

BAWSCA

Bay Area Water Supply & Conservation Agency

BOARD POLICY COMMITTEE

April 9, 2014
1:30 p.m.

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

AGENDA

<u>Agenda Item</u>	<u>Presenter</u>	<u>Page#</u>
1. <u>Call To Order, and Roll Call</u> Roster of Committee members (<i>Attachment</i>)	(Mendall)	Pg 5
2. <u>Comments by Chair</u>	(Mendall)	
3. <u>Public Comment</u> <i>Members of the public may address the committee on any issues not listed on the agenda that are within the purview of the committee. Comments on matters that are listed on the agenda may be made at the time the committee is considering each item. Each speaker is allowed a maximum of three (3) minutes.</i>	(Mendall)	
4. <u>Consent Calendar</u>	(Mendall)	
A. Approval of Minutes from the February 12, 2014 meeting (<i>Attachment</i>)		Pg 27
5. <u>Action Items</u>		
A. Potential Amendment to Hanson Bridgett Professional Services Contract (<i>Attachment</i>) <u>Issue:</u> 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 will need to be amended to avoid disruption of necessary work. The proposed value of the necessary amendment is not known at this time but will be determined in advance of the May Board meeting. <u>Information to Committee:</u> A memo and oral presentation <u>Committee Action Requested:</u> 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.	(Sandkulla)	Pg 23
B. Proposed FY 2014-15 Work Plan and Operating Budget (<i>Attachment</i>) <u>Issue:</u> What critical results must be achieved next year and what resources are required? <u>Information to Committee:</u> A memo and oral presentation on the FY 2014-15 proposed Work Plan and Operating Budget, incorporating comments from the February 12, 2014 BPC meeting and March 20 th board meeting.	(Sandkulla)	Pg 25

Committee Action Requested: Recommendation that the Board approve:

1. The 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.

- C. Approval of Professional Services Contracts for FY 2014-15 (*Attachments*) **(Sandkulla)** *Pg 41*
- Issue: To ensure continuity of services, fourteen (14) professional services contracts should be effective July 1, 2014.
- Information to Committee: A memo summarizing all recommended contracts and an individual memo for each professional service contract summarizing the purpose, scope and not-to-exceed amount.
1. BLX Group, LLC (Investment Advisor) *Pg 45*
 2. Brown & Caldwell (Conservation Database) *Pg 51*
 3. Burr, Pilger, Mayer (Water Supply Agreement Auditing/Accounting Support) *Pg 55*
 4. Hanson, Bridgett, LLP (Legal Counsel) *Pg 57*
 5. Hilton, Farnkopf, Hobson (Engineering/Financial Consultant –Water Supply Agreement) *Pg 65*
 6. Kelling, Northcross, Norbriga (Financial Advisor) *Pg 67*
 7. Orrick, Herrington & Sutcliffe, LLP (Bond Documents Legal Support) *Pg 69*
 8. Terry Roberts (Engineering Consultant – WSIP Cost, Schedule & Construction Management) *Pg71*
 9. Stetson Engineering (Engineering Consultant – Water Supply Agreement) *Pg 75*
 10. Bud Wendell (Strategic Counsel) *Pg 79*
 11. EarthCapades (School Assembly Program) *Pg 83*
 12. Resource Action Program (School Education Programs) *Pg 89*
 13. Tuolumne River Trust (Classroom Education Program) *Pg 111*
 14. Waterfluence, LLC (Large Landscape Conservation Services Consultant) *Pg 117*

Committee Action Requested: Recommendation for Board approval.

- D. Professional Services Contract with Highest Ranked Vendor(s) to Implement Home Water Use Reports (*Attachment*) **(Sandkulla)** *Pg 125*
- Issue: Should BAWSCA implement a new subscription water conservation program, Home Water Use Reports Program? Implementing this program would be in response to member agencies' request.
- Information to Committee: A memo and oral presentation
- Committee Action Requested: That the Committee recommend the Board 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; and,
 2. Offer participation in the program to interested BAWSCA agencies on a subscription basis in FY 2014-15

6. Reports**(Sandkulla)**

- A. Water Supply Update
- B. Pilot Water Transfer Plan – Update
- C. SFPUC Water Supply Improvement Program – Update
- D. Legislation – Status Report
- E. Board Policy Calendar (*Attachment*)

*Pg 133***7. Comments by Committee Members****(Mendall)****8. Adjournment to the next meeting on June 11, 2014 at 1:30pm in the 1st floor conference room of the BAWSCA office building, at 155 Bovet Road, San Mateo.**

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

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

Directions to BAWSCA

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

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

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD POLICY COMMITTEE

Committee Roster:

Al Mendall, City of Hayward (Chair)

Charlie Bronitsky, Estero MID (Vice-Chair)

Randy Breault, City of Brisbane/GVMID (BAWSCA Vice-Chair)

Rob Guzzetta, California Water Service Company

Kirsten Keith, City of Menlo Park

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

Tom Piccolotti, North Coast County Water District

Barbara Pierce, Redwood City

Louis Vella, Mid-Peninsula Water District

John Weed, Alameda County Water District

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

**February 9, 2014 – 1:30 p.m.
BAWSCA Offices, 155 Bovet Road, San Mateo, 1st Floor Conference Room**

MINUTES

1. Call to Order: 1:30 p.m.

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 Chair:** Chair Mendall thanked Director Guzzetta for his leadership as Chair of the Board Policy Committee in 2013. He introduced Director Charlie Bronitsky as Vice Chair, and welcomed Director Kirsten Keith as a new member of the committee.

- 3. Public Comment:** There were none.

- 4. Consent Calendar:** Approval of Minutes from the December 11, 2013 meeting.

Ms. Sandkulla noted a correction on page 3 of the December 11, 2013 BPC minutes, so that the sentence of the fourth paragraph reads, "...monitoring the significance and risks associated with actions taken by proponents of draining Hetch Hetchy."

Director O'Connell made a motion, seconded by Director Bronitsky, to approve the minutes of the Board Policy Committee meeting held on December 11, 2013. The motion passed with an abstention by Director Keith.

5. Action Items:

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

Ms. Sandkulla reminded the Committee that in September of 2013, the Board approved the establishment of an irrevocable trust with California Employers' Retiree Benefit Trust (CERBT). To implement the trust, CERBT requires BAWSCA to adopt a resolution that outlines how BAWSCA's assets would be distributed upon dissolution, and prohibits the distribution of BAWSCA's assets to private persons to avoid jeopardizing CERBT's tax-exempt status. BAWSCA worked closely with the attorney at CERBT to develop a resolution that fulfills these requirements.

The proposed means for distribution of BAWSCA's assets in the event of its dissolution involves a 2-step process. The first step distributes assets to a successor agency that assumes all of BAWSCA's debts and liabilities. The second step, if no such successor

agency exists, involves (a) the distribution of BAWSCA's assets to pay BAWSCA's debts and liabilities, (b) distribution of the remaining assets after payment of debts and liabilities, to the extent attributable to any reversion from CERBT assets in excess of BAWSCA's OPEB liabilities, to public member agencies, (c) distribution of assets remaining [after (a) and (b)] to ratepayers of all agencies as previously charged, and d) distribution of remaining assets after (a), (b), and (c) to eligible public entities.

Ms. Sandkulla explained that any interest gained by the investment in this trust that are not used to pay off OPEB obligations by BAWSCA, must go to member public agencies.

For steps 2b and 2d, the member public agencies will negotiate an agreement to determine the asset distribution.

Committee members mutually expressed the unlikelihood of dissolution happening.

Director Keith noted that it was key to emphasize the language in the resolution that says, "...**but** only if such successor agency or instrumentality has agreed to assume all of BAWSCA's debts..."

Director Weed commented that it may be helpful for the full Board to know what BAWSCA's percent of funding of OPEB requirements are now, and how far we are to catch up to where we need to be.

Director Bronitsky made a motion, seconded by Director Vella, that the Committee recommend Board adoption of Resolution No. 2014-01 which outlines the policy governing the distribution of the agency's assets upon its dissolution.

The motion passed unanimously.

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

Ms. Sandkulla reported that the Integrated Regional Water Management Plan (IRWMP) is a collective effort among the 9 County Bay Area water, wastewater, stormwater, and flood control agencies to coordinate water management planning actions. Through the California Department of Water Resources (DWR), the Proposition 84 Integrated Regional Water Management (IRWM) grant program has been a focus of the State in the last several years for distribution of state water bond monies.

As a participant in the IRWMP, BAWSCA has been successful in receiving its share of grant funds for water conservation. BAWSCA was awarded \$862,988 in Round 1 of Prop 84 grant to subsidize high-efficiency toilets, washing machine, and lawn replacement rebate programs. Recently, BAWSCA was awarded \$187,312 in Round 2, and those grant funds will subsidize the Lawn Be Gone and Home Water Use Reports programs. The total estimated savings to BAWSCA from both grants is nearly 650 acre-feet per year.

In order to receive the grant funds, DWR is requiring each grant recipient agency to adopt the most recent updated IRWMP for their region. The Bay Area IRWMP has been updated

and is currently in draft form. It is expected to be finalized before the March Board meeting.

Director Bronitsky made a motion, seconded by Director Keith, that the Committee recommend Board adoption of Resolution No. 2014-02 to meet the requirements of California Department of Water Resources.

The motion passed unanimously.

6. Reports and Discussion Items:

A. Preliminary Fiscal Year 2014-15 Work Plan and Operating Budget:

Ms. Sandkulla reported that the development of the operating budget begins with the development of the work plan for the coming fiscal year. She is pleased to report that the preliminary work plan aligns with BAWSCA's legislated authority and its three goals: a reliable supply of high quality water at a fair price. The preliminary work plan also focuses on the results that, as reported to the Board in January, are critical for the next fiscal year, and for preparing for future challenges. The year 2018 is a critical year that brings a number of important issues that need to be addressed in the coming fiscal year. The work plan also includes a small amount of staff time to respond to drought condition and anticipated increased conservation activities.

A list of results that are focused on the agency's effectiveness, reliable supply and delivery, and fair price was presented to the Committee.

Ms. Sandkulla noted that in her new role as BAWSCA's CEO, she will carry on the agency's effectiveness and put focus on continuing to build a strong relationship with the SFPUC, its General Manager and its Commissioners.

The most significant suite of activities in the work plan lies in BAWSCA's goal to ensure water supply reliability.

Critical results include the completion of the Strategy in December 2014, and continuing the work to improve drought reliability for its member agencies, including amending the Tier 1 Plan. The timing for completing the Strategy is ideal because it will provide information for addressing the long term water supply challenges leading up to 2018, and set agencies up for completing their Urban Water Management Plan (UWMP) requirements by 2015. BAWSCA will support its member agencies as they complete their UWMP requirements.

Successful implementation of regional conservation programs will continue, as well as ongoing oversight of SFPUC's Water System Improvement Program (WSIP). While the WSIP is nearing completion, the projects that remain are some of the most critical to the system.

Extending the State oversight of the WSIP implementation by the SFPUC through legislation is ongoing and will continue through Fall of 2014.

An increasing area of focus in FY 2014-15 is the SFPUC's most recently adopted 10-year CIP, which BAWSCA will follow closely in its development. BAWSCA's review and comment on projects in the CIP will be most effective during the early stages of those projects.

BAWSCA will continue to assess the potential significance and risks associated with actions taken by the proponents of draining Hetch Hetchy. Ms. Sandkulla reported that the proponents of draining Hetch Hetchy continue to pursue state, federal and legislative avenues to achieve their goals.

BAWSCA will maintain its active participation in the FERC relicensing process, which is expected to ramp up as the preliminary application is submitted in April.

Finally, protecting the members' interests in SFPUC actions to meet the water supply Level of Service goals, and addressing the critical decisions SFPUC will make in 2018 is a significant focus of the Preliminary Work Plan.

Ms. Sandkulla reported that the Commission had a full discussion about this topic at its February 11th meeting. Commissioner Moran has been pushing staff to provide information that will help the Commission make policy decisions in 2018 about whether to provide wholesale customers additional supply, increase the supply assurance, and what action to take regarding the contractual status for San Jose and Santa Clara. The SFPUC staff has initiated a new planning effort for next fiscal year that is called the Water Management Action Plan (Water MAP). The Water MAP intends to perform planning evaluation and present information to support the decisions San Francisco needs to make in 2018.

Under fair price, BAWSCA will continue the successful implementation of its 2013 bond issuance, administration of the Water Supply Agreement, and efficient operation of the agency.

Director Mendall expressed his concern on the impacts of the issues with the Mountain Tunnel on the 10-year CIP, and advocated BAWSCA's oversight.

Ms. Sandkulla reported that at the request of the Chair, she has asked SFPUC Asst. General Manager, Steve Ritchie to present the 10-year CIP at the March Board meeting.

Ms. Sandkulla explained that the schedule for achieving the critical results have limited flexibility. Unlike in previous years when workload items were moved from one year to the next to achieve what was possible with the agency's resources, work that must be done in the next fiscal year cannot be put off.

Ms. Sandkulla noted that while there will be no water supply limitation in 2018 since water use will not exceed 184 mgd, a question still remains as to what kind of certainty will San

Francisco provide wholesale customers in meeting increased water supply need in the future.

Member agencies continue to project growth and an increase in water need between 2018 and 2040. San Francisco is looking at whether 1) to meet wholesale customers' future needs for additional supply, 2) to take on San Jose and Santa Clara as permanent customers, maintain their standing, or terminate, 3) to meet additional wholesale customer water needs or not, and 4) if so, should it be on a permanent basis with an increase of individual supply guarantees and drought reliability?

In response to Director Weed's question about how San Francisco's 2018 decision affects the 2009 Water Supply Agreement (Agreement), Legal Counsel, Allison Schutte, explained that the decisions that need to be made in 2018 were self-imposed by San Francisco, and is under their management. In the Agreement, the Wholesale Customers did not agree with San Francisco's decisions related with 2018. If San Francisco does not meet its 2018 self-imposed deadline, the agreement will continue as it is. BAWSCA's ongoing monitor will ensure that all aspects of the agreement are respected.

Ms. Sandkulla emphasized that the member agencies have a number of options on actions that can be taken as a group about San Francisco's decision in 2018 that do not relate to the Agreement. The member agencies may want to take a strong position on the resolution, or lack of resolution, by San Francisco. This is a matter that BAWSCA will continue to discuss with the Board and member agencies as it develops.

Ms. Schutte further explained that despite San Francisco's actions in 2018, the perpetual supply assurance for the wholesale customers and the allocation of water rates according to the agreement will continue.

Director Guzzetta asked if there's a chance that FERC may not be done before 2018, even if it's supposed to be done by 2016.

Ms. Schutte stated that while the formal application is not until April 2014, there has been millions of dollars invested in research and studies in preparation for the FERC process. She has not seen indications of possible set-backs in the FERC process, but an extension can be possible.

Ms. Sandkulla reported that the preliminary budget for FY 2014-15 is \$2,939,286, or 10% less than FY 2013-14. The preliminary budget does not include special studies or the implementation of potential pilot water transfer.

In response to Director Weed's question, Ms. Sandkulla explained that the staff report on the Preliminary Work Plan and Budget includes the investigation of a possible water transfer with SCVWD in FY 2014-15. This effort intends to continue ongoing discussions and investigations that began in FY 2013-14 about how BAWSCA and SCVWD might be able to do a water transfer given the interconnections of the system and common customers that utilize the same supplies.

Director Vella asked how the purchase of water and implementation of a water transfer will be funded if the need arises in FY 2014-15.

Ms. Sandkulla stated that there are a couple of options which will be presented to the Board for full consideration. One of the recommendations would include the use of the Water Management Charge, which is a tool that is in the Agreement with San Francisco, and which the Board utilized to fund the Strategy. Back in July 2010, the Board enacted a Water Management Charge of approximately \$2 million to be paid for through San Francisco's water bill over a period of 18 months to fund the Strategy.

The preliminary budget fully funds the OPEB Annual Required Contribution, and includes a budget allowance for COLA and benefit changes.

Ms. Sandkulla explained that, as done in the past, COLA is not an automatic adjustment, but rather, an allocation of a budget allowance to offer merit increases of up to 5%. COLA will be applied to salary ranges for all positions except the CEO/General Manager. The budget includes no increase in CEO compensation.

Benefit changes includes an increase in PERS contribution for a portion of staff, and an increase in health premiums.

Funding the Preliminary FY 2014-15 Operating Budget will require an increase in assessments to reach a General Reserve that is within the Board's budgetary guideline.

Ms. Sandkulla reported that the adopted budget for FY 2013-14 planned for the use of \$762,188 from the General Reserve to fund the budget. It also anticipated a transfer of approximately \$250,000 of unspent funds from FY 2012-13 into the General Reserve. The transfer did not occur because total budget spending in FY 2012-13 was 95% of the approved budget. As a result, the General Reserve balance at the end of FY 2013-14 will be below the budgetary guideline of 20% of the approved operating budget.

Ms. Sandkulla noted that assessments have not increased in 5 years, or since FY 2009-10. Three scenarios for funding the FY 2014-15 budget were presented to the Committee.

Scenario 1 provides no increase in assessments, but results in a declining General Reserve for the next 5 years.

Scenario 2 provides a one-time 4% increase in assessments and the difference withdrawn from the General Reserve. This results to a General Reserve balance that is below the minimum budgetary guideline in FY 2014-15.

Scenario 3 provides a one-time 5% increase in assessments. This achieves the minimum General Reserve target balance in FY 2014-15, and provides an increasing General Reserve balance through FY 2018-19 that remains below the maximum budgetary guideline.

Ms. Sandkulla explained that her goal with the 5% increase in assessment is to apply the least amount of increase while achieving a General Reserve balance that is within the budgetary guideline within one year.

The increase in assessments at 5% will not fully fund the operating budget. To fully fund the budget through the assessments would require a 12% increase and would result in a General Reserve balance at the upper end of the budgetary guideline within 2 years. At this time, Ms. Sandkulla stated that it is appropriate to moderate the increase.

All three scenarios assume 1) full funding of the Preliminary FY 2014-15 Operating Budget through assessments and transfers from the General Reserve, 2) an operating budget of \$2,939,286 for five years, 3) a 90% spending-to-budget ratio for FY 13-14, and a historical spending-to-budget ratio of 88% afterwards, and 4) that unspent funds are deposited back into the General Reserve at year-end.

Director Pierce noted that in FY 2013-14, funds were taken out of the General Reserve to support critical tasks that needed to get done. She asked if the CEO anticipates a development of critical workload continuing in the future.

Ms. Sandkulla stated that critical needs could potentially arise, and it is ideal to have a General Reserve balance that is available at the Board's discretion to fund the agency's operational needs. However, significant projects such as a pilot water transfer could not be supported by the General Reserve, and would have to be financed through other means.

Director Mendall encouraged the Board to observe whether changes to the historical trend of expending 88%-90% of the budget occur overtime, because the Board may not be able to count on having a full 10% cushion at the end of the year. A more aggressive step in raising the assessments can ensure a sufficient budget level.

Ms. Sandkulla reported that current spending for FY 2013-14 is trending at 90% of the approved Operating Budget by the end of the year.

The 5% increase raises the total assessments by \$125,850, which equates to approximately \$0.22 more per household per year, or \$0.07 per person per year.

Ms. Sandkulla reported that the recommended preliminary work plan and budget achieves agency goals without the need to sacrifice critical results, it balances with the agency's human resources, and matches the foreseeable needs in the upcoming five to ten years.

The Committee is asked to comment on the preliminary work plan and budget report and presentation, specifically on the results to be achieved, operating budget, and the alternatives for funding the budget and managing the General Reserve. Input received from the Committee will be incorporated in the report and presentation to the Board at its meeting in March, where the full Board will also have the opportunity to comment and provide suggestions.

Director Pierce suggested to emphasize the adjustments in budget spending that has led to rising general reserves in one year, and a decrease in another. This supports a conservative recommendation that balances the spending trends seen in the past.

Director Mendall suggested a review of how the General Reserve is set.

Director O'Connell asked for an investment cost analysis showing how much of the money invested in BAWSCA is returned to the agencies.

Ms. Sandkulla reported that with the current assessment of \$4.61 per household per year, BAWSCA's oversight activities have captured back \$2.04 per household per year, since FY 2001-02. This is not including the savings from the recent bond issuance.

Director Guzzetta cautioned how the cost analysis is presented because it may suggest a mere \$0.50 savings to a dollar. He noted that there is more benefit than just the dollar value because BAWSCA's oversight has truly been instrumental in preventing costly legal actions, such as arbitrations, from happening.

Director Mendall stated that it should be emphasized that in addition to the tangible benefits, there are long-term financial savings to BAWSCA's oversight.

Director Weed expressed his support for having a higher limit amount for the General Reserve, and noted two issues for consideration. First is the potential for unforeseen issues being added to the work plan, given the drought and innovative discussions taking place about water transfers, exchanges and restrictions. BAWSCA staff can potentially get pulled into these discussions. Second is the consideration of contingency planning as a role of BAWSCA given the issues with the Mountain Tunnel. He noted that BAWSCA has never adopted a contingency plan due to the assumption that the Regional Water System will not be offline for more than 24 hours.

Director Keith agrees with the concerns about the Mountain Tunnel.

B. Pilot Water Transfer Progress Report:

Ms. Sandkulla provided an update on the progress of the Pilot Water Transfer.

The Strategy, which began in FY 2009-10, was authorized by the Board to focus on identifying when, where and how much additional water is needed in normal years and dry years, and what specific water supply solutions and management projects should be implemented.

Through the Phase I development of the Strategy, water transfers were identified as a promising water supply alternative. Transfers can augment both normal and dry year supplies, and was identified as one of four project types that are most promising in addressing water supply needs. Phase IIA of the Strategy led to the recommendation of a Pilot Water Transfer Plan investigation with EBMUD in 2012. The investigation,

completed in September 2013, identified potential supply sources and sellers, the required agreements and plans for implementation, and other approval and regulatory requirements.

Ms. Sandkulla emphasized that the most significant benefit of implementing the pilot water transfer is the collective action of the member agencies to secure a reliable water supply independent of the SFPUC. It provides the foundation for further information of how transfers fit, or not, in meeting the agencies' supply needs, therefore identifying action towards a long-term reliable water supply.

The path of the water in the pilot transfer will begin at the Sacramento River. The water will go through EBMUD's Freeport Pumping Plant, through the Folsom South Canal and into EBMUD's Mokelumne aqueducts, through EBMUD's local distribution system into the upper San Leandro Reservoir, into the intertie located in Hayward, and potentially to the Newark turnout where it will connect with the San Francisco Regional Water System.

The elements of the pilot water transfer include a water delivery of 1,000 acre feet, or .89 mgd, over a period of 22 days. The source of supply and type of water right of the transfer water are to be determined, with an initial point of diversion north of the Delta at EBMUD's Freeport Pumping plant located on the Sacramento River. The transfer will likely occur in the October/November window.

Ms. Sandkulla explained that the 1,000 AF was determined as the amount the sellers are most comfortable with. BAWSCA is currently in discussions with Yuba County Water Agency and Placer County Water District as the potential sellers. The type of water rights determines who authorizes the transfer. Ms. Sandkulla explained that California has different water rights that have different rules governed by the State. For example, pre-1914 water rights provide the seller more control of the transfer.

The October/November window is the normal water transfer period for non-delta water users because this is the time when the Delta has less restrictions associated with fisheries and other operational constraints.

Ms. Sandkulla noted that the current water supply conditions raise questions of whether there will be available supplies for a transfer. The current water year is far from being normal, and the situation is constantly changing.

BAWSCA is continuing to work with EBMUD and SFPUC in developing several of the five necessary and key agreements: Water Purchase Agreement, BAWSCA/EBMUD Wheeling Agreement, Hayward Intertie Agreement, BAWSCA/Hayward Agreement, and BAWSCA/SFPUC Agreement. Most of the work is focused on the last four agreements where key decisions points for negotiation among the agencies involved are identified.

Ms. Sandkulla stated that if the Pilot Water Transfer is not implemented in the October/November timeframe, all of the agreements, with the exception of the water transfer purchase agreement, would still be finalized by the end of the current fiscal year.

The estimated total cost for the water transfer is \$700-\$900 per acre feet. The costs include the water purchase, wheeling by EBMUD and USBR, and operational costs of moving the water through Hayward's facilities. Ms. Sandkulla reported that at this time, there are no additional costs with SFPUC identified beyond the full costs recovered by the existing Water Supply Agreement.

Ms. Sandkulla stated that the work on the agreements will help define the issues and the feasibility of partnerships with other agencies to address long-term reliable water supply.

The potential for a water transfer is based on the intertie capacity which is 30-40 mgd on a near term basis. Ms. Sandkulla stated that there is potential for as much as 50,000 acre feet on a long-term basis.

The triggers for the pilot water transfer continue to evolve. First, SFPUC must determine that a water shortage condition exists. The current request for a voluntary 10% water use reduction should be sufficient to meet this trigger.

Second, EBMUD must choose to operate its Freeport facilities to provide additional dry year supplies for its own customers. Operating the Freeport facilities just for the pilot transfer will be significantly expensive.

Ms. Sandkulla reported that EBMUD is required to operate the Freeport facility every two years to comply with their permitting requirements. The facility is scheduled for operation this coming April to move 5,000 acre feet. While April is too early for implementing BAWSCA's pilot water transfer, knowing this testing opportunity is helpful in case conditions in the current water year do not allow for implementation of the pilot transfer.

The schedule for determining the use of the Freeport facility includes EBMUD's notification to the Bureau of Reclamation of its intention to operate the facility on March 1st. Between April 8th and 22nd, EBMUD must consider a drought declaration, and obtain approval to use the Freeport facility. The request to the Bureau of Reclamation to use the facility must be formalized by May 1st.

BAWSCA will continue its efforts to complete the agreements while monitoring the potential for a drought declaration by EBMUD and SFPUC. Consideration for action by the Board to implement the pilot water transfer is scheduled for the May 15th Board meeting. All necessary agreements required will be finalized between May and August.

Director Pierce asked where the transferred water go.

Ms. Sandkulla explained that the intertie is in Hayward and uses Hayward's transmission system. Hayward's system will run pumps to move the water to their connection with SFPUC. A small amount will go into the Regional Water System, but the transferred water will replace Hayward's supply for water consumption for the duration of the pilot transfer. If, in the future, more water is moved, and water supply goes into the San Francisco Regional Water System, the water will mix with the existing SFPUC supply. The intertie can push up to 30 mgd.

7. Reports:

- A. Current Water Supply Conditions: Ms. Sandkulla reported that the total reservoir storage for the Regional Water System is currently at 69% of maximum storage. The precipitation from the weekend of February 7th- 9th was good, but more is needed. The SFPUC will continue to evaluate conditions on a weekly basis.

Hetch Hetchy is at 52% of its capacity. Cherry Reservoir, which is used for power production, is at 74% of its capacity.

Ms. Sandkulla reported that the SFPUC Water Enterprise Department is considering rehabilitating the Lower Cherry Aqueduct, which connects the Cherry Reservoir to Early Intake below Hetch Hetchy Reservoir, to bring water for drinking water purposes in the event of dire situations. The SFPUC is currently investigating the process required to obtain approval and construction for the rehabilitation in time for next winter.

Ms. Sandkulla stated that the Lower Cherry Aqueduct was damaged by the Rim Fire, and that improvements are needed. It was last used for drinking water in 1988. It is currently not an approved source for drinking water, therefore, the SFPUC would have to get approval to use it, and would have to filter the supply at Sunol.

Committee members asked how the costs would be allocated.

Ms. Sandkulla stated that the Lower Cherry Aqueduct is truly a backup supply, and can continue its purpose of generating power while serving as an alternative supply source. Further investigations, including the cost impacts to wholesale customers, will need to be explored.

In response to Director Weed's question, Ms. Sandkulla clarified that San Francisco paid for approximately 50% of the New Don Pedro expansion project to have a share of the space for water banking. This enables San Francisco to pre-deliver water into the irrigation districts to Don Pedro Reservoir, and keep water upstream at Hetch Hetchy reservoir for drinking water purposes.

Until the recent storm, the precipitation at Hetch Hetchy was closely matching the driest water year that occurred in 1977. The recent storm spiked records closer to 2007, however, it is still significantly below 2013 precipitation.

The importance of snowpack for the San Francisco system is that it draws from a watershed that is at a very high elevation which acts as a storage reservoir. The snowmelt trickles down to the system overtime and provides a significant difference to overall water supply.

Ms. Sandkulla stated that the SFPUC's request for a 10% voluntary water use reduction does not trigger the drought plan in the 2009 Water Supply Agreement. There are several more months remaining in the rainy season, and there can be potential need for more, or less, conservation as conditions continue to change through April.

Ms. Sandkulla stated that Appendix H of the 2009 Water Supply Agreement provides a schedule for the SFPUC's drought notification to the Wholesale Customers. The schedule requires the SFPUC to issue a revised estimate of available water supply by March 1st. The letter the SFPUC issued on February 1st was their initial estimate of available water supply. The final estimate of available water supply and the amount of water available to its Wholesale Customers is due by April 15th or sooner. Between April 15th-31st, the SFPUC will, or will not, formally declare a water shortage emergency under Water Code Sections 350, and will, or will not, declare the need for voluntary or mandatory rationing. SFPUC's declaration for mandatory rationing triggers the wholesale customers' contractual obligation under the Water Supply Agreement.

Ms. Sandkulla explained that the SFPUC's declaration for water shortage emergency, whether or not they require a mandatory or voluntary water use cut back, will result in water allocations. Under a mandatory cutback, agencies can bank their allocations until the drought is over. Agencies can transfer or sell their allocations to each other. The SFPUC has the ability to adopt drought rates, and impose excess use charges.

BAWSCA's role is limited to calculating the cutbacks using the Tier 2 Drought Allocation Plan. Final allocations to agencies will depend upon the available water supply.

Director Weed noted that expanding BAWSCA's role as a broker might be a valuable consideration for the member agencies.

BAWSCA is in discussion with San Francisco and the 9-County Bay Area Group about a regional conservation outreach program. A consideration is to transfer a portion of the recently awarded Prop 84 Round 2 grant to fund the conservation campaign effort and increase public awareness about rebate and conservation programs.

At the recent Bay Area Water Agencies Coalition (BAWAC) meeting, Ms. Sandkulla reported that she got a sense that despite the different target percentages in the different service areas, the agencies are interested in having a coordinated conservation message because the service areas fall into the same media coverage. SFPUC Director of Communications, Tyrone Jue, has stepped up to take the lead on this effort.

- B. Water System Improvement Program and SFPUC 10-Year CIP – Status Report: Ms. Sandkulla reported that San Francisco's plan for capital improvements contains have four areas. It includes the WSIP, Water Enterprise CIP (which has both a regional and local focus) Power Enterprise CIP, and Sewer Enterprise CIP. BAWSCA monitors the WSIP and the Water Enterprise CIP.

The 10-year CIP was adopted by the Commission at its February 11th meeting. The adopted CIP includes a budget for FY 2014-15 of \$445 million.

In responding to the questions asked by members of the committee about overruns and increased costs in the WSIP, Ms. Sandkulla reported that there is \$125.4 million projected overruns in the WSIP that have been moved over to, and funded as a separate line item in

the Water Enterprise 10-year CIP. The SFPUC took a few projects out from the Water Enterprise CIP, and included the overruns from WSIP as a way to fund them.

While the majority of the elements removed from the Water Enterprise CIP were mostly local water projects, two were regional projects that include improvements to the Millbrae facility and the Bay Area Regional Desalination Project (BARDP).

Ms. Sandkulla explained that the planning dollars for the BARDP remain in the CIP, and the capital dollars are scheduled beyond the 10-year period. She reported that Commissioner Moran, who is most concerned about SFPUC's decisions in 2018, sees the BARDP as having the ability to help SFPUC answer the critical 2018 questions. BAWSCA will closely monitor the developments.

Director Bronitsky asked whether the wholesale customers will be billed for the \$125.4 million. Ms. Sandkulla stated that the wholesale customers' portion is already included in what member agencies have been projecting as their share of the 10-year CIP. The question is whether the agencies want to continue funding the elements removed.

Ms. Sandkulla reported that the \$125.4 million include some allocations for the Calaveras Dam, but the numbers will continue to be developed. A contractor cost and schedule proposal is expected by the end of March, and the change order negotiations are expected to be completed by the end of April 2014.

Updated costs and schedule trends are expected by April, and included in the 3rd Quarter Report. The SFPUC anticipates overruns to exceed the available contingency funds.

Ms. Sandkulla reported that the Commission adopted a Water Enterprise financial plan at its February 11th meeting. The plan funds the Water Enterprise's share of the CIPs and is consistent with the rate projections that the Water Enterprise continues to share with BAWSCA. The plan provides a balanced financial picture.

Ms. Sandkulla explained that because the Mountain Tunnel is a joint facility, the Power Enterprise has to pay 55% of the cost of the project. The Power Enterprise does not have a balanced financial picture, and an issue exists as to whether the Power Enterprise will have the financial resources to pay its share.

Director Weed noted that the Penstocks are another joint facility that could potentially add another \$150 million for the Water Enterprise, if it is not already included in the budget. Ms. Sandkulla will look into the inclusion of the penstocks.

Ms. Sandkulla reported that the SFPUC responded to her letter of January 29th regarding BAWSCA's concerns with the Mountain Tunnel. The letter listed questions asking, 1) does the SFPUC have an emergency restoration plan in the event of system failure, 2) what are the causes of degradation, 3) are both immediate fixes and long-term measures needed, 4) how will the repair be financed, and 5) how will SFPUC address the risks to the Bay Area customers.

The SFPUC's response to BAWSCA's January 29th letter committed to provide an answer by March 1st to the first question. Information about the remaining questions will be provided by June.

In response to the questions asked by members of the committee, Ms. Sandkulla explained that the SFPUC has always been aware of the need to repair Mountain Tunnel. The need for repair is now more urgent and more expensive, because until the recent study, the SFPUC was not aware of the more significant degradation in the tunnel. BAWSCA is working with the SFPUC to identify the causes of the degradation, and the risks of increased degradation. The act of draining and recharging the tunnel are a likely cause for increased risks that could lead to system failure.

Ms. Sandkulla noted that eighty-five percent of the water used in the Bay Area will not be available if the tunnel fails. While local storage supply will evade an instantaneous impact, the recovery time is estimated to be up to nine months. The SFPUC is continuing its investigation to confirm recovery time and emergency restoration plan.

As part of BAWSCA's list of questions to the SFPUC, Ms. Sandkulla will verify with the SFPUC whether supplies are available up to 4 months if the local systems are full.

Given the revelation with what the SFPUC thought they knew about the Mountain Tunnel, and what they know now, Director O'Connell expressed concerns about the credibility of the entire WSIP.

Director Weed commented that he recalls Mr. Kelly saying that he considers the Mountain Tunnel as the single most significant threat to the system at this point. Director Weed hopes that it has the highest priority in the SFPUC's planning and execution.

Strategic Counsel, Bud Wendell, stated that it is important for BAWSCA to get in front of this issue for the best interests of the water customers in the service area. The February 29th letter that lists BAWSCA's questions is one big step in that direction. He commented that it is a significant problem, and encourages the BAWSCA Board to put focus on the concern arising from the public as well as political leaders on this matter.

Director Weed noted that BAWSCA ought to look at the contingency operations and emergency response plans in Alameda, Santa Clara, and San Mateo Counties to see how they work and how they are financed.

Director Pierce stated that it may be worthwhile to share information with the 3 counties and have a coordinated discussion on contingency planning.

Director Guzzetta commented that it is important for BAWSCA to know what SFPUC will do if the system fails, what supply will be used, and how will the regional system be fed.

Ms. Sandkulla will distribute the SFPUC's response to the Board and member agencies as soon as they become available.

- C. Board Policy Calendar: Ms. Sandkulla will provide an updated calendar to the Board at its meeting in March.

8. Comments by Committee Members:

Director Weed commented that the Dumbarton Quarry has been an overlooked opportunity for water storage in the Bay Area. He reported that the East Bay Regional Park District has proposed to make it a dump site, and has recently obtained authorization from the Regional Water Quality Control Board to put toxic soils into the quarry.

Chair Mendall appreciated that comments and discussions by the committee members.

- 9. Adjournment**: The meeting was adjourned at 3:45pm. The next meeting is April 9, 2014.

Respectfully submitted,

Nicole Sandkulla, Chief Executive Officer

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Attachments: 1) Attendance Roster

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD POLICY COMMITTEE – February 12, 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
Kirsten Keith, City of Menlo Park
Irene O’Connell, City of San Bruno (BAWSCA Chair)
Barbara Pierce, City of Redwood City
Louis Vella, Mid-Peninsula Water District
John Weed, Alameda County Water District

Committee Members Absent

Tom Piccolotti, North Coast County Water District

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
Peter Drekmeier	Tuolumne River Trust

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD POLICY COMMITTEE 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.

Fiscal Impact

The CEO will work with legal counsel through the end of April and early May to determine the additional funding resources needed to complete work through the end of the current Fiscal Year. A request for a specific contract amendment based on that estimate will be provided as part of the action item at the May Board meeting. Any funds remaining unspent at the end of the year will return to the General Reserve. It is anticipated that the request will be between \$60,000 and \$100,000, or about 1.5 months of time at Hanson Bridgett's average expenditure rate.

It is anticipated that the adopted FY 2013-14 Operating Budget has the funds available for this contract increase. The major source of funds would be the budgeted contingency of \$57,500, of which none has been expended to date. Additional funding is available from unspent funds associated with other consultant contracts and other services that are not anticipated to be fully expended this Fiscal Year.

Recommendation:

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.

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. 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.

As projects develop over the next 6 weeks, the CEO/General Manager and legal counsel will confer to develop a recommendation to the Board for a budget adjustment at its May meeting. Alternatives to be considered will include delaying less critical work items until next Fiscal Year to the extent that schedules are flexible and critical results to be achieved are not negatively impacted.

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD POLICY COMMITTEE 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.

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

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
Consultants/ Direct Expenditures			
Reliability	1,217,662	770,162	(447,500)
Fair Pricing	227,500	287,000	59,500
Administration	74,000	85,300	11,300
<i>Subtotal</i>	1,519,162	1,142,462	(376,700)
Administration			
Employee Salaries & Benefits	1,308,527	1,343,406	34,879
<i>Other Post-Employment Benefits(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)
Capital Expenses	4,000	2,500	(1,500)
Budgeted Contingency	57,500	57,500	(0)
Regional Financing Authority	1,400	1,400	0
Grand Total	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

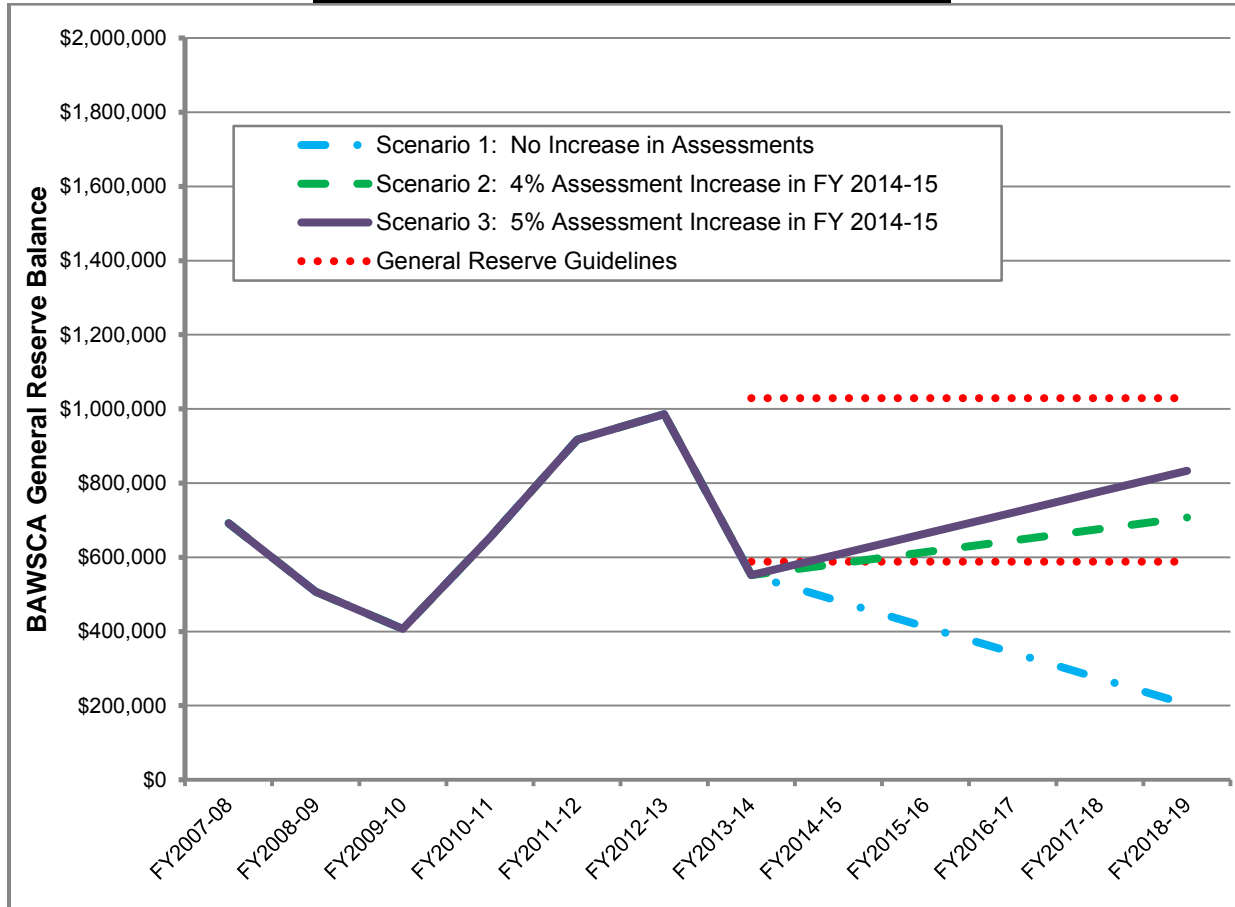
Several alternatives to funding the proposed Operating Budget were examined and are presented below and depicted in Figure 1:

- 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

Members	Adopted FY 2013-14 Annual Assessment	5% Increase	Difference
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
- \$11,147 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.

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.

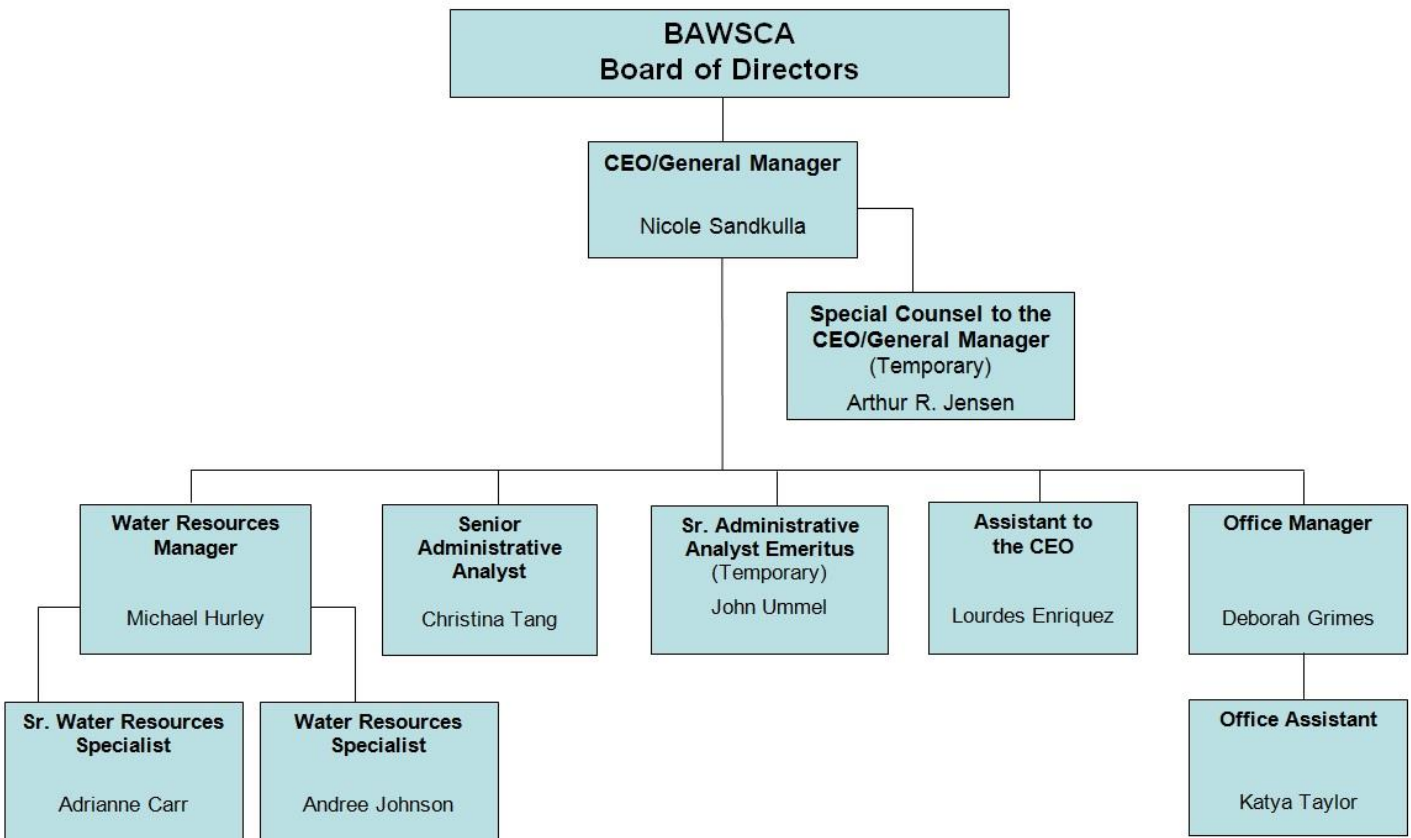
1. Professional engineering services for: a) developing a long-term strategy to ensure a reliable supply of water; b) implementing and tracking water conservation efforts; c) evaluating and monitoring SFPUC's 10-Year Capital Improvement Program development and implementation; d) evaluating Water System 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.

BAWSCA Organization Chart



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**

<u>Program Area</u>	<u>Activity</u>
Fair Price	<ul style="list-style-type: none"> • 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.
Reliable Supply	<ul style="list-style-type: none"> • 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. • Develop regional conservation program materials for BAWSCA member agencies to support their programs and BAWSCA's programs in a uniform fashion • Modify to BAWSCA's Water Conservation Database to match current CUWCC reporting requirements.

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD POLICY COMMITTEE 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 this year's 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.

Recommendation:

That the Board Policy 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.

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

<u>Services Provided</u>	<u>FY 2013-14</u>	<u>Proposed FY 2014-15</u>
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) ¹	\$496,000 ¹	\$524,000 ¹
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 ²	N/A ²
Resource Action Program (School Education Programs)	N/A ²	N/A ²
Tuolumne River Trust (Classroom Education Program)	-	N/A ²
Waterfluence (Large Landscape Conservation Services)	N/A ²	N/A ²
Total	\$970,500	\$1,006,000

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 currently approved budget for FY 2013-14. 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 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 it would add 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 POLICY COMMITTEE 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.

Recommendation:

That the Committee recommend 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:

BASWSCA 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. 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.

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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.

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD POLICY COMMITTEE MEETING

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

Recommendation:

That the Committee recommends the Board authorize the CEO/General Manager to negotiate and execute a contract with 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.

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

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD POLICY COMMITTEE 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.

Recommendation:

That the Committee recommend 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 POLICY COMMITTEE 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.

Recommendation:

That the Committee recommend 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
<hr/>	
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.

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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
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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD POLICY COMMITTEE 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.

Recommendation:

That the Committee recommend 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.

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.

Recommendation:

That the Committee recommend 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 POLICY COMMITTEE 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.

Recommendation:

That the Committee recommend 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. 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:

<u>Name</u>	<u>Hourly Rate</u>
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 POLICY COMMITTEE 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. The contract will be prepared using BAWSCA's standard form of agreement.

Fiscal Impact:

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

Recommendation:

That the Committee recommend 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.

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

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD POLICY COMMITTEE 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.

Recommendation:

That the Committee recommend 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 POLICY COMMITTEE 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.

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.

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

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD POLICY COMMITTEE 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.

Recommendation:

That the Committee recommends the Board authorize the CEO/General Manager to:

- 1. Negotiate and execute a contract with 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.

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- 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 POLICY COMMITTEE 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.

Recommendation:

That the Committee recommend the Board authorize the CEO/General Manager to:

- 1. Negotiate and execute a contract with 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 5th grade students and includes (1) an 8-unit curriculum that is given to teachers, and (2) a water audit kit. The kit may be an Indoor or Outdoor Water Audit Kit, depending upon which type of kit the agency opts to fund.

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

Program Information	FY 2005/06	FY 2006/07	FY 2007/08	FY 2008/09	FY 2009/10	FY 2010/11	FY 2011/12	FY 2012/13
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.

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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, is a great resource for classes, teachers,

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

TEACHER ACCEPTANCE

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

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

PROGRAM GOALS

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

PROGRAM OBJECTIVES

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

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

ESTIMATED PROGRAM RESULTS

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

Projected 10 year Savings:

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

PROGRAM MATERIALS

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

- High-efficiency Showerhead (1.75 G.P.M. max)
- 2 Water Efficient Faucet Aerators (1.5 & 1.0 G.P.M. max)
- Digital Thermometer
- Toilet Leak Detector Tablets
- Miniature Tape Measure
- Rain / Drip Gauge
- 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 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 5th grade classrooms as possible, within the sponsor's service territory, and shall not exceed the funding limits designated by the Program sponsor. Program sponsors will be billed by BAWSCA for the actual number of BAWSCA Indoor WaterWise Program Participants that enroll in the program and receive the WaterWise Materials.

Professional Services Agreement/Contract will be with:

Resource Action Programs®
Program Center
976 United Circle
Sparks, NV 89431
Phone: 1-888-438-9473
Fax: 1-800-544-8051
Contact: Joseph Thrasher
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, 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 5th 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 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 5th grade classrooms as possible, within the sponsor's service territory, and shall not exceed the funding limits designated by the Program sponsor. Program sponsors will be billed by BAWSCA for the actual number of BAWSCA 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

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

PROGRAM DESCRIPTION

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

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

BAWSCA LivingWise® at a glance:

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

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

TEACHER ACCEPTANCE

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

6. The program satisfies numerous State Curriculum Standards and helps teachers meet their teaching requirements.
7. 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.
8. Program content and activities are comprehensive and well described through accompanying materials so that additional in-service training sessions are generally not necessary.
9. 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!
10. The program overcomes an often-challenging hurdle of parental involvement by reaching beyond the classroom to involve parents in their children's education and the schools.

PROGRAM GOALS

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

PROGRAM OBJECTIVES

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

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

ESTIMATED PROGRAM RESULTS

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

Projected 10 year Savings:

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

PROGRAM MATERIALS

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

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

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

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

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

PROGRAM IMPLEMENTATION

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

Responsibilities of Contractor:

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

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

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

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

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

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

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

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

The per participant cost for the LivingWise Program is \$46.50, broken down as follows: \$29.50 Materials, \$9.25 Service Fee, \$ 5.75 Reporting Service Fee, \$2 for Shipping. **This price is all inclusive.**

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

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

Professional Services Agreement/Contract will be with:

Resource Action Programs®
Program Center
976 United Circle
Sparks, NV 89431
Phone: 1-888-438-9473
Fax: 1-800-544-8051
Contact: Joseph Thrasher
JThrasher@resourceaction.com

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD POLICY COMMITTEE 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.

Recommendation:

That the Committee recommends the Board authorize the CEO/General Manager to:

- 1. Negotiate and execute a contract with 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:

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- 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.

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- 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

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD POLICY COMMITTEE 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.

Recommendation:

That the Committee recommends the Board authorize the CEO/General Manager to:

- 1. Negotiate and execute a contract with 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

Program Description	FY 2002/03	FY 2003/04	FY 2004/05	FY 2005/06	FY 2006/07	FY 2007/08	FY 2008/09	FY 2009/10	FY 2010/11	FY 2011/12	FY 2012/13
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.

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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.

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

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

Summary:

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

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.

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

BAWSCA initiated a competitive selection process with the release of a Request for Proposals (RFP) on February 26, 2014. BAWSCA member agencies were invited to participate in each stage of the consultant selection process. BAWSCA conducted interviews of the top two firms responding to the RFP on April 2nd. BAWSCA is continuing its negotiations with the two top firms at this time. A recommended consultant will be included as part of this action at the May Board meeting.

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 from the Prop 84 IRWM grant.

Recommendation:

That the Committee recommend the Board 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; and,**
- 2. Offer participation in the program to interested BAWSCA agencies on a subscription basis in FY 2014-15.**

Discussion:

At the request of the agencies, BAWSCA initiated a consultant selection process for a new conservation program, the Home Water Use Reports Program, targeted at single-family residential water customers. The Home Water Use Reports Program would develop and deliver reports that use

data analytics and behavioral science techniques to provide customized water consumption information, messaging, and water saving recommendations. The objective is to motivate customers to improve water use efficiency through changes in behavior or adoption of more water efficient technology by increasing customer awareness of household water usage when compared to peers. 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.

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

Consultant Selection Process

On February 26, 2014, BAWSCA issued an RFP for implementing a new subscription water conservation program, the Home Water Use Reports program. 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, an outside panelist from Solano County Water Agency, and two BAWSCA staff members. BAWSCA is currently finalizing the proposal review and anticipates that a recommended selection will be brought to the Board at the May meeting.

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 Run Customized Home Water Use Report Program
- Phase III: Reporting of Program Accomplishments
- 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 will have the option to renew the contract 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.

BAWSCA does not recommend the above alternative. 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 Home Water Use Reports 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 for from the Request for Proposals is shown in Exhibits A and B.

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

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Board Policy Committee Policy Calendar for FY 2013-14

BPC Meeting	Purpose	Issue or Topic
April 2014	D&A D&A D	Consideration of FY 2014-15 Work Plan and Budget Consideration of Annual Contracts Review Water Supply Forecast and Status of Potential Pilot Water Transfer
June 2014	D&A D D	Review Water Supply Forecast and Decide if a Water Transfer Should be Pursued Discussion of a Possible Regional Drought Reliability Goal Updated Water Demand Projections: Results & Recommended Actions

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

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