 grant includes reimbursement of \$3 per household per year for up to 50,000 households. Participating agencies will be eligible to receive reimbursement for a portion of their costs through this grant.

BAWSCA initiated a competitive selection process with the release of a Request for Proposals (RFP) on February 26, 2014. Interviews were conducted with the top two firms responding to the RFP on April 2<sup>nd</sup>. Feedback from the BAWSCA agencies was solicited via a webinar on April 30<sup>th</sup>.

The firms offer somewhat different approaches to the Program. WaterSmart Software utilizes paper and e-mail reports, as well as a web-based customer portal, to deliver consumption data and conservation messaging to customers. Dropcountr, Inc. uses paper reports and a smartphone application for customer communications. There was interest from BAWSCA agencies in the products offered by both firms.

BAWSCA staff recommends contracting with both WaterSmart Software and Dropcountr, and making the services of either or both firms available to the BAWSCA agencies on a subscription basis. This is consistent with other BAWSCA's other subscription programs where multiple vendors are available to the member agencies (e.g., school education programs).

**Fiscal Impact:**

This program is being offered on a subscription basis. For FY 2014-15, only those agencies that elect to participate in this program will pay the cost of the outside service provider. Participating agencies will receive, through BAWSCA, partial reimbursement for program expenditures through BAWSCA's Prop 84 IRWM grant.

**Recommendation:**

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

- 1. Negotiate and execute contracts with WaterSmart Software and DropCountr, Inc. subject to legal counsel's final review, to implement the Home Water Use Reports Program; and,**
- 2. Offer participation in the Program to interested BAWSCA agencies on a subscription basis in FY 2014-15.**

**Discussion:**

BAWSCA initiated a consultant selection process for a new subscription based conservation program targeted at single-family residential water customers. The Program would develop and deliver customized reports to individual single-family households based on data analytics and behavioral science techniques to provide water consumption information, messaging, and water saving recommendations. The objective of the Program is to motivate customers to improve water use efficiency through changes in behavior or adoption of more water efficient technology by increasing customer awareness of household water usage when compared to similar households.

As with all BAWSCA subscription programs, (1) participation is voluntary, (2) the participating agencies will pay the entire cost for the Program, and (3) the opportunity to participate will be extended to all BAWSCA agencies.

Funding for this program is available through the Round 2 Prop 84 IRWM grant. BAWSCA's share of the grant will provide reimbursement of \$3 per household per year for up to 50,000 households.

BAWSCA's subscription based conservation programs provide the member agencies with a number of benefits including (1) centralized vendor selection and contracting, (2) better contracting terms, (3) access to BAWSCA grant funding where applicable, and (4) standardized templates for marketing materials.

***Consultant Selection Process***

On February 26, 2014, BAWSCA issued an RFP soliciting proposals to develop and implement a home water use reports program targeted at individual single-family households. Three proposals were received from Dropcountr, SmartEx, and WaterSmart Software. The top two firms were invited to interview on April 2, 2014. BAWSCA member agencies were invited to participate in the consultant selection process as part of the scope development and on a project advisory panel. The selection panel included a representative from Stanford University, an outside panelist from Solano County Water Agency, and two BAWSCA staff members.

There was interest from BAWSCA agencies in the products offered by both firms. In order to meet the needs of the individual agencies, it is recommended that BAWSCA contract with both WaterSmart Software and Dropcountr, and make the services of both firms available to the BAWSCA agencies on a subscription basis.

***Scope of Work and Schedule***

The proposed Scope of Work for this Project includes four key phases:

- Phase I: Program Development
- Phase II: Implement and Operate a Customized Home Water Use Report Program
- Phase III: Report on Program Accomplishments and Overall Implementation
- Phase IV: Ongoing Water Use Report Services
- Optional Phase V: Expand Reporting Capabilities for Other Utility Services

The initial pilot project will extend over an 18 month base term contract, at which point BAWSCA has the option to renew the contract(s) to continue water use report services for three one-year terms.

**Alternatives:**

The alternative to the recommended action included herein is to not offer the Home Water Use Reports Subscription Program in FY 2014-15.

This alternative is not recommended given the significant agency interest in this subscription conservation program. Through a competitive selection process, BAWSCA has received proposals from firms qualified to perform the services requested. This new subscription program will provide an additional water conservation and outreach tool for participating agencies, particularly valuable under the call for a voluntary 10% demand reduction by SFPUC.

**Conclusion:**

The Program will provide an additional water conservation and customer engagement tool for the agencies that opt to participate. The program can be provided by a qualified vendor at a reasonable cost. For these reasons, implementation of the program is recommended.

**Attachment:**

The scope of work from the Request for Proposals is shown in Exhibit A.

(This page intentionally left blank.)

**EXHIBIT A**

**Home Water Use Reports  
Scope of Services**

**A-1. INTRODUCTION**

The Bay Area Water Supply and Conservation Agency (BAWSCA) seeks to contract with a qualified service provider of an electronic and/or print-based customer communication and engagement tool, including customizable water use reports with integrated web and/or mobile interfaces. The objective of the project is to increase customer awareness of household water usage, in particular when compared to peers, and to motivate customers in increasing water use efficiency.

BAWSCA intends to award an 18-month contract (with 3 additional one-year term options to renew) to the proposer selected as the highest ranked proposer whose response conforms to the RFP and meets BAWSCA's requirements.

**A-2. BACKGROUND**

BAWSCA manages several water conservation programs on behalf of its member agencies on a subscription basis. Each subscription program is fully funded by the individual agency that elects to participate (Participating Agency) based on the individual agency's participation level. This Project will be implemented as a new subscription program. It is estimated that two to five agencies will be participating in the program and that the total number of accounts in the pilot program will be 5,000 to 20,000 single family residential customer accounts. Agency participation in the Project will be determined in June 2014. Agencies may opt to modify their participation annually.

The project approach will be targeted toward single-family residential customers. The confidential customer water consumption reports will include personalized water use and cost information from the Participating Agency billing systems in an accessible user-friendly format with water use comparisons to customers with similar demographics and profiles. Interactive engagement may include collection of Participating Agency and customer provided data, automated property (i.e. household, business) water use profiles, parcel data and recommendations for and access to BAWSCA and Participating Agency water efficiency measures.

Participating Agency meter and billing data is generally collected on a bi-monthly basis, with some larger accounts read monthly. Customers typically receive printed monthly or bi-monthly bills. Customer consumption data (meter reads) are maintained within each Participating Agency's billing system. Long-term customer consumption data is available for each Participating Agency; however, the format and quality of each agency's data may vary. BAWSCA envisions that the water use reports will be delivered to customers separate from their water bills.

BAWSCA seeks innovative solutions for achieving customer behavior changes to increase water use efficiency. If the respondent wishes to submit an alternative for consideration, we encourage you to do so.

### **A-3. SPECIFIC REQUIREMENTS**

BAWSCA plans to phase the implementation of confidential household water use reports, beginning with a Pilot Program in July 2014 (must be complete by December 31, 2015) and potentially expanding the program following the pilot phase.

There are three phases in the scope of work:

1. Program Development: Configure technology platform, integrate BAWSCA and Participating Agency data streams following all data security and privacy requirements, and design detailed rollout plan.
2. Pilot Program Implementation: Implement the pilot program with Participating Agencies and their customers.
3. Reporting of Program Accomplishments and Pilot Results

#### **Phase I: Program Development**

Phase I includes technology platform configuration, design of the program and any related usage reports, data integration, development of a roll-out plan including marketing/public education plan, training of BAWSCA and Participating Agency staff and detailed quantification of the program's goals and priorities.

BAWSCA envisions one or more methods and platforms may be used to deliver water use reports. BAWSCA will consider various solutions and methods and is looking for innovative use of communication and information technology. The application should meet, but is not limited to the following requirements:

1. Acquisition and integration of multiple sources of relevant data to serve as a basis for benchmarking consumption and formulating personalized water use reports.
2. Ongoing acquisition of Participating Agency customer meters consumption data, and other pertinent demographic and water use efficiency program participation data.
3. Incorporation of BAWSCA and Participating Agency specific water conservation program information.
4. Production and delivery of personalized water use information compared to customers with similar demographics and profiles.
5. User-friendly customer access to personalized data and services that enhances knowledge of water use and possible conservation actions.
6. Collection and updating of customer-provided data on household characteristics and water conservation actions including technology and behavior adoption.

The solution should provide administrative and analytic functions including:

1. Program analytics that support ongoing improvements to program implementation, understanding of target customers, and customer acceptance of conservation measures.
2. Customer contact management and engagement tracking.
3. Reports of target customer consumption and water savings



4. Views of actual content provided to individual customers.
5. Ability to view and administer the logic, factors, images, and text used to generate personalized content and to target the report delivery.

The selected Consultant will host the database, software, and web and/or mobile interface external to BAWSCA and Participating Agency network servers. The user interface should incorporate seamless links to BAWSCA and Participating Agency website content and be presented as if it were a Participating Agency-hosted platform. All personal, customer account information, and consumption data must remain confidential and secure, shall not be disclosed to any third parties, and shall meet all applicable State and Federal security guidelines. Consultant shall in no way use such information except as specifically provided herein. Privacy policies, in full conformance with State and Federal laws shall be implemented and shall be posted on the Consultant's sites. Consultant shall be solely liable for any and all breaches of personal, customer account information, and consumption data.

The software and hosting solution should meet or exceed industry standards for:

1. Physical hardware security
2. Software application security
3. Secure end user authentication and access
4. Data transfer and management protocols to ensure security and confidentiality

The Consultant will prepare a detailed project implementation plan, including a schedule. The implementation plan shall include:

1. A description of the database, software application, user interface, content to be delivered, administrative functions, and the hardware and hosting arrangements.
2. A discussion of the methodologies to document program achievements, including the test and control group structure.

## **Phase II: Implement and Run Customized Home Water Report Program**

Phase II includes implementation of the reporting solution developed in Phase 1. The reporting solution should promote ongoing and interactive customer engagement. As a platform for outward-facing communications, the content delivered should meet the following requirements:

1. Attractive and engaging graphic design that illustrates essential messaging.
2. Concise, positive, and effective written content that motivates customers to undertake water conserving behaviors and hardware retrofits.
3. Personalized content that accounts for actual water consumption compared to cohort groups, past participation in Participating Agency conservation programs, and household characteristics.
4. Tips or offers to help customers reduce water consumption, dynamically generated on a seasonal basis and targeted for each customer based on historic water consumption as well as demographic, household and other data.
5. Event information such as BAWSCA and agency sponsored community events, training and workshops.

The reports shall be delivered to Participating Agency customers via print or electronic communication by the Consultant on a regular schedule as frequently as bi-monthly or on a schedule to be determined in consultation with BAWSCA. The information shall also be accessible on a secure website for customer use and BAWSCA staff access.

### **Phase III: Reporting of Program Accomplishments**

The Consultant shall use statistically sound methodologies to design a test and control structure for BAWSCA that will enable conclusive understanding of program achievements over time.

BAWSCA requires that the reporting of program achievements meets the following criteria:

1. No selection bias: Once a targeted area within each Participating Agency is identified for the pilot, the area shall be divided randomly at a granular level into test and control segments.
2. The Program reports on total behavioral impact of individual customers.
3. Results are reported in a statistically sound manner. The methodology may use a control group, surveying or another methodology subject to approval by BAWSCA

The Consultant shall provide bi-monthly reports documenting program results. The reports shall include the following:

- Analysis, including statistical significance, of change in water consumption among those customers in the home water reports program in comparison to a control group and to their historic consumption.
- Response rate for trackable actions taken by customers.
- List of participation in water conservation programs (per customer, and total for time period).
- Comparison of participation rates in water conservation programs among customers receiving any home water reports and potentially against a control group who do not receive similar reports or information.
- Water and cost savings per customer (annual gallons or hundred cubic feet, annual dollars per customers, and total for time period)

### **Phase IV: On-Going Water Use Report Services**

Participating Agencies may be interested in continuing the water use reporting services for additional years. The Consultant shall include information about the scope of such additional services.

### **Optional Phase V: Expand Reporting Capabilities for Other Utility Services**

Some Participating Agencies may be interested in expanding the home water report program to also report on energy consumption (as a separate future project). The Consultant shall include information about its capabilities to implement a program as described in Phases I to III above for home energy use. This information is optional and will not be a criterion for selection for this Project.

**A-4. DELIVERABLES**

The Consultant shall deliver the following:

1. An updated project plan with implementation schedule that describes the database, software application, user interface, content to be delivered, administrative functions, and the hardware and hosting arrangements.
2. Database and web/mobile platform(s) hosting.
3. Initial and ongoing data acquisition meeting the above requirements.
4. Functional application meeting the above requirements.
5. User guides and/or help functions for customer interface and project administration functions.
6. Ongoing project implementation including database and system administration and the generation and delivery of content to targeted Participating Agency customers.
7. Bi-Monthly reports of customer engagement and program analytics.
8. Regularly scheduled meetings with BAWSCA and Participating Agency staff.
9. Training for BAWSCA and Participating Agency staff

(This page intentionally left blank.)

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY**

**BOARD OF DIRECTORS MEETING**

**Agenda Title:**           **Long-Term Reliable Water Supply Strategy Progress Report**

**Summary:**

BAWSCA is developing the Long-Term Reliable Water Supply Strategy (Strategy), a comprehensive, regional assessment of the normal and drought year supply needs of the BAWSCA region and an evaluation of the water supply management projects that could be developed to meet those needs. The final phase of the Strategy is currently underway and anticipated to be completed in December 2014. This item presents a report on the progress achieved during the final phase of the Strategy.

**Fiscal Impact:**

None.

**Recommendation:**

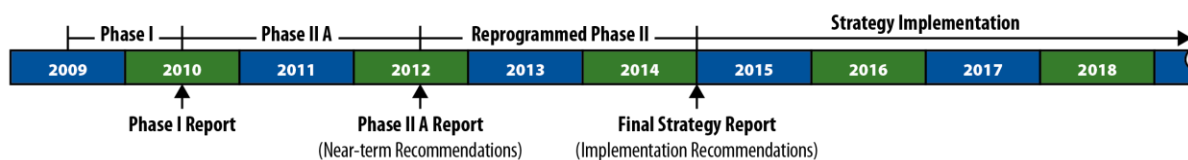
This item is for informational purposes only. No Board action is requested.

**Discussion:**

In 2009, BAWSCA began work on the Long-Term Reliable Water Supply Strategy (Strategy). The Strategy will offer BAWSCA member agencies cost-effective water supply alternatives to augment their supplies from the San Francisco Public Utilities Commission (SFPUC) to meet the needs of their customers through at least 2035.

Work on the final phase of the Strategy has been ongoing in anticipation of a final report in December 2014. Figure 1 illustrates the phased approach that has been used to complete the Strategy.

**Figure 1. Strategy Development is Phased to Ensure Desired Results will be Achieved**



The final phase of the Strategy has focused on implementing the key recommendations presented in the Strategy Phase IIA Report. Major efforts underway are highlighted below:

- **Pilot Water Transfer:** The Strategy Phase IIA Report recommended that BAWSCA pursue a pilot water transfer to test the viability of this resource option to help meet its member agencies long-term reliability goals. In September 2013, BAWSCA released the Pilot Water Transfer Plan Report that describes the approach to a potential pilot water transfer in partnership with the East Bay Municipal Utilities District (EBMUD). Following the release of the report, BAWSCA initiated work with several agencies to complete the necessary agreements to implement the pilot. BAWSCA is currently seeking to finalize the agreements necessary to implement a pilot transfer as early as Fall 2014.

- **Revised Water Demand and Conservation Projections:** BAWSCA staff has been working closely with the member agencies throughout FY2013-14 to reexamine future water demands and conservation projections for each agency through 2040. This effort will be complete in June 2014 and the information incorporated into the Final Strategy.
- **Analysis of the Economic Impacts of Supply Shortfalls:** BAWSCA staff continues to work with SFPUC staff on their analysis of the socioeconomic impacts of a water supply shortfall. A draft report, *Socioeconomic Cost of Water Shortages for the Hetch Hetchy Regional Water Service Area* (SFPUC, January 2014), has been prepared and circulated for public review as part of the Federal Energy Regulatory Commission's relicensing process for Don Pedro Dam. This information will be incorporated into the Strategy to quantify the impacts of shortages on the BAWSCA member agencies.
- **Refinement of Water Supply Available through Member Agency-led Projects:** BAWSCA staff has worked with member agencies to update estimates of recycled water, groundwater, rainwater capture, greywater and other supplemental supplies that BAWSCA member agencies intend to develop as a part of the Strategy.
- **Development of project evaluation criteria and metrics:** Additionally, BAWSCA has been analyzing alternative levels of service, financial vehicles and appropriate next steps that BAWSCA may choose to incorporate into the Strategy to frame and facilitate potential future actions related to the Strategy.

**Potential Board Actions Related to the Strategy**

Success of the Strategy will depend on timely and appropriate actions by the BAWSCA Board and by the individual member agencies. In all instances, and in accordance with a key BAWSCA principle, the water supply management projects that are developed as part of this Strategy will be paid for by those agencies that benefit from their development. Potential BAWSCA Board actions related to the Strategy are as follows:

- *Adopt a Regional Drought Level of Service Goal.* Water supply shortfalls during droughts have multi-billion dollar economic and other impacts to the BAWSCA agencies. The Board could adopt a higher regional drought level of service goal (i.e., backfill the SFPUC supply to the wholesale customers) in order to lessen the projected dry-year impacts.
- *Execute a Pilot Water Transfer.* BAWSCA may recommend that the Board execute a short-term water transfer in FY 2014-15 with one of the potential partners that BAWSCA is currently evaluating. Information presented to the Board to support this decision would include the cost and feasibility of implementing such a pilot transfer.
- Implementation of Strategy Recommendations

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY**

**BOARD OF DIRECTORS MEETING**

**Agenda Title:**           **Pilot Water Transfer Progress Report**

**Summary:**

The following is an informational update on the current activities associated with implementing the Pilot Water Transfer.

BAWSCA has been investigating water transfers as one alternative to improve the future water supply reliability of its member agencies as part of BAWSCA's Long-Term Reliable Water Supply Strategy (Strategy) planning process. Since 2012, BAWSCA has partnered with the East Bay Municipal Utility District (EBMUD) to investigate water transfer projects to improve the future water supply reliability of each agency including the development of a short-term, 1 year pilot water transfer (the Pilot Water Transfer) for possible implementation as early as Fall 2014.

**Fiscal Impact:**

None at this time. Implementation of the Pilot Water Transfer is not included in the adopted FY 2013-14 budget and would need to be funded through a separate, future Board action.

**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 future board action.

**Discussion:**

As noted in previous Board reports on this matter, there are specific water management actions that must be undertaken by BAWSCA's water transfer partners in order to enable implementation of the Pilot Water Transfer. With the end of the "rainy season" (October through April) in the Tuolumne River and other key watersheds, the water supply outlook and the likely water management actions by BAWSCA's program partners are becoming clearer.

The first such action is a declaration by EBMUD to initiate operations at its Freeport Regional Water Project (Freeport Facilities). These facilities are essential for diverting and conveying water supplies from potential sellers made available via the Sacramento River. The operation of the Freeport Facilities involves significant, fixed startup costs. This is one of the motivations for EBMUD to develop program partners such as BAWSCA with whom to share these costs. Thus, to allow for continuous operation, BAWSCA must coordinate the delivery of its transfer supplies so that they are delivered to the Freeport Facilities either simultaneously or immediately before or after scheduled EBMUD deliveries.

On April 22, 2014, the EBMUD Board formally declared the need to use the Freeport Facilities to deliver its supplemental Central Valley Project (CVP) supplies under its contract with the United States Bureau of Reclamation (USBR). In support of this action, EBMUD has developed water delivery schedules for transporting these and other supplies under a range of hydrologic conditions.

In its proposed schedule under dry conditions, EBMUD has identified two pumping periods, or windows. The first window began April 1<sup>st</sup> and is schedule to run through June, during which EBMUD will move CVP and other water transfer supplies as part of fish screen monitoring and hydraulic testing to confirm fish screen performance as required by environmental permits for the Freeport Facilities.

If dry conditions persist through the summer and/or EBMUD's voluntary conservation efforts are unsuccessful, EBMUD has identified a second window to deliver additional supplemental supplies beginning in October, which would require EBMUD to restart its Freeport Facilities. BAWSCA is moving forward with its transfer related activities in anticipation of this second window and is negotiating for the delivery of its purchased supplies on a timeframe consistent with EBMUD's delivery schedule. This is consistent with the schedule outlined in Phase 1 of the Pilot Water Transfer.

Additionally, on April 15<sup>th</sup>, the SFPUC released its Final Water Supply Availability Estimate for 2014. Based on current storage levels and expected inflow into Hetch Hetchy, the SFPUC has notified BAWSCA and the Wholesale Customers that its current call for a voluntary 10% reduction in water use will remain in place. The SFPUC also indicated the potential for an increase in the level of voluntary reductions or even mandatory cutbacks if water supply conditions significantly worsen or the request for reductions in use are not met. The SFPUC will revisit its current water use reduction request on June 15<sup>th</sup> to determine if further action is necessary.

**Water Transfer Funding Mechanism:**

Phase 1 identified estimated costs for the Pilot Water Transfer including water purchase, wheeling, operations and maintenance, and administrative cost associated with a potential transfer. BAWSCA continues to work with the Pilot Water Transfer partners to refine the cost estimates, which are presented in Table 1 below. All costs remain preliminary at this time.

<b>Table 1: Estimated Preliminary Pilot Water Transfer Costs</b>			
<b>Type of Cost</b>	<b>Recipient</b>	<b>Est. Cost (\$/AF)</b>	<b>Est. Total Costs</b>
Water Purchase	Water Seller	≈ \$275	\$ 275,000
Wheeling	EBMUD, USBR	\$348 - \$471	\$348,000 - \$471,000
Hayward Facilities <sup>(1)</sup>	COH	\$123 - \$201	\$123,000 - \$201,000
SF RWS	SFPUC	\$0	\$0
<b>Total Estimated Costs</b>		<b>\$750 - \$950 / AF</b>	<b>\$750,000 - \$950,000</b>

(1) Costs for the COH are not final at this time.

As part of the development of the Pilot Water Transfer, BAWSCA staff and its consultants have reviewed potential funding mechanisms to reimburse BAWSCA's project partners for water acquisition and wheeling costs. Historically, BAWSCA has utilized the Water Management Charge (WMC) for similar planning efforts (e.g., Long-Term Reliable Water Supply Strategy) that are intended to increase the reliability of BAWSCA's member agencies. The WMC is a specific provision of the 2009 Water Supply Agreement between the Wholesale Customers and the SFPUC, which states:

*In order to support the continuation and expansion of water conservation, water recycling, and development of alternative supplies within the wholesale Customers' service areas, the SFPUC will, if requested by BAWSCA, include the Water Management Charge in water bills sent to Wholesale Customers. (WMC Section 3.06A of the Water Supply Agreement)*

Use of the WMC offers the following benefits relative to funding the Pilot Water Transfer through the BAWSCA annual budget and agency assessments:

- Provides the BAWSCA Board flexibility in collecting revenue and allocating costs for the transfer, as opposed to the assessment process, which funds BAWSCA's annual budget and



is set by State law.

- Represents a discrete project budget independent of the BAWSCA annual budget that can be tracked and monitored separately.
- Revenue stream is not constrained by the fiscal year, which is beneficial when pursuing activities, which extend beyond a single fiscal year.
- Enables BAWSCA member agencies to accommodate the cost of the Pilot Water Transfer as part of the cost of water from SFPUC (which is where that cost would occur if SFPUC was undertaking this effort) rather than as an increased cost associated with participation in BAWSCA.
- The Water Management Charge would show as a separate line item on each agency's water bill from the SFPUC.

A few additional conditions are imposed on SFPUC and BAWSCA if the Water Management Charge is utilized:

- SFPUC will provide an annual accounting of revenue collected to BAWSCA; and
- BAWSCA will provide an annual report to the SFPUC describing the projects and programs funded with this revenue and an estimate of water conservation savings and new supply yield associated with this expenditure.

When used to fund the Long-Term Reliable Water Supply Strategy, the cost of the WMC was allocated to all agencies in proportion to their FY 2000/01 water purchases from the SFPUC. This is the same proportion as the BAWSCA assessments. The result was a fixed monthly amount collected from each BAWSCA agency.

#### *Schedule and Next Steps*

BAWSCA will continue to work with EBMUD, COH, SFPUC and the Yuba County Water District to finalize the agreements and take the steps necessary to implement the Pilot Water Transfer in preparation for the potential operation of the Freeport Facilities in the Fall. Additionally, EBMUD and BAWSCA will be planning the implementation phase (Phase III) of the Pilot Water Transfer.

BAWSCA staff is preparing to bring the Pilot Water Transfer back to the Board in July for consideration of conditional approval for the execution of the transfer contingent upon (1) the completion of all necessary agreements and (2) operation of Freeport Facilities. The issue would also return to the Board in September with an update on EBMUD's need to operate the Freeport Facilities and any remaining regulatory approvals. If approved, the Board decision would initiate Phase III of the Pilot Water Transfer. Phase III activity would include securing approval for implementation from the EBMUD Board of Directors, entering into a water purchase agreement with a willing seller, obtaining all of the necessary regulatory approvals, and implementing the transfer in Fall 2014.

### **BACKGROUND**

#### *Benefits of a Pilot Water Transfer*

The Strategy identified long-term water transfers as a promising option for improving the supply reliability of its member agencies. Development of a pilot water transfer plan was recommended in the *Long-Term Reliable Water Supply Strategy Phase IIA Final Report* to test the viability of water transfers and identify the technical, financial and institutional issues associated with a potential long-term water transfer. More immediately, the Pilot Water Transfer will provide an additional 1,000 acre-feet of dry year supply to the member agencies and their customers under the unprecedented drought conditions being experienced. Finally, the implementation of the Pilot

Water Transfer would also mark the first time that the BAWSCA member agencies have acted collectively and independently of the SFPUC to secure a reliable water supply.

**Elements of the Pilot Water Transfer**

- **Water Transfer Amount:** 1,000 AF (.89 MGD) delivered over approximately 22 days
- **Source of Supply:** To be determined, potential sellers previously identified include Yuba County Water Agency and Placer County Water District
- **Type of Water Right:** To be determined based on source of supply
- **Initial Point of Diversion:** North of Delta at Freeport Facilities diversion location on Sacramento River
- **Timing of Deliveries:** Likely October/November

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

Progress continues in discussions with staff from EBMUD, SFPUC and the City of Hayward (COH) to develop the following five key agreements necessary to conduct the Pilot Water Transfer:

- **Water Purchase Agreement:** Agreement for the purchase of water from willing seller;
- **BAWSCA-EBMUD Wheeling Agreement:** Agreement outlines the terms and conditions for EBMUD to wheel the transfer water, secured and purchased by BAWSCA, through EBMUD and US Bureau of Reclamation facilities to the Hayward Intertie;
- **Hayward Intertie Pilot Transfer Agreement:** Four-party agreement that defines the terms for the use of Hayward Intertie for the Pilot Water Transfer among EBMUD, SFPUC, COH, and BAWSCA;
- **BAWSCA-Hayward Agreement:** Agreement outlines the procedures for documenting and reimbursing COH for appropriate costs incurred to implement the transfer and identifies terms of use for COH's system beyond the EBMUD point of delivery;
- **BAWSCA-SFPUC Agreement:** Agreement outlines the operational and water accounting guidelines between BAWSCA and SFPUC for conveying purchased water to member agencies by in-lieu means through the San Francisco Regional Water System (RWS).



**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:** May 9, 2014  
**FROM:** Nicole Sandkulla, CEO/General Manager  
**SUBJECT:** Chief Executive Office/General Manager's Letter

**Current Water Supply Conditions - Update:**

On April 15<sup>th</sup> the SFPUC issued its final water supply availability estimate for the Regional Water System. As a result of the current drought conditions, the SFPUC has stated the following:

- The request for a 10% water use reduction will continue to be in effect until further notice.
- The SFPUC will continue to monitor reservoir storage levels and water deliveries and revisit the water use reduction request on June 15<sup>th</sup> to determine if the 10% voluntary reduction is sufficient.

On April 25<sup>th</sup>, Governor Brown issued a Proclamation of a Continued State of Emergency, a copy of which is attached. The SFPUC has encouraged its Wholesale Customers to implement the measures recommended by the Governor, which include:

- Limiting lawn and outdoor plant watering to two days a week;
- Not washing sidewalks and driveways with water;
- Turning off fountains not served with recycled water;
- Implementing water use reduction plans at schools, parks and golf courses; and
- Asking restaurants, hotels and other businesses to build awareness of the drought and reduce water usage by measures such as only serving water upon request.

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

**SFPUC's Water System Improvement Program (WSIP):**

On March 21, in accordance with State law, the SFPUC notified BAWSCA that it would be considering proposed changes to the WSIP in 30 days. BAWSCA submitted written comments to the Commission as part of the public hearing on the proposed changes and presented oral testimony at the public hearing. A copy of BAWSCA's April 16<sup>th</sup> comment letter is attached.

In its comments, BAWSCA recommended the Commission to direct SFPUC staff to do the following:

1. Include in the report to the State a discussion of the impact of the proposed changes on public health and safety including the proposed changes to the SFPUC's 10-Year CIP;

2. Present a staff transition plan to the Commission in June and to include a summary analysis of performance compared to the plan, including proposed corrective action, in all future WSIP Quarterly Reports;
3. Develop interim water supplies as necessary until proposed water supply projects are on line to ensure that the LOS goal can be met and provide status report to Commission by September 2014;
4. Include an update on the progress of the Alameda Creek Recovery Project and present an analysis on the impact, if any, to the SFPUC's ability to meet the water supply LOS goal as part of other regular reports; and
5. Include in the 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 on progress in future WSIP Quarterly Reports.

At the hearing, it was unclear what direction the Commission would take in response to BAWSCA's comments. BAWSCA is following up with SFPUC staff to determine what, if any, action will be taken by the SFPUC in response to these recommendations.

**Legislation – Senate Bill 1345:**

SB 1345 has now passed out of the Senate Natural Resources and Water Committee as well as the Senate Appropriations Committee. The next step is for a vote of the full Senate on the bill. That vote could happen as early as Monday, May 12<sup>th</sup>. On Thursday, May 8<sup>th</sup>, the California Seismic Safety Commission (CSSC) voted to support SB 1345 with the inclusion of a minor amendment, supported by BAWSCA, to extend the comment period from 90 to 120 days for the two state agencies.

Attached are copies of letters to Senator Pavley transmitting the letters of support received from BAWSCA member agencies.

## **Governor Brown Issues Executive Order to Redouble State Drought Actions 4-25-2014**

LOS ANGELES - With California's driest months ahead, Governor Edmund G. Brown Jr. today issued an executive order to strengthen the state's ability to manage water and habitat effectively in drought conditions and called on all Californians to redouble their efforts to conserve water.

"The driest months are still to come in California and extreme drought conditions will get worse," said Governor Brown. "This order cuts red tape to help get water to farmers more quickly, ensure communities have safe drinking water, protect vulnerable species and prepare for an extreme fire season. I call on every city, every community, every Californian to conserve water in every way possible."

In January, the Governor declared a drought state of emergency. Since then, state water officials say that reservoirs, rainfall totals and the snowpack remain critically low. Current electronic readings show the snowpack's statewide water content at just 16 percent of average.

In the order, Governor Brown directs the Department of Water Resources and the State Water Resources Control Board to expedite approvals of voluntary water transfers to assist farmers. He also directs the California Department of Fish and Wildlife to accelerate monitoring of drought impacts on winter-run Chinook salmon in the Sacramento River and its tributaries, and to execute habitat restoration projects that will help fish weather the on-going drought.

To respond to the increased threat of wildfire season, the order streamlines contracting rules for the Governor's Office of Emergency Services and CALFIRE for equipment purchases and enables landowners to quickly clear brush and dead, dying or diseased trees that increase fire danger.

The order also calls on Californians and California businesses to take specific actions to avoid wasting water, including limiting lawn watering and car washing; recommends that schools, parks and golf courses limit the use of potable water for irrigation; and asks that hotels and restaurants give customers options to conserve water by only serving water upon request and other measures. The order also prevents homeowner associations from fining residents that limit their lawn watering and take other conservation measures.

The order provides a limited waiver of the California Environmental Quality Act for several actions that will limit harm from the drought. This waiver will enable these urgently needed actions to take place quickly and will remain in place through the end of 2014.

Last December, the Governor formed a Drought Task Force to closely manage precious water supplies, to expand water conservation wherever possible and to quickly respond to emerging drought impacts throughout the state. In May 2013, Governor Brown issued an Executive Order

to direct state water officials to expedite the review and processing of voluntary transfers of water.

Governor Brown has called on all Californians to reduce their water use by 20 percent - visit [SaveOurH2O.org](http://SaveOurH2O.org) to find out how everyone can do their part, and visit [Drought.CA.Gov](http://Drought.CA.Gov) to learn more about how California is dealing with the effects of the drought.

The text of the executive order is attached:

## **A PROCLAMATION OF A CONTINUED STATE OF EMERGENCY**

WHEREAS on January 17, 2014, I proclaimed a State of Emergency to exist in the State of California due to severe drought conditions; and

WHEREAS state government has taken expedited actions as directed in that Proclamation to minimize harm from the drought; and

WHEREAS California's water supplies continue to be severely depleted despite a limited amount of rain and snowfall since January, with very limited snowpack in the Sierra Nevada mountains, decreased water levels in California's reservoirs, and reduced flows in the state's rivers; and

WHEREAS drought conditions have persisted for the last three years and the duration of this drought is unknown; and

WHEREAS the severe drought conditions continue to present urgent challenges: water shortages in communities across the state, greatly increased wildfire activity, diminished water for agricultural production, degraded habitat for many fish and wildlife species, threat of saltwater contamination of large fresh water supplies conveyed through the Sacramento-San Joaquin Bay Delta, and additional water scarcity if drought conditions continue into 2015; and

WHEREAS additional expedited actions are needed to reduce the harmful impacts from the drought as the state heads into several months of typically dry conditions; and

WHEREAS the magnitude of the severe drought conditions continues to present threats beyond the control of the services, personnel, equipment, and facilities of any single local government and require the combined forces of a mutual aid region or regions to combat; and

WHEREAS under the provisions of section 8558(b) of the Government Code, I find that conditions of extreme peril to the safety of persons and property continue to exist in California due to water shortage and drought conditions with which local authority is unable to cope; and

WHEREAS under the provisions of section 8571 of the Government Code, I find that strict compliance with the various statutes and regulations specified in this proclamation would prevent, hinder, or delay the mitigation of the effects of the drought.

NOW, THEREFORE, I, EDMUND G. BROWN JR., Governor of the State of California, in accordance with the authority vested in me by the Constitution and statutes of the State of California, including the Emergency Services Act and in particular Government Code section 8567, do hereby issue this Executive Order, effective immediately, to mitigate the effects of the drought conditions upon the people and property within the State of California.

## **IT IS HEREBY ORDERED THAT:**

1. The orders and provisions contained in Proclamation No. 1-17-2014, dated January 17, 2014, remain in full force and effect except as modified herein.

2. The Department of Water Resources and the State Water Resources Control Board (Water Board) will immediately and expeditiously process requests to move water to areas of need, including requests involving voluntary water transfers, forbearance agreements, water exchanges, or other means. If necessary, the Department will request that the Water Board consider changes to water right permits to enable such voluntary movements of water.

3. Recognizing the tremendous importance of conserving water during this drought, all California residents should refrain from wasting water:

- a. Avoid using water to clean sidewalks, driveways, parking lots and other hardscapes.
- b. Turn off fountains and other decorative water features unless recycled or grey water is available.
- c. Limit vehicle washing at home by patronizing local carwashes that use recycled water.
- d. Limit outdoor watering of lawns and landscaping to no more than two times a week.

Recreational facilities, such as city parks and golf courses, and large institutional complexes, such as schools, business parks and campuses, should immediately implement water reduction plans to reduce the use of potable water for outdoor irrigation.

Commercial establishments such as hotel and restaurants should take steps to reduce water usage and increase public awareness of the drought through measures such as offering drinking water only upon request and providing customers with options to avoid daily washing of towels or sheets.

Professional sports facilities, such as basketball arenas, football, soccer, and baseball stadiums, and hockey rinks should reduce water usage and increase public awareness of the drought by reducing the use of potable water for outdoor irrigation and encouraging conservation by spectators.

The Water Board shall direct urban water suppliers that are not already implementing drought response plans to limit outdoor irrigation and other wasteful water practices such as those identified in this Executive Order. The Water Board will request by June 15 an update from urban water agencies on their actions to reduce water usage and the effectiveness of these efforts. The Water Board is directed to adopt emergency regulations as it deems necessary, pursuant to Water Code section 1058.5, to implement this directive.

Californians can learn more about conserving water from the Save Our Water campaign ([SaveOurH2O.org](http://SaveOurH2O.org)).



4. Homeowners Associations (commonly known as HOAs) have reportedly fined or threatened to fine homeowners who comply with water conservation measures adopted by a public agency or private water company. To prevent this practice, pursuant to Government Code section 8567, I order that any provision of the governing document, architectural or landscaping guidelines, or policies of a common interest development will be void and unenforceable to the extent it has the effect of prohibiting compliance with the water-saving measures contained in this directive, or any conservation measure adopted by a public agency or private water company, any provision of Division 4, Part 5 (commencing with section 4000) of the Civil Code notwithstanding.

5. All state agencies that distribute funding for projects that impact water resources, including groundwater resources, will require recipients of future financial assistance to have appropriate conservation and efficiency programs in place.

6. The Department of Fish and Wildlife will immediately implement monitoring of winter-run Chinook salmon in the Sacramento River and its tributaries, as well as several runs of salmon and species of smelt in the Delta as described in the April 8, 2014 Drought Operations Plan.

7. The Department of Fish and Wildlife will implement projects that respond to drought conditions through habitat restoration and through water infrastructure projects on property owned or managed by the Department of Fish and Wildlife or the Department of Water Resources for the benefit of fish and wildlife impacted by the drought.

8. The Department of Fish and Wildlife will work with other state and federal agencies and with landowners in priority watersheds to protect threatened and endangered species and species of special concern and maximize the beneficial uses of scarce water supplies, including employment of voluntary agreements to secure instream flows, relocation of members of those species, or through other measures.

9. The Department of Water Resources will expedite the consideration and, where appropriate, the implementation, of pump-back delivery of water through the State Water Project on behalf of water districts.

10. The Water Board will adopt statewide general waste discharge requirements to facilitate the use of treated wastewater that meets standards set by the Department of Public Health, in order to reduce demand on potable water supplies.

11. The Department of Water Resources will conduct intensive outreach and provide technical assistance to local agencies in order to increase groundwater monitoring in areas where the drought has significant impacts, and develop updated contour maps where new data becomes available in order to more accurately capture changing groundwater levels. The Department will provide a public update by November 30 that identifies groundwater basins with water shortages, details remaining gaps in groundwater monitoring, and updates its monitoring of land subsidence and agricultural land fallowing.

12. The California Department of Public Health, the Office of Emergency Services, and the Office of Planning and Research will assist local agencies that the Department of Public Health has identified as vulnerable to acute drinking water shortages in implementing solutions to those water shortages.

13. The Department of Water Resources and the Water Board, in coordination with other state agencies, will provide appropriate assistance to public agencies or private water companies in establishing temporary water supply connections to mitigate effects of the drought.

14. For the protection of health, safety, and the environment, CAL FIRE, the Office of Emergency Services, the Department of Water Resources, and the Department of Public Health, where appropriate, may enter into contracts and arrangements for the procurement of materials, goods, and services necessary to quickly mitigate the effects of the drought.

15. Pursuant to the drought legislation I signed into law on March 1, 2014, by July 1, 2014, the California Department of Food and Agriculture, in consultation with the Department of Water Resources and Water Board, will establish and implement a program to provide financial incentives to agricultural operations to invest in water irrigation treatment and distribution systems that reduce water and energy use, augment supply, and increase water and energy efficiency in agricultural applications.

16. To assist landowners meet their responsibilities for removing dead, dying and diseased trees and to help landowners clear other trees and plants close to structures that increase fire danger, certain noticing requirements are suspended for these activities. Specifically, the requirement that any person who conducts timber operations pursuant to the exemptions in Title 14, California Code of Regulations sections 1038 (b) and (c) submit notices to CAL FIRE under the provisions of Title 14, California Code of Regulations, section 1038.2 is hereby suspended. Timber operations pursuant to sections 1038(b) and (c) may immediately commence operations upon submission of the required notice to CAL FIRE and without a copy of the Director's notice of acceptance at the operating site. All other provisions of these regulations will remain in effect.

17. The Water Board will adopt and implement emergency regulations pursuant to Water Code section 1058.5, as it deems necessary to prevent the waste, unreasonable use, unreasonable method of use, or unreasonable method of diversion of water, to promote water recycling or water conservation, and to require curtailment of diversions when water is not available under the diverter's priority of right.

18. In order to ensure that equipment and services necessary for drought response can be procured quickly, the provisions of the Government Code and the Public Contract Code applicable to state contracts, including, but not limited to, advertising and competitive bidding requirements, are hereby suspended for directives 7 and 14. Approval by the Department of Finance is required prior to the execution of any contract entered into pursuant to these directives.

19. For several actions called for in this proclamation, environmental review required by the California Environmental Quality Act is suspended to allow these actions to take place as quickly as possible. Specifically, for actions taken by state agencies pursuant to directives 2, 3, 6-10, 13, 15, and 17, for all actions taken pursuant to directive 12 when the Office of Planning and Research concurs that local action is required, and for all necessary permits needed to implement these respective actions, Division 13 (commencing with section 21000) of the Public Resources Code and regulations adopted pursuant to that Division are hereby suspended. The entities implementing these directives will maintain on their websites a list of the activities or approvals for which these provisions are suspended. This suspension and that provided in paragraph 9 of the January 17, 2014 Proclamation will expire on December 31, 2014, except that actions started prior to that date shall not be subject to Division 13 for the time required to complete them.

20. For several actions called for in this proclamation, certain regulatory requirements of the Water Code are suspended to allow these actions to take place as quickly as possible. Specifically, for actions taken pursuant to directive 2, section 13247 of the Water Code is suspended. The 30-day comment period provided in section 1726(f) of the Water Code is also suspended for actions taken pursuant to directive 2, but the Water Board will provide for a 15-day comment period. For actions taken by state agencies pursuant to directives 6 and 7, Chapter 3 of Part 3 (commencing with section 85225) of the Water Code is suspended. The entities implementing these directives will maintain on their websites a list of the activities or approvals for which these provisions are suspended.

I FURTHER DIRECT that as soon as hereafter possible, this Proclamation shall be filed in the Office of the Secretary of State and that widespread publicity and notice be given to this Proclamation.

IN WITNESS WHEREOF I have hereunto set my hand and caused the Great Seal of the State of California to be affixed this 25th day of April, 2014

---

EDMUND G. BROWN JR.  
Governor of California

ATTEST:

---

DEBRA BOWEN  
Secretary of State

###

(This page intentionally left blank.)



April 16, 2014

The Honorable Vince Courtney, President  
San Francisco Public Utilities Commission  
525 Golden Gate Avenue, 13<sup>th</sup> floor  
San Francisco, CA 94102

**SUBJECT: Comments on the Proposed March 2014 Revised Water System Improvement Program (WSIP)**

Dear President Courtney:

On March 21, 2014, in accordance with State Water Code Section 73514, the San Francisco Public Utilities Commission (SFPUC) notified the Bay Area Water Supply and Conservation Agency (BAWSCA) that it would be considering proposed changes to the Water System Improvement Program (WSIP). With only one year passing since the last major WSIP re-baselining, the SFPUC is again considering modifications to the scope, budget and schedule of the WSIP. This is of significant concern to BAWSCA given the resulting fiscal and water reliability impacts on the regional customers.

The efforts of Mr. Wade and his staff for meeting with BAWSCA representatives to discuss the proposed changes and providing supporting documentation for the recommendations under consideration are much appreciated. Based on a thorough review of these documents and the conversations with SFPUC staff, BAWSCA has developed the following findings and recommendations for consideration by the SFPUC.

**Budget:** What is the impact of the proposed revisions on the individual project budgets and overall WSIP budget as compared to the currently adopted budget?

**Budget Finding 1:** The SFPUC is proposing a \$126.3M increase in the Regional WSIP budget. To fund this proposed cost increase, the SFPUC will defer an equivalent dollar value of previously planned projects in its 10-Year Capital Improvement Program (CIP) to avoid any additional increase in proposed water rates. While the SFPUC's desire to control water rates is understood, BAWSCA remains concerned about the impacts to public health and safety resulting from changes to the SFPUC's adopted capital programs – be it the WSIP or the 10-Year CIP.

**Budget Finding 2:** The SFPUC has indicated that it has a 65% confidence level that the proposed budget provides funding sufficient to cover the identified projects risks. This compares to the program adopted in April 2013 which had a budget with an 88% confidence level. The SFPUC is proposing a budget with a reduced level of confidence that the contingency is sufficient to meet the identified risks. In both cases, this analysis excludes those projects still in the planning stages including the Regional Groundwater Storage and Recovery Project, and the Alameda Creek Recapture Project.

The SFPUC staff must take all actions necessary to control costs moving forward to increase the likelihood that the proposed budget will be sufficient to complete the program. Critical to staying within the revised budget amount proposed is maintaining the proper levels of staffing and consulting resources during the remainder of the WSIP. This will require the orderly transition of staff and consultants as projects are completed and facilities transferred to SFPUC Operations staff. In his March 31, 2014 letter to BAWSCA, Mr. Wade commits to developing a written staff transition plan by May 2014 that will be presented to the Commission by the end of June 2014. Mr. Wade states that “we will review our actual performance compared to the plan monthly with the responsible Regional and Bureau Management and will follow up any observed deviations with detailed analysis and corrective action.” Inclusion of this information as part of the ongoing WSIP Quarterly Reports would be an effective monitoring tool for the Commission and other WSIP stakeholders.

***Budget Recommendations:*** BAWSCA recommends that the Commission direct staff to:

1. **Include in the required AB 1823 report to the State a discussion of the impact of the proposed changes on public health and safety including the proposed changes to the SFPUC’s 10-Year CIP.**
2. **Present the staff transition plan to the Commission at the 2<sup>nd</sup> meeting in June and to include a summary analysis of performance compared to the plan, including proposed corrective action, in all future WSIP Quarterly Reports.**

**Schedule:** Have the completion dates for individual WSIP projects been extended and if so, why? Is there an increased risk to public health and safety for any schedule extension?

*Schedule Finding 1:* The SFPUC is proposing schedule extensions for twelve individual WSIP projects currently in construction, not including the support projects, and an overall 1.5-month schedule extension for program completion in May 2019. Several project extensions are associated with projects already “in-service”. Two project extensions are for projects critical to meeting the WSIP water supply Level of Service (LOS) goal: Calaveras Dam Replacement Project (9 month extension) and Regional Groundwater Storage and Recovery Project (24 month extension). Delays in these projects extend the time over which the water customers are exposed to increased level of dry-year water supply shortages. For example, these projects would significantly benefit overall water supply available this year if they were already in place and would reduce the need for significant water use reductions and the resulting economic and public health impacts in the event of a subsequent dry year.

***Schedule Recommendation:*** BAWSCA recommends that the Commission direct staff to:

1. **Develop interim water supplies (e.g., temporary water transfers) as necessary until proposed water supply projects are on line to ensure that the San Francisco Regional Water System (RWS) can meet the water supply LOS goal, and to provide a status report to the Commission on actions taken by September 2014.**

**Scope:** What is the impact of the proposed revisions on the individual project scopes as compared to the currently adopted scopes? Do the projects, as proposed, continue to meet the WSIP LOS goals?

*Scope Finding 1:* The proposed changes include scope revisions to the Alameda Creek Recapture Project (ACRP) to increase operational flexibility. BAWSCA remains concerned that the ACRP may not provide necessary yield to meet the water supply LOS goal. In his March 31, 2014 letter to BAWSCA, Mr. Wade concurs with BAWSCA's stated concerns with ACRP and states "the SFPUC agrees with BAWSCA that there is some uncertainty with regard to the potential yield of the ACRP due to currently unknown conditions that may be placed on the project through the CEQA review and environmental permitting processes. These potential constraints on yield will continue to be evaluated as the project moves forward through the planning, design and environmental review process." This uncertainty increases the exposure of the water customers to impacts resulting from water supply reductions in response to drought. .

**Scope Recommendation:** BAWSCA recommends that the Commission direct staff to:

1. Include, as part of the regular report to the Commission on achieving the Water Supply LOS goal, an update on the progress of the ACRP and any environmental conditions imposed on the project, including potential impacts to scope, schedule, and budget, and present an analysis on the impact, if any, to the SFPUC's ability to meet the water supply LOS goal.
2. Include in the required AB 1823 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 use this quantification as a basis for reporting on progress in future WSIP Quarterly Reports.

BAWSCA appreciates the helpful discussions with SFPUC staff, particularly Mr. Wade, that have occurred during the course of our review of the proposed changes. As always, BAWSCA's goal continues to be the successful implementation of the WSIP that will meet the adopted LOS goals and be completed on time and within budget.

Sincerely,



Micole Sandkulla  
Chief Executive Officer/General Manager

cc: Harlan L. Kelly, Jr., SFPUC General Manager  
Emilio Cruz, SFPUC Assistant General Manager - Infrastructure  
Dan Wade, SFPUC Program Director, WSIP  
BAWSCA Board of Directors  
BAWSCA Water Management Representatives  
Allison Schutte, Hanson Bridgett

(This page intentionally left blank.)



# BAWSCA

Bay Area Water Supply & Conservation Agency

April 2, 2014

The Hon. Fran Pavley, Senator  
Chair, Natural Resources and Water Committee  
California State Senate  
State Capitol, Room 4035  
Sacramento, CA 95814

**Subject: Support Letters for Senate Bill 1345**

Dear Senator Pavley,

I am pleased to send you letters of support from Cities and Water Districts in the BAWSCA service area. The enclosed support letters are from the following BAWSCA member agencies:

- Alameda County Water District
- City of Brisbane
- California Water Service Company
- City of Daly City
- City of Menlo Park
- City of Millbrae
- Purissima Hills Water District
- City of Santa Clara
- City of Sunnyvale
- Town of Hillsborough

BAWSCA anticipates receiving additional support letters from its member agencies and will provide those to the Committee as soon as they are available.

BAWSCA urges the Committee on Natural Resources and Water to act favorably on this bill and hopes that the California Senate will do so as well.

We will provide whatever additional information that you and your colleagues need to address the merits of Senate Bill 1345, and we appreciate the leadership which you and your Committee are providing.

Sincerely,



Nicole Sandkulla  
CEO/General Manager

cc: Toni Lee, Science and Technology Fellow, Senate Natural Resources and Water  
Bud Wendell, Management Communications  
BAWSCA Board of Directors

(This page intentionally left blank.)



April 8, 2014

The Hon. Fran Pavley, Senator  
Chair, Natural Resources and Water Committee  
California State Senate  
State Capitol, Room 4035  
Sacramento, CA 95814

**Subject: Support Letters for Senate Bill 1345**

Dear Senator Pavley,

I am pleased to send you additional letters of support from member agencies of BAWSCA. The enclosed support letters are from:

- City of Mountain View
- City of Redwood City
- City of San Bruno

BAWSCA anticipates receiving additional support letters from its member agencies and will provide those to the Committee as soon as they are available.

BAWSCA urges the Committee on Natural Resources and Water to act favorably on this bill on April 22<sup>nd</sup>, and hopes that the California Senate will do so as well.

We will provide whatever additional information that you and your colleagues need to address the merits of Senate Bill 1345, and we appreciate the leadership which you and your Committee are providing.

Sincerely,

A handwritten signature in blue ink that reads "Nicole Sandkulla".

Nicole Sandkulla  
CEO/General Manager

cc: Toni Lee, Science and Technology Fellow, Senate Natural Resources and Water  
Bud Wendell, Management Communications  
BAWSCA Board of Directors

(This page intentionally left blank.)



April 10, 2014

The Hon. Fran Pavley, Senator  
Chair, Natural Resources and Water Committee  
California State Senate  
State Capitol, Room 4035  
Sacramento, CA 95814

**Subject: Support Letters for Senate Bill 1345**

Dear Senator Pavley,

I am pleased to send you the original hard copies of additional letters of support from member agencies of BAWSCA. The enclosed support letters are from:

- Stanford University
- Coastside County Water District

Electronic copies of these letters were emailed to Toni Lee on Thursday, April 9<sup>th</sup> in the interest of time.

BAWSCA anticipates receiving additional support letters from its member agencies and will provide those to the Committee as soon as they are available.

BAWSCA urges the Committee on Natural Resources and Water to act favorably on this bill on April 22<sup>nd</sup>, and hopes that the California Senate will do so as well.

We will provide whatever additional information that you and your colleagues need to address the merits of Senate Bill 1345, and we appreciate the leadership which you and your Committee are providing.

Sincerely,

A handwritten signature in blue ink that reads "Nicole Sandkulla".

Nicole Sandkulla  
CEO/General Manager

cc: Toni Lee, Science and Technology Fellow, Senate Natural Resources and Water  
Bud Wendell, Management Communications  
BAWSCA Board of Directors

(This page intentionally left blank.)

# Board Policy Calendar for FY 2013-14

Board Meeting	Purpose	Issue or Topic
May 2014	D&A D&A R&D	Consideration of FY 2014-15 Work Plan and Budget Consideration of Annual Contracts Pilot Water Transfer: Progress and Next Steps
July 2014	D&A R&D	Review Water Supply Forecast & Decide if a Transfer Should be Pursued Updated Water Demand Projections: Results & Recommended Actions
Sept. 2014	D&A D&A	Review Water Supply Forecast & Decide if a Transfer Should be Pursued Discussion and Possible Action of a Regional Drought Reliability Goal
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

(This page intentionally left blank.)



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

**Meeting Schedule through June 2015**

<b>Schedule for BAWSCA Board Meetings (Meetings are held from approx. 7:00 – 9:00 p.m.)</b>	
<b><u>Date</u></b>	<b><u>Location</u></b>
Thursday – July 17, 2014	Wind Room, Foster City Community Center
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

<b>Schedule for RFA Board Meetings (Meeting time will be announced)</b>	
<b><u>Date</u></b>	<b><u>Location</u></b>
Thursday – July 17, 2014	Wind Room, Foster City Community Center
Thursday – January 15, 2015	Wind Room, Foster City Community Center

<b>Schedule for BAWSCA Board Policy Committee Meetings (Meetings held from 1:30-4:00 p.m.)</b>	
<b><u>Date</u></b>	<b><u>Location</u></b>
Wednesday – June 11, 2014	155 Bovet Rd., San Mateo – 1 <sup>st</sup> Floor Conf. Rm.
Wednesday – August 13, 2014	155 Bovet Rd., San Mateo – 1 <sup>st</sup> Floor Conf. Rm.
Wednesday – October 8, 2014	155 Bovet Rd., San Mateo – 1 <sup>st</sup> Floor Conf. Rm.
Wednesday – December 10, 2014	155 Bovet Rd., San Mateo – 1 <sup>st</sup> Floor Conf. Rm.
Wednesday – February 11, 2015	155 Bovet Rd., San Mateo – 1 <sup>st</sup> Floor Conf. Rm.
Wednesday – April 8, 2015	155 Bovet Rd., San Mateo – 1 <sup>st</sup> Floor Conf. Rm.
Wednesday – June 10, 2015	155 Bovet Rd., San Mateo – 1 <sup>st</sup> Floor Conf. Rm.
Wednesday – August 12, 2015	155 Bovet Rd., San Mateo – 1 <sup>st</sup> Floor Conf. Rm.
Wednesday – October 14, 2015	155 Bovet Rd., San Mateo – 1 <sup>st</sup> Floor Conf. Rm.
Wednesday – December 9, 2015	155 Bovet Rd., San Mateo – 1 <sup>st</sup> Floor Conf. Rm.