

BAWSCA

Bay Area Water Supply & Conservation Agency

BOARD POLICY COMMITTEE

April 8, 2015

1:30 p.m.

BAWSCA Offices, 155 Bovet Road, San Mateo, 1st Floor Conference Room
(Directions on page 3)

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>)	(Bronitsky)	<i>Pg 5</i>
2. <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>	(Bronitsky)	
3. <u>Consent Calendar</u> A. Approval of Minutes from the February 11, 2015 meeting (<i>Attachment</i>)	(Bronitsky)	<i>Pg 7</i>
4. <u>Comments by Chair</u>	(Bronitsky)	
5. <u>Action Items</u> A. Proposed Fiscal Year 2015-16 Work Plan and Operating Budget (<i>Attachment</i>) <u>Issue:</u> What critical results need must be achieved next year and what resources will be required? <u>Information to Committee:</u> A memo and oral report on the proposed FY 2015-16 Work Plan and Operating Budget incorporating comments from the February 11 th , 2015 BPC meeting and March 19 th Board meeting. <u>Committee Action Requested:</u> That the Committee recommend Board approval of the: 1. Proposed Work Plan and Operating Budget 2. Option for funding the budget and 3. Managing the General Reserve	(Sandkulla)	<i>Pg 25</i>
B. 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. <u>Information to Committee:</u> A memo and oral presentation <u>Committee Action Requested:</u> That the Committee recommend Board approval of an amendment to the Hanson Bridgett Profession Services contract.	(Sandkulla)	<i>Pg 45</i>

C. Approval of Professional Services Contracts for FY 2015-16 (*Attachments*) (Sandkulla)

Issue: To ensure continuity of services, fourteen (14) professional services contracts should be effective July 1, 2015.

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. Pg 47

1. BLX Group, LLC (Investment Advisor) Pg 51
2. Brown & Caldwell (Conservation Database) Pg 55
3. Burr, Pilger, Mayer (Water Supply Agreement Auditing/Accounting Support) Pg 63
4. Hanson, Bridgett, LLP (Legal Counsel) Pg 65
5. Hilton, Farnkopf, Hobson (Engineering/Financial Consultant –Water Supply Agreement) Pg 71
6. Kelling, Northcross, Norbriga (Financial Advisor) Pg 73
7. Orrick, Herrington & Sutcliffe, LLP (Bond Documents Legal Support) Pg 75
8. Terry Roberts (Engineering Consultant – WSIP Cost, Schedule & Construction Management) Pg 77
9. Stetson Engineering (Engineering Consultant – Water Supply Agreement) Pg 81
10. Harlan Wendell (Strategic Counsel) Pg 85
11. DropCountr (Home Water Use Survey) Pg 89
12. EarthCapades (School Assembly Program) Pg 97
13. Maddaus Water Management (As Needed Assistance on Demand Model) Pg 103
14. Resource Action Program (School Education Programs) Pg 107
15. Tuolumne River Trust (Classroom Education Program) Pg 129
16. Waterfluence, LLC (Large Landscape Conservation Services Consultant) Pg 135
17. Water Smart (Home Water Use Survey) Pg 141

Committee Action Requested: That the Committee recommend approval of the proposed Board actions.

D. Professional Services Contract with Selected Consultant to Update the BAWSCA Website (*Attachment*) (Sandkulla) Pg 165

Issue: How can the BAWSCA website better serve the member agencies and its water customers?

Information to Committee: A memo and oral presentation

Committee Action Requested: That the Committee recommend the Board authorize the CEO/General Manager to negotiate and execute an agreement not-to-exceed \$30,000 with the selected consultant, subject to legal counsel's final review, to update the BAWSCA website.

6. Reports (Sandkulla)

- A. Water Supply Update
- B. CEO's Letter (*Attachment*) Pg 169
- C. Board Policy Committee Calendar (*Attachment*) Pg 171
- D. Correspondence Packet ([Under Separate Cover](#))

April 8, 2015 BPC Agenda Packet Page 3

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD POLICY COMMITTEE

Committee Roster:

Charlie Bronitsky, Estero MID (Chair)

Kirsten Keith, City of Menlo Park (Vice-Chair)

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

Rob Guzzetta, California Water Service Company

Gustav Larsson, City of Sunnyvale

Jerry Marsalli, City of Santa Clara

Al Mendall, City of Hayward (BAWSCA Vice-Chair)

Irene O'Connell, City of San Bruno

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 11, 2015 – 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 Charlie Bronitsky called the meeting to order at 1:30 pm. A list of Committee members who were present (11), absent (0) and other attendees is attached.

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

2. Comments by Chair: Chair Bronitsky welcomed Director Larsson and Director Marsalli as new members of the Committee, and requested self-introductions from committee and staff members.

BAWSCA Chair Breault asked for time to comment and thank the Committee members for their service on the committee. He emphasized the value and importance of the committee to the operations of BAWSCA, explaining that it is a place for a core group of directors that represent the region, to discuss and thoroughly analyze the critical work and information the agency is doing before matters are presented to a 26-member Board. Just as importantly, it provides staff the opportunity to understand the questions and concerns that are important to the Board members. The committee has been a crucial process in the successes BAWSCA has had over the year. He recognized everyone's busy schedules and appreciates their commitment to attending the meetings in the middle of the day, in the middle of the week.

3. Public Comments: Public comments were made by Peter Drekmeier of Tuolumne River Trust, about the Silicon Valley Water Conservation Awards, and BAWSCA staff member, Andree Johnson's contribution to the coalition.

Comments were also made by Julie Pardini and Tania Solé, peninsula residents, about a moratorium on construction to slow down the issuance of building permits during the drought. This can help with the call for water use reduction.

4. Consent Calendar: Approval of Minutes from the December 10, 2014 meeting.

Director Vella made a motion, seconded by Director O'Connell, that the minutes from the December 10, 2014 Board Policy Committee meeting be approved.

The motion passed unanimously.

5. Action Items:

A. Proposed Fiscal Year 2015-16 Bond Surcharges:

Christina Tang reported that the proposed bond surcharges for FY 2015-16 is being brought back to the Committee because, in addition to the true-up adjustment reflecting actual purchases in FY 2013-14, as reported at the December BPC meeting, it now includes the actual expenses of \$12,115 incurred in FY 2013-14 in connection with the bond administration that were paid through BAWSCA's Operating Budget. She explained that the Bond Indenture allows BAWSCA to levy the bond surcharges to cover the debt service obligation and the expenses in connection with the bond administration.

Ms. Tang reported that FY 2015-16 is the first year bond surcharges will include the "true-up" adjustment to reflect the actual water purchases in FY 2013-14, as well as the actual FY 2013-14 bond administration expenses. She explained the calculation and noted that the "true-up" adjustment is anticipated every year, moving forward, with a two year lag. Meaning, the true-up calculation for FY 2015-16 will be included in the surcharge setting for FY 2017-18.

Ms. Tang presented the proposed FY 2015-16 bond surcharges for each agency in an annual and monthly breakdown. She explained that the bond surcharges are a fixed amount adopted by the board each fiscal year, and are collected as a separate line item in the bill member agencies receive from SFPUC each month.

Ms. Tang reported the savings incurred by each member agency in FY 2013-14 from the bond issuance, and noted that the member agencies' collective savings is higher than the preliminary Operating Budget for FY 2015-16.

An alternative to the proposed FY 2015-16 bond surcharges is to not include the administrative expenses incurred in FY 2013-14.

Director Guzzetta recommends that the expenses associated with the administration of the bonds be incorporated in the surcharge setting rather than paying for it from the Operating Budget.

Director Pierce suggested to modify the recommended action for the Board to state that the bond surcharge setting will include the expenses associated with administering the bonds for each fiscal year, moving forward.

In support of Director Pierce's suggestion, Director Mendall made a motion, seconded by Director Pierce, to recommend Board approval of the proposed FY 2015-16 bond surcharges as presented in the staff memorandum.

The motion carried unanimously.

B. Adjustment to Staff Top Step Position Compensation: .

Ms. Sandkulla reported that BAWSCA conducts a salary survey every two years to ensure that top step compensation range for staff positions are in line with the overall

market. A salary survey was conducted by Koff and Associates in January 2014 as part of this process. This work was included in FY 2013-14 Operating Budget approved by the Board.

Ms. Sandkulla stated that the survey results were not presented to the Board in 2014 given the agency staff changes occurring simultaneously with the completion of the survey.

The results of the survey are being presented at this time to align BAWSCA's top step compensation ranges with the market. It is not a recommendation to change current compensation during FY 2014-15, and poses no fiscal impact in FY 2014-15.

The survey results show that compensation levels for most BAWSCA positions are within 1.3% and 4.5% below the market, except for two positions, which are 7.9% and 9.8% below the market.

Action by the committee to recommend Board approval would allocate a merit budget in the Operating Budget for FY 2015-16. The potential impact to the FY 2015-16 budget is \$4,571.

Ms. Sandkulla explained that the merit budget is based on two components: a COLA adjustment, if approved by the Board, and a <5% merit adjustment. COLA adjustments are applied to a position's top step salary. There is no automatic application of a COLA adjustment to the salaries for BAWSCA staff. Rather, the COLA adjustment and merit allowance provide a budget allowance for salary increases to be authorized at the CEO's discretion.

Ms. Sandkulla explained that BAWSCA does not operate under MOUs or Union MOUs that require automatic salary increases for COLA. The compensation survey is the only mechanism that BAWSCA has to keep its salary ranges in line with the market.

Director Weed commented that a study of 3,000 special districts in California identifies the Bay Area to be in the top 1% when it comes to pay and benefits in the state of California.

Director Guzzetta asked if total compensation was included in the survey and what the results indicated. He stated that the proof of an organization's success is to attract and maintain the right people who will continue to achieve the results. He believes that BAWSCA is on target with its salary schedules and that this is confirmed with the longevity of BAWSCA's staff.

Ms. Sandkulla stated that total compensation was included in the survey and that its results lead to the same conclusions.

Director Mendall commented that the salary study of 3,000 special districts in California can be misleading because it omits a lot of factors. He supported

BAWSCA's approach to a compensation survey which took similar jobs in different agencies and looked at how they compare.

In response to Director Keith's questions regarding increases in salary ranges which results to increases in CalPERS fees, Ms. Sandkulla explained that the budget development makes assumptions to allocate accordingly for salary adjustments that will occur in the fiscal year. Those are called out in the budget discussion with the board.

Director Pierce asked that the final compensation survey report to the Board lists the agencies that participated in the survey, and state the reason why BAWSCA conducts the survey every two years. Additionally, just as the CEO has a merit budget available to use at his/her discretion, Director Pierce suggested that the Board should discuss having a similar merit budget for the CEO that the Board can use at its discretion.

Ms. Sandkulla stated that this consideration can be called out during the budget discussion with the Board.

Director Vella questioned the use of the same group of agencies in the survey performed by the same consultant, for a cost of \$5,500 for the renewal of the same information.

Ms. Sandkulla explained that compensation comparison for BAWSCA's administrative staff, including the CEO, Assistant to the CEO, Office Manager, and Office assistant, has stayed consistent. But comparison for the technical staff has had changes based on the skill set and the work that those individuals are doing, and what parallel positions the survey is comparing against. Ms. Sandkulla reported that several changes were made to the survey to make sure the comparisons for the technical positions were as accurate as possible.

In response to Director Larsson's question, Ms. Sandkulla clarified that the \$4,571 is the potential impact for adjusting the top stop compensation for the two positions that are 7.9% and 9.8% below market. This is the amount that will be added to the potential merit budget that the board will discuss during the budget development for FY 2015-16.

Director Larsson asked whether there will be a salary survey done in FY 15-16 since this salary survey under discussion was from FY 13-14.

Ms. Sandkulla has not decided if one would be necessary at this time.

Director Brontisky commented that he has high regard for the agency, the board, and its staff. It is not typical for an agency to debate and discuss a \$5,000 impact to the budget given that it serves over 1.5 million people. He noted that BAWSCA's Operating Budget amounts to approximately \$2/person. He believes this is highly efficient given the level of expertise the agency requires from its staff, and the cost of living in the area.

Director Keith was surprised with the significant jump in the salary for the two positions given that BAWSCA does a compensation survey every 2 years.

Ms. Sandkulla explained that when the position of Water Resources Specialist was added, BAWSCA re-structured the position of Sr. Water Resources Analyst based on the individual that was hired. The position called for a broad range of expertise, and developing a compensation for the position was very complicated because it depended upon the individual that was hired. It was clear from the salary survey that the initial target was off.

The case was the same for the position of Water Resources Manager. Because the Water Resources team was re-structured, additional responsibilities were assigned to the Water Resources Manager, therefore, the position description changed.

Director Bronitsky added that the recession in 2008 caused market fluctuations as a result of hiring and compensation freezes.

Director Mendall made a motion, seconded by Director Keith, that the Committee recommend Board approval of adjustments to top step compensation for specified positions (all staff positions except CEO and Office Assistant).

The motion carried unanimously.

6. Reports and Discussions:

A. Preliminary Fiscal Year 2015-16 Work Plan and Operating Budget:

Ms. Sandkulla reported that her presentation will go over the preliminary work plan and budget, including the additional program activities and staff time that address the ongoing drought condition, and alternatives to funding the budget.

The BPC's discussion of the preliminary work plan and Operating Budget for FY 15-16 initiates the process of developing a proposed work plan and Operating Budget that the Committee will review and discuss at its meeting in April, before it is presented to the Board for action in May.

As discussed with the Committee in December, and the Board in January, the annual work plan and Operating Budget is developed to align with BAWSCA's legislated authority and three goals of ensuring reliable supply of high quality water at a fair price. It focuses on, and is built around, the critical results that need to be achieved next fiscal year, and the future challenges that face member agencies and their customers.

Ms. Sandkulla presented a list of specific tasks set out for FY 15-16. They are discreet actions based on BAWSCA's objectives of reliable supply, high quality water, fair price, and efficient administration of the agency.

Under reliable supply, BAWSCA will continue to monitor the progress and make recommendations on SFPUC's implementation of the WSIP and 10-year CIP. Ms. Sandkulla noted that monitoring SFPUC's Asset Management Program has been added to the work plan in response to the strong interest expressed by both the Committee and the Board.

BAWSCA will implement the recommendations of the Strategy's Phase II Final report, support member agencies' efforts to develop the required 2015 Urban Water Management Plans, and implement drought response actions to support member agencies' efforts in achieving the necessary water use reductions.

BAWSCA will continue to protect member agencies' water supply and financial interests in the administration of the 2009 WSA. Ms. Sandkulla reported that BAWSCA and the SFPUC are in active discussions to consider a modification of the Tier 1 plan for drought. While it may not be a formal modification to the plan, it would be a modification that will address the current drought and can be beneficial for the region.

BAWSCA will continue to assess the significance and risks of potential actions by proponents of draining Hetch Hetchy, monitor and participate in the FERC re-licensing process of New Don Pedro, pursue state grants to use on conservation programs and implementation of projects recommended in the Strategy, and monitor and document water use in the service area to protect member agencies' interests. Ms. Sandkulla noted that BAWSCA's Water Conservation Database proved valuable for the agencies when it was used to determine whether the member agencies were achieving San Francisco's call for voluntary 10% water-use reduction.

Director Weed asked whether BAWSCA has a standard process of collecting member agency water use. Ms. Sandkulla explained that BAWSCA collects agency water use data on a monthly basis through an online interface, by customer class and by source. She stated that classification of single-family residential water use are standard among the agencies, however multi-family, commercial and industrial classification can vary significantly between agencies.

Director Weed suggested that developing a model for customer classification that member agencies can be encouraged to follow would be beneficial.

Ms. Sandkulla agreed, and explained that in collecting member agency data for BAWSCA's Annual Survey, member agencies have accepted BAWSCA's five customer classification categories. Those categories have not been pushed towards the monthly basis because, for most agencies, customer classifications are defined in the financial department. This makes what appears to be a simple data change very complicated for many agencies.

Ms. Sandkulla presented the tasks under high quality, fair price and administration of BAWSCA.

BAWSCA maintains its involvement with the Joint Water Quality Committee between the SFPUC and BAWSCA to ensure that member agencies' interests are represented and ensure a reliable communication of water quality issues.

Ms. Sandkulla reported that the area of fair price will have increased focus in FY 2015-16, particularly with BAWSCA's administration of the bonds and of the 2009 WSA, as it relates to the water supply and financial interests for the member agencies. Additionally, the work plan will include BAWSCA's coordination of input to SFPUC's goals and objectives for future examination of alternative wholesale water rate structures.

Ms. Sandkulla reported that the SFPUC has expressed interest in examining alternative wholesale water rate structures that rely on a greater share of fixed costs. Currently, wholesale customers pay a small fixed rate with the majority of the wholesale rate based on actual water purchases.

BAWSCA will work with San Francisco on this effort to ensure that the provisions of the WSA are enforced. Ms. Sandkulla stated that there are specific timelines on when San Francisco can make changes to the wholesale water rate, and a required public process for making changes. Additionally, changes should be based on goals and objectives as opposed to, for example, responding to the drought. Changing the wholesale rate structure during a drought is not necessarily the best or most appropriate timing.

In response to Director O'Connell, Ms. Sandkulla reported that the SFPUC is looking at a greater fixed charge, as well as examining how to address agencies that are purchasing below their Individual Supply Guarantee (ISG).

Legal Counsel, Allison Schutte, added that the WSA includes language from the 1984 Settlement Agreement that says agencies pay based on proportionate annual use, which, historically has been achieved through the current rate structure that heavily favors volumetric rates.

Director Guzzetta commented that it appears that San Francisco is seeking annual revenue certainty, which could be achieved through the balancing account.

Ms. Sandkulla concurred with Director Guzzetta, and reported that just like many other water agencies, SFPUC had experienced decreased water sales revenue as a result of the current drought. They were \$41 million below in water revenue, of which \$25 million is from the wholesale customers. The balancing account can be used to assist in repaying the shortfall.

BAWSCA will pursue a better understanding of San Francisco's goals and objectives for this project. One concern is that some rate structure changes can result in revenue stability risks being shifted to wholesale customers who have a lot less flexibility given Prop 218 requirements and timing issues.

Lastly, BAWSCA's administrative tasks include the maintenance of close relationships with local legislators, community allies, and environmental groups. BAWSCA will continue to coordinate Regional Water System and local facility tours with San Francisco, and preserve the professional management of the agency.

Ms. Sandkulla reported that the work plan includes five programs in direct response to the drought, and for which member agencies have expressed an interest in. The first is the development of a water index and irrigation adjustment notification system, which is a tool for home owners to manage their landscape water use.

The second is the implementation of an online conservation rebate application and tracking system.

The third is cost-share partnerships to promote conservation messaging and new resource development. For example, this year, BAWSCA was approached by San Mateo County Energy Watch, and Sustainable Silicon Valley with partnership opportunities that promote BAWSCA's conservation programs and drought messaging. Investing in these regional partnerships, which usually offer cost-share opportunities, help BAWSCA's dollars go farther.

The fourth is expanding the Google/You Tube regional drought messaging, which proved successful during the summer drought campaign.

The four programs ultimately drives traffic to BAWSCA's website, which is the fifth item added to the work plan. Ms. Sandkulla reported that the functionality of the website is limiting BAWSCA's abilities to effectively provide water customers information about conservation. The website has not been updated since it was developed in 2003, when its functionality was primarily to inform who BAWSCA is, and what it does. The role of BAWSCA's website has evolved to be a source of information for water customers seeking to implement water conservation activities. It is important to fulfill this role in the midst of a drought and into the future.

Committee discussions ensued on cost-share partnerships.

Director Mendall expressed caution with this program because the effort can be mistaken to have only a localized benefit, and therefore, he would be interested in supporting regional efforts that would be paid for and benefit all agencies. He values BAWSCA's unity and the principle that holds the region together.

Ms. Sandkulla explained that the partnership with San Mateo County Energy Watch involves a cost-share of \$7,000 for a fellow who will promote BAWSCA's outdoor conservation message and HET rebate and landscape conservation programs to targeted business including hardware and plumbing stores, and nurseries in the service area.

Andree Johnson, Water Resources Analyst, clarified that the program is designed to cover all three counties in BAWSCA's service area. She noted that since Santa Clara Valley Water District runs its own alternatives to lawn rebate program, the fellow,

whose initial focus was on the Lawn Be Gone! rebate program, has not made it to Santa Clara County yet.

Director O'Connell commented that while the partnership is with one entity, the effort to promote the message of conservation benefits all of the member agencies.

Director Breault commented that this highlights BAWSCA's evolutionary path and noted that BAWSCA's predecessor organization, BAWUA, was originated to help agencies come together to protect its individual interests.

Since BAWSCA's formation, the agencies' activities have truly highlighted BAWSCA's regional role, and previous board discussions have acknowledged the fact that the people individual agencies serve work and travel throughout the BAWSCA service area.

Director Breault commented that as the representative for GVMID, the irrigation notification system is not as important to him since Brisbane's residents generally have small lawns, nor is BAWSCA's efforts to assist agencies with Urban Water Management Plans, since GVMID and Brisbane are not required to submit one by law. But he must recognize his regional role as a BAWSCA director, and support these programs that benefit the region.

He emphasized that discussions about what defines regional benefits are important to have and will be critical into the future when determining BAWSCA's activities.

Director Bronitsky supported the concept and encouraged the pursuit of such programs, but noted there may be instances where the benefit is not equal among the member agencies. In those instances, he suggested that it should be brought back to the Board for discussion.

Ms. Sandkulla stated that her discretionary spending authority is \$25,000. Anything above that amount must be brought back to the Board.

Director Guzzetta commented that there are activities that, for example, Cal Water, as a much bigger entity, is doing independently while other member agencies are being assisted by BAWSCA. This is just a part of the uniqueness of the organization. He agrees that the cost-to-benefit should not be allowed to get too far skewed; however, it is a situation that will happen because of the nature of the organization.

Ms. Sandkulla presented the preliminary budget of \$3,165,202. While it is 8% greater than the current budget, it remains 3.5% less than the FY 2013-14 budget.

The distribution of the budget among the tasks is primarily on reliability and fair pricing, with greater distribution on fair pricing for FY 2015-16.

The preliminary budget fully funds the OPEB annual required contribution, and includes a budget for a 2.09% COLA adjustment applied to the top step salary range for all positions except the CEO.

In response to Director Weed, Ms. Sandkulla reported that BAWSCA continues to review OPEB annually. A summary report of the CERBT account balances and account activities for the OPEB contributions in 2014 is in the CEO letter.

The preliminary budget includes a merit budget for staff except for the CEO. The merit increase allowance is <5% per salaried positions. A decrease in the PERS contribution, and an increase in the budget for health premiums are also reflected in the preliminary budget.

Ms. Sandkulla presented alternatives for funding the preliminary budget.

As discussed at the December BPC meeting, and reported to the Board in January, the current budget used approximately \$300,000 from the General Reserve, and assumed a transfer of \$328,000 to the General Reserve at the end of FY 2014-15 due to under-expenditure.

This assumption was based on historical activities in the last several years, which formed the agency's practice of using the General Reserve to fund a portion of the Operating Budget, and anticipating a transfer of expenditure savings to the General Reserve at the end of the fiscal year. This practice produced a growing General Reserve that, Ms. Sandkulla reminded the Committee, enabled a one-time refund of assessments to the agencies in 2011 to stay within the agency's guidelines for the General Reserve.

Ms. Sandkulla reported that the historical trend has changed. The current budget will be fully spent, resulting to a year-end balance of the General Reserve to be \$221,461. This balance is 8% of the approved Operating Budget which is below the budgetary guideline.

The current level of assessments is not enough to fully fund the preliminary Operating Budget, and the General Reserve will be well below the adopted guideline. As a result, assessments need to be increased to fund the preliminary Operating Budget for FY 2015-16.

The board has, for its consideration, the unspent funds from the Water Management Charge (WMC) collected during FY 2010-11. The WMC was approved by the Board to specifically fund work associated with the Long-Term Reliable Water Supply Strategy. It was a multi-year budget used to pay the consultant work associated with the effort of the Strategy. The Strategy is now complete, and there is an estimated amount of \$355,700 that is unspent.

Ms. Sandkulla reported that several new scope items developed, as the Strategy progressed, that were paid for by BAWSCA using the General Reserve. One of the biggest examples of work that developed was the demand study, which cost approximately \$360,000, and was completed over two fiscal years. The General Reserve funded the demand study because the General Reserve balance was above the agency's guidelines at the time, and it was an appropriate action for the Board to take.

In talking with legal counsel, it is acceptable for the agency to pay itself back for expenses taken out of the General Reserve to pay for work associated with the Strategy.

Ms. Sandkulla reported that a combination of increased assessments with use of the surplus from the WMC could fund the Operating Budget for FY 2015-16, and replenish the General Reserve balance to be within the agency guideline of 20%-35% of the current Operating Budget within 1 year.

Four scenarios to fund the FY 2015-16 Operating Budget were examined. Scenario 1 increases assessments by 19.8% to fund the Operating Budget, but not replenish the General Reserve balance. The General Reserve balance would remain at 8% of the Operating Budget.

Scenario 2 increases the assessments by 19.8% and uses the WMC surplus to fund the Operating Budget and put the General Reserve balance up to 18% of the Operating Budget.

Scenario 3 increases the assessments by 21.7% and uses the WMC surplus to fund the Operating Budget and put the General Reserve balance up to 20% of the Operating Budget.

Scenario 4 increases the assessments by 35.2% to fully fund the Operating Budget and put the General Reserve balance to 20% of the Operating Budget. It leaves the WMC surplus available for future use.

For the purpose of tolerability, Director Bronitsky suggested to look into what the assessment increase would be if, the WMC surplus was used, and the General Reserve balance was replenished to 20% of the Operating Budget over a period of 2 years. For example, what would be the assessment increase if the General Reserve balance was replenished at 15% for FY 15-16, and 20% for FY 2016-17. He recognizes that the agency would have to be below the minimum General Reserve level target for one year.

Director Breault commented that the General Reserve level will depend on each year's Operating Budget. He agreed with Director Bronitsky's comment to examine the option of remaining below the minimum General Reserve balance for one year, with a plan to reach the 20% guideline the following year. He also suggested providing the Operating Budget dollars for past fiscal years to provide a sense of how the budget has been trending, and make an estimate based on that. At the same time, the Board should recognize that there could be unforeseen challenges that develop which BAWSCA must address and require immediate funding.

Ms. Sandkulla added to Director Breault's comments and noted that the preliminary budget does not include work to address potential challenges associated with possible legal activities resulting from actions by outside entities.

Director Marsalli asked about unexpected challenges from the SFPUC on the Mountain Tunnel that can seriously impact the budget.

Ms. Sandkulla explained that the SFPUC's costs for the Regional Water System, for example, the Mountain Tunnel, are not incorporated in BAWSCA's budget. They are applied to each agency's cost of water that are billed from, and paid directly to, San Francisco.

In response to Director Keith, Ms. Sandkulla explained that the dip in the General Reserve balance occurred shortly after the refund was given to the agencies in 2011. It was also used to fund unplanned activities including the work for the bond issuance, the first year funding for OPEB, and the demand study associated with the Strategy. The General Reserve has also been used in the past few years to fund a portion on the Operating Budget. Ms. Sandkulla will include this information on her presentation to the Board in March.

Director Pierce referenced the principles that were considered in developing alternatives to fund the budget, and commented on the third principle which states, "do not increase assessments unless absolutely necessary".

She pointed out that this principle applied when BAWSCA did not have a full staff that could achieve the results planned for the fiscal year, which resulted to having unspent savings that were consistently deposited back into the General Reserve.

BAWSCA now has a full staff to match a work plan that fully expends the budget. A different funding scenario is developing, and she prefers the agency to be forward-thinking. She supports Directors Bronitsky and Breault's suggestion to examine a multi-year budgeting plan to replenish the General Reserve balance over a multi-year period, as long as the risks are not extreme. She also supports the use of the WMC to pay back the General Reserve for funding efforts associated with the Strategy.

She expressed concerns with a significant hike in assessments that would possibly end up with a General Reserve that is above the guidelines after a few years.

Ms. Sandkulla agreed and explained that such a scenario was the caution for deciding the lower level of increase in last year's assessments.

Director O'Connell concurred with the Directors' comments, and asked if staff can examine the partial use of the WMC surplus, as opposed to using it at 100%.

Ms. Sandkulla explained that the use of the WMC is specifically defined for the Strategy. She noted that since the Strategy is complete, it is a clear and concise way to use the surplus towards an effort that was directly related to the Strategy as opposed to saving it, and using it for an effort that may not be directly related to the Strategy.

Ms. Schutte noted that the Board may choose to levee a WMC for a future project.

Ms. Sandkulla emphasized that closing out the current WMC as proposed would establish a clean history in case another WMC is needed for future efforts.

Director Mendall supported 100% use of the surplus WMC to repay the costs funded by General Reserve. He supports options 2 and 3 for funding the budget, and would be interested to see the calculations for replenishing the General Reserve balance over a multi-year period.

Director Weed supported the multi-year approach to fund the Operating Budget and replenish the General Reserve balance to obtain an acceptable level of increase in assessments. He asked if the income from subscription conservation programs were separate from the assessment income, and what the amount of subscription income is.

In response to Director Weed's question, Ms. Sandkulla explained that the dollars from the subscription conservation programs has historically been approximately \$1 million. It is money that flows through the agency, and pays for the rebates. This is not included in the Operating Budget. But the staff time involved in implementing the subscription programs are in the Operating Budget. These figures are reflected in BAWSCA's accounting statements.

Director Guzzetta supported the multi-year approach to fund the Operating Budget and replenish the General Reserve balance over a period of two years. He asked legal counsel what actions are required if the Board consciously violates the guideline it established to maintain a General Reserve balance of 20%-35% of the Operating Budget.

Ms. Schutte stated that the policy the Board adopted is permissive, and that no formal action is required. However, she advises that the Committee be explicit so that the full Board is aware of the action plan. The policy states that, "...for budgetary purposes, the guideline for the minimum balance in the General Reserve is 20% of the budget year's operating expense. Once that level is achieved, it is a policy for the Board to maintain the General Reserve at minimum 20% level".

Director Guzzetta recommended that the intent of the multi-year approach can be offered as the budget resolution in the staff memo to the Board. However, he noted that in quickly doing the numbers, a multi-year approach may be about the same as what is being presented in option 2 or 3.

Ms. Sandkulla reported that the FY 2014-15 assessments are \$2,642,653. If the Board chooses Option #3, the 22% increase would bring the total assessments up by \$581,384. The cost per residential household per year would increase by \$0.62, or \$5.42 instead of \$4.82. The cost per person would increase from \$1.61 to \$1.82, or by \$.21. Ms. Sandkulla noted that this remains lower than FY 13-14 when it was approximately \$6 per household per year.

Ms. Sandkulla summarized that the preliminary work plan and Operating Budget is based on achieving the agency goals of reliable high quality water at a fair price,

without sacrifice of critical results by balancing the resources needed to match the foreseeable challenges in the upcoming 5-10 years.

In response to Director Keith's question, Ms. Sandkulla explained that 2018 is a point in time when San Francisco will make a decision on the member agencies' interim supply limitation. If the projected purchases of wholesale customers surpass 265 mgd between now and 2018, San Francisco can potentially impose a supply limitation, and decide to cut off service to San Jose and Santa Clara.

With the new demand projections, Ms. Sandkulla reported that the combined purchases of San Francisco retail and member agencies are below 265 mgd. While the pre-cursor of surpassing 265 mgd between now and 2018 no longer exists, the question of whether San Francisco will continue to serve San Jose and Santa Clara on a permanent basis, and whether San Francisco will increase the wholesale customers' ISG supply limitation remains on the table. This is why San Francisco's 2018 decision remains on BAWSCA's anticipated challenges.

Director Guzzetta was interested to see how the distribution of efforts among the areas of results to achieve, listed in Table 1 of the staff memo, would look like. Specifically, while the WSIP has been extended and remains to have significant dollar allocations, it is approaching completion with a handful of capital projects remaining, as opposed to multiple projects. Additionally, in tracking SFPUC's new asset management program, he would like to see what kind of effort will be put into that as we develop our budget. How the distribution of efforts changes over time as tasks develops and approach completion.

Ms. Sandkulla acknowledged the question and will provide a percentage of efforts distribution in her presentation to the Board.

7. Reports:

A. Water Supply Update:

Ms. Sandkulla presented the SFPUC's water supply conditions data as of February 8, 2015. While the reservoir storage level for Hetch Hetchy is better than most reservoirs in the state, the water bank takes the hardest hit and is below normal for this time of the year. Recent precipitation did increase levels at Cherry and Eleanor Reservoirs.

The recent storm increased cumulative precipitation at Hetch Hetchy. While it remains lower than 2007, it is slightly better than February 2014.

Ms. Sandkulla presented a graph that shows how a certain amount of Tuolumne River water becomes available to the City. She explained that the irrigation districts are senior water rights holders and there's a prescribed flow pattern in which the districts get the first water. When actual stream flow is above a certain amount, water becomes available to San Francisco. How much water San Francisco gets from the river is very dependent upon the timing of when water shows up in the river, when the snowmelt occurs, and where the precipitation occurs. The progress is tracked everyday by San

San Francisco and the irrigation districts to determine the water that becomes available to San Francisco.

In a normal year, achieving full storage that allows Hetch Hetchy to spill more than once during the water year, is when the cumulative water available to San Francisco reaches 700 thousand AF (TAF) in July. For San Francisco to maintain a 10% call for voluntary water use reduction, 230 TAF is needed by July 2015. If San Francisco gets below 230 TAF, actions may need to be taken to decrease total water use.

During the 2014 water year, only 22 TAF of Tuolumne River water was available to San Francisco by July 2014. San Francisco relies completely on storage, therefore, if Hetch Hetchy reservoir did not exist, the Bay Area would have no water.

In response to Director Keith's question, Ms. Sandkulla stated that San Francisco's design drought storage plan anticipates up to 8 years of water supply. However, we are now on the 4th year of drought.

With February's precipitation, there is now 42 TAF of water available to San Francisco. Ms. Sandkulla reported that Mr. Ritchie sees this as good news because it is twice the amount of what was available in July of 2014.

The graph provides a sense of what precipitation and snow level is needed to get through the current water supply conditions, current demand levels, and what has taken place to date.

Ms. Sandkulla reported that wholesale customers continue to meet the targeted water use reduction. The precipitation index for the up-country 6-station remains below the historic mean. Bay Area 7-station precipitation index shows a significant spike in December which helped agencies who rely heavily on local storage. February's precipitation remains below the historic mean, and the storm systems for the upcoming months remain to be seen.

Director Guzzetta commented that 10% reduction is equivalent 209 million acre feet. Reaching the 230 TAF means the system would be able to operate on supply that is available, and not have to deplete the water bank further.

Director Weed noted that there have been discussions on the purchase of water from the agricultural interests at 100 times more than what irrigation districts are selling it to the agricultural interests. This is a potential option to acquire some water using and paying 100 times more than the districts are receiving it for, and still staying within San Francisco's current rate. He stated that at some point, letting the land go fallow provides a far greater economic return to the agricultural interests than trying to farm it. It's an interesting scenario.

Ms. Sandkulla reported that Modesto and Turlock Irrigation Districts have been uninterested in selling water.

Ms. Sandkulla stated that with the approach of warmer weather, the conservation effort remains critical, particularly with the San Francisco Regional Water System that heavily relies on snow, of which there is currently none.

Mr. Hurley reported on BAWSCA's conservation and drought messaging efforts.

Staff continues to work with San Francisco to develop a Winter/Spring drought campaign that will be made available to member agencies. In anticipation of the potential need to step up drought messaging efforts, the SFPUC has posted an RFP for a marketing and communication consultant to develop materials that will be used as soon as April. BAWSCA will have access to the consultant for assisting with the service area needs.

In the meantime, the campaign graphics that BAWSCA will be getting from SFPUC immediately focus on outdoor irrigation and leak repair.

As reported previously, BAWSCA is expanding its outreach to retailers and nurseries on the rebate programs and landscape education program through the fellow hired jointly with San Mateo County Energy Watch.

The number of landscape classes is at an all-time high in response to member agencies' request for more classes to meet demands from water customers. Advertising of the classes has been expanded with the use of Google, given the success of the web-You Tube based summer drought campaign.

BAWSCA is working with Gardensoft to revamp the Water-Wise Gardening in the Bay Area web tool, as well as installing a watering calculator/water index on the site tool.

Finally, BAWSCA is investigating the WaterSense fixture giveaway. WaterSense is a program by the Environmental Protection Agency (EPA) that establishes standards for devices that help reduce water use by 20% without a reduction in performance. BAWSCA is looking at a bulk buy that member agencies can take advantage of.

B. CEO/General Manager's Letter:

Ms. Sandkulla referred the committee to the CEO letter for brief reports and updates on BAWSCA's activities not included in the agenda.

C. Board Policy Committee Calendar:

The Board Policy Committee Calendar provides a synopsis of what can be expected in the coming months.

D. Correspondence Packet:

The Correspondence packet includes a copy of SFPUC's letter to the wholesale customers regarding its continued call for a voluntary 10% water use reduction. The packet also includes news articles of interests

8. Comments by Committee Members: There were no comments from the Committee members

9. **Adjournment**: The meeting was adjourned at 3:40pm. The next meeting is April 8, 2015.

Respectfully submitted,

Nicole Sandkulla, CEO/General Manager

NS/le

Attachments: 1) Attendance Roster

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD POLICY COMMITTEE – February 11, 2015

Roster of Attendees:

Committee Members Present

Charlie Bronitsky, City of Foster City (Vice Chair)

Kirsten Keith, City of Menlo Park

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

Rob Guzzetta, California Water Service Company

Gustav Larsson, City of Sunnyvale

Jerry Marsalli, City of Santa Clara

Al Mendall, City of Hayward (BAWSCA Vice Chair)

Irene O'Connell, City of San Bruno

Barbara Pierce, City of Redwood City

Louis Vella, Mid-Peninsula Water District

John Weed, Alameda County Water District

BAWSCA Staff:

Nicole Sandkulla CEO/General Manager

Michael Hurley Water Resources Manager

Andree Johnson Water Resources Specialist

Christina Tang Sr. Administrative Analyst

Lourdes Enriquez Assistant to the Chief Executive Officer

Allison Schutte Legal Counsel, Hanson Bridgett, LLP

Bud Wendell Management Communications

Public Attendees:

Peter Drekmeier Tuolumne River Trust

Michele Novotny San Francisco Public Utilities Commission

Julie Pardini Peninsula Resident

Tania Solé Docktown

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD POLICY COMMITTEE

Agenda Title: **Proposed Fiscal Year 2015-16 Work Plan and Operating Budget**

Summary:

This memorandum presents the proposed Fiscal Year 2015-16 Work Plan and results to be achieved, a proposed Operating Budget, and a recommended plan for funding the Operating Budget and replenishing the General Reserve. This memorandum summarizes the major conclusions with modifications and updates in response to input received at the March Board meeting, and provides additional detail in appendices.

The proposed Work Plan remains aligned with BAWSCA's legislated authority and its three goals: a reliable supply of high quality water at a fair price. Major new work areas include the first year in implementing the recommended Long-Term Reliable Water Supply Strategy (Strategy) recommended actions, and actions to support the member agencies in achieving necessary water use reductions in response to the ongoing drought conditions and the potential for mandatory reductions.

The proposed estimate for the FY 2015-16 Operating Budget is \$3,201,679 which is about 9%, or \$262,393, above the current FY 2014-15 Operating Budget. This proposed Operating Budget represents approximately a \$0.14 increase in annual cost per water customer in the service area for an estimated cost to the water customer of \$1.84 per year.

Given the projected balance in the General Reserve at the end of FY 2014-15, it will be necessary to increase assessments to fund the proposed Operating Budget. The recommended funding plan is to increase assessments to \$3,276,889 (a 24% increase) and use unspent funds from the Water Management Charge, estimated at \$355,700, to fund the proposed Operating Budget and bring the estimated General Reserve within the budgetary guidelines established by the Board.

Recommendation:

That the Committee recommend that the Board approve the:

- **Proposed FY 2015-16 Work Plan and Results to be Achieved;**
- **Proposed Operating Budget of \$3,201,679; and**
- **Recommended funding plan which includes (a) reimbursement to BAWSCA's General Reserve of previously expended costs associated with the development of the Long-Term Reliable Water Supply Strategy with surplus Water Management Funds; and (b) FY 2015-16 assessments of \$3,276,889.**

Proposed Work Plan:

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

Major efforts included in the FY 2015-16 Work Plan, and reflected in the Operating Budget are:

- Implement the five recommended actions identified in Long-Term Reliable Water Supply Strategy (Strategy) Phase IIA Final Report (Report);
- Oversight of San Francisco's WSIP, 10-Year Capital Improvement Program (CIP), and Regional Water System Asset Management Program;
- Actively participate in the relicensing of New Don Pedro Reservoir to protect regional water supplies;
- Administer the 2009 Water Supply Agreement, including work related to the September 2014 settlement with San Francisco;
- Administer BAWSCA's bonds; and
- In cooperation with the member agencies, implement specific drought response actions to achieve necessary water use reductions and minimize likelihood of mandatory rationing. These specific projects include development of a Watering Index and Irrigation Adjustment Notification System, an online conservation rebate application and tracking system, cost-share partnerships with others to promote conservation messaging and new resource development, regional drought response messaging using Google/YouTube, and an update to BAWSCA's website to provide better function and content to water customers. Details for these new drought response actions are provided in Appendix A.

Table 1 lists all of the major results to be achieved. The activities are grouped according to the agency goals they support, and represent 89% of the proposed Operating Budget. The percent budget allocation for each task area is shown in parenthesis next to that item.

Table 2 lists the items that are not included in the proposed Operating Budget. Any of these items could be added at a later date, if needed. Activities identified that could be performed by BAWSCA for the benefit of the agency and its members but not included in the proposed Work Plan because they are not critical to the agency achieving its state mandated mission and purpose are presented in Appendix M.

Table 3 lists the major activities with the potential to impact BAWSCA member agencies over the next 20 years. These activities require coordinated action by BAWSCA and its member agencies to protect water reliability, quality and fair pricing. 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 and work products 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 is included in the appendices to this memo.

Table 1. Results to be Achieved in FY 2015-16

(Percent of Proposed Operating Budget for Each Item Shown in Parenthesis)

RELIABLE WATER SUPPLY

- (8.2%) **1. Facility Reliability: Monitor the SFPUC's WSIP, 10-Year CIP, and Asset Management Program**
 - a. Monitor WSIP scope, cost, and schedule as San Francisco continues an aggressive construction schedule through 2019. Press the SFPUC and the city's political leadership to meet the city's adopted schedule, satisfy the requirements of AB 1823, and respond promptly to BAWSCA's reasonable requests.
 - b. Review and monitor SFPUC's Regional 10-Year Capital Improvement Program to ensure that identified projects and programs meet the needs of the BAWSCA member agencies in a cost-effective and appropriate manner.
 - c. Review and monitor SFPUC's Asset Management Program to ensure maintenance and protection of the Regional Water System assets.
- (10.4%) **2. Long-Term Supply Solutions: Ensure a Reliable, High Quality Supply of Water is Available Where and When Needed.**
 - a. Implement the actions recommended in the Long-Term Reliable Water Supply Strategy Phase II Final Report.
 - b. Support members' efforts to develop required 2015 Urban Water Management Plans in order to ensure consistent and defensible regional planning.
- (15.2%) **3. Near-term Supply Solutions: Water Conservation**
 - a. In cooperation with the member agencies, implement drought response actions to achieve necessary water use reductions and minimize likelihood of mandatory rationing.
 - b. Administer and implement core water conservation programs that benefit all customers.
 - c. Administer conservation rebate programs that benefit, and are paid for by, agencies that subscribe for these services.
- (4.5%) **4. Take Actions to Protect Members' Water Supply Interests in the Administration of the 2009 Water Supply Agreement**
 - a. Pursue alternative supply allocation approach with SFPUC to use in FY 15-16, if necessary, as an alternative to the existing Tier 1 drought allocation formula.
 - b. Protect members' water supply and financial interests in the SFPUC's upcoming 2018 decisions and associated Water Management Action Plan (MAP) to support the Commissions' upcoming 2018 water supply decisions.
 - c. Protect members' water supply interests to ensure that the SFPUC meets its adopted Water Supply Level of Service Goals
- (5.4%) **5. Protect Members' Interests in a Reliable Water Supply**
 - a. Assess potential significance and risks associated with "legal and legislative" actions that might be taken by proponents of draining Hetch Hetchy Reservoir.
 - b. Ensure necessary legal and technical resources for 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.

- (0.3%) **6. Pursue Grant Opportunities Independently and in Coordination with Regional Efforts**
a. Pursuit and use of Proposition 84 grant funds awarded for water conservation programs.
b. Investigate potential for grant funds to support the implementation of the Strategy, including 2014 California Water Bond.
- (1.6%) **7. Reporting and Tracking of Water Supply and Conservation Activities**
a. Complete BAWSCA FY 2014-15 Annual Survey.
b. Complete BAWSCA FY 2014-15 Annual Water Conservation Report.
c. Implement BAWSCA Water Conservation Database.

HIGH QUALITY WATER

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

FAIR PRICE

- (22.5%) **9. Perform Matters that Members Delegated to BAWSCA in the Water Supply Agreement**
a. Administer the Water Supply Agreement with SF to protect the financial interests of 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 Member Agencies' retail rate structures.

AGENCY EFFECTIVENESS

- (4.5%) **10. Maintain Community Allies and Contacts with Environmental Interests**
a. Maintain close relationships with BAWSCA's local legislators and allies, and activate them if necessary, to safeguard the health, safety, and economic well-being of residents and communities.
b. Maintain a dialogue with responsible environmental and other groups, who will participate in the permitting and approval process for efforts to maintain system reliability.
c. In conjunction with San Francisco, conduct or co-sponsor tours of the water system for selected participants.
- (17.1%) **11. Manage the Activities of the Agency Professionally and Efficiently**

Table 2: Activities Not Included in Proposed Work Plan and Operating Budget for FY 2015-16

Reliable Supply

1. Implement a pilot water transfer with EBMUD in FY 2015-16, following completion of the pilot transfer plan.
2. Engage in extended or complex applications for grant funds. Application for water conservation grants will continue to be made through or with the Bay Area Water Agency Coalition, the California Urban Water Conservation Council, or other agencies.
3. Introduce major new legislation or supporting/opposing legislation initiated by others. If needed, the agency could support major legislative efforts by redistributing resources, using the contingency budget, or accessing the general reserve, subject to prior Board approval.
4. Initiate litigation or support/oppose litigation initiated by others. If needed, the agency could support major litigation efforts by redistributing resources, using the contingency budget, or accessing the general reserve, subject to prior Board approval.

Fair Price

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

High Water Quality

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

Agency Efficiency

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

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

Year or Period	Major Challenges or Issues
FY 2015 - 2016	<ul style="list-style-type: none"> • Protect BAWSCA member agencies from severe supply shortages and resulting excessive economic impacts. • Amend Tier 1 drought allocation formula with San Francisco. • Assist agencies during drought to achieve necessary reductions and meet regulatory and other obligations. • 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. • Represent member agencies in Federal relicensing of New Don Pedro and to protect SFPUC supplies (2016). • Monitor WSIP implementation to protect interests of member agencies and take steps necessary to ensure all adopted Level of Service goals are achieved. • Monitor SFPUC's development and implementation of its 10-Year CIP to ensure protection of water supply and financial interests of the water customers. • Monitor SFPUC's asset management program to ensure ongoing maintenance and protection of RWS assets. • Enforce the Water Supply Agreement to ensure San Francisco meets its financial, water supply, quality, maintenance and reporting commitments. • Protect customers from legal and legislative efforts to drain Hetch Hetchy that disregard their interests in reliability, quality and cost. • SF elects Mayor in 2015.
2016 to 2019	<ul style="list-style-type: none"> • Protect BAWSCA member agencies from severe supply shortages and resulting excessive economic impacts. • Assist member agency negotiation of a new Tier 2 drought allocation formula by preparing and analyzing alternatives, facilitating agreement and producing legal documents before the existing one expires at the end of 2018. • Ensure new water supplies are on line to meet future needs not met by SF • 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 SF deciding whether to provide more than 184 mgd to Wholesale Customers and whether or not to increase the perpetual Supply Assurance by 2018. • Represent member agencies in Federal relicensing of New Don Pedro and to protect SFPUC supplies (2016).

2016 to 2019 (cont.)	<ul style="list-style-type: none">• Monitor WSIP implementation to protect interests of member agencies and take steps necessary to ensure all adopted Level of Service goals are achieved. Scheduled completion March 2019.• Monitor SFPUC's development and implementation of its 10-Year CIP to ensure protection of water supply and financial interests of the water customers.• Monitor SFPUC's asset management program to ensure ongoing maintenance and protection of RWS assets.• Ensure San Francisco maintains its Tuolumne River water rights.• Protect customers from legal and legislative efforts to draining Hetch Hetchy that disregard their interests in reliability, quality and cost.• Enforce the Water Supply Agreement to ensure San Francisco meets its financial, water supply, quality, maintenance and reporting commitments.
2019 to 2025	<ul style="list-style-type: none">• Protect BAWSCA member agencies from severe supply shortages and resulting excessive economic impacts.• Ensure new water supplies are on line to meet future needs that are not met by San Francisco.• Monitor SFPUC's development and implementation of its 10-Year CIP to ensure protection of water supply and financial interests of the water customers.• Monitor SFPUC's asset management program to ensure ongoing maintenance and protection of RWS assets.• Ensure San Francisco maintains its Tuolumne River water rights.• Protect customers from legal and legislative efforts to draining Hetch Hetchy that disregard their interests in reliability, quality and cost.• Enforce the Water Supply Agreement to ensure San Francisco meets its financial, water supply, quality, maintenance and reporting commitments.• SF elects Mayor in 2019 and 2023.
2026 to 2040	<ul style="list-style-type: none">• Ensure new water supplies are on line to meet future needs that are not met by San Francisco.• Extend or renegotiate the Water Supply Agreement before it expires in 2034.• Enforce the Water Supply Agreement to ensure San Francisco meets its financial, water supply, quality, maintenance and reporting commitments.• SF elects Mayor in 2027, 2031, 2035, and 2039.

Proposed FY 2015-16 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 third year of funding.

**Table 4. Proposed FY 2015-16 Operating Budget
by Major Expenditure Category**

Cost Category	Approved FY 2014-15 Budget, dollars	FY 2015-16 Proposed Budget	Changes from FY 2014-15 Approved Budget
Consultants/ Direct Expenditures			
Reliability	770,162	807,450	37,288
Fair Pricing	287,000	415,000	128,000
Administration	85,300	85,000	(300)
<i>Subtotal</i>	1,142,462	1,307,450	164,988
Administration			
Employee Salaries & Benefits	1,343,406	1,407,529	64,123
<i>Other Post-Employment Benefits(net)</i>	95,918	111,000	15,082
<i>Benefits Subtotal</i>	1,439,324	1,518,529	79,205
Operational Expenses	295,000	313,200	18,200
BAWUA	1,100	1,100	0
Subtotal	1,735,424	1,832,829	97,405
Total Operating Expenses	2,877,866	3,140,279	262,393
Capital Expenses	2,500	2,500	(0)
Budgeted Contingency	57,500	57,500	(0)
Regional Financing Authority	1,400	1,400	0
Grand Total	2,939,286	3,201,679	262,393

Explanation and Alternatives for Salaries and Benefits:

The increase for salaries and benefits of \$79,205 shown in the proposed budget is a result of a variety of changes. These changes include increases in health benefit costs, salary adjustments and an increase in OPEB (Other Post-Employment Benefits). The proposed Operating Budget also includes the following for all employees except the CEO:

- \$15,115 for a COLA adjustment to existing FY 2014-15 salaries
- \$15,502 merit allowance separate from COLA adjustment
- \$4,085 adjustment to top step positions, approved at March 2015 board meeting

A Cost of Living Allowance (COLA) adjustment of 2.09% to the top step of salaries is included in the proposed Operating Budget and is consistent with the December value for the Consumer Price Index for Urban Wage Earners and Clerical Workers in the San Francisco-Oakland-San Jose area. COLA increases for employees are not automatic, but

can be granted by the CEO on the basis of merit. The history of salary and benefit adjustments for BAWSCA is presented in Appendix I to this memo.

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

At the direction of the Board Chair, a budget allowance of \$15,825 for a potential merit increase for the CEO has been included in the proposed Operating Budget. For budgeting purposes, this amount is consistent with the merit increase awarded to the CEO in FY 2014-15.

Funding the Proposed Operating Budget:

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

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

At the direction of the board, moving forward, the third principle will be modified to read “Apply incremental and prudent increases in assessments as necessary” to allow for greater flexibility in increasing assessments incrementally over a multi-year period in anticipation of future needs to allow for a smoother transition of increases.

The funding alternatives below address all four principles. The proposed Operating Budget achieves the results listed in the Work Plan.

Status of General Reserve

Each year, unspent funds (if available) are moved to the General Reserve to fund special needs and future budgets. Appendix F presents the historical use of the General Reserve to fund special studies, fund the Operating Budget, and provide a one-time refund to the member agencies in November 2011.

At this time, the FY 2014-15 Operating Budget is anticipated to be 100% expended at year end and the assumed deposit of savings from FY 2014-15 is not anticipated to occur. This results in an estimated General Reserve balance at the end of FY 2014-15 of \$221,461, or 8% of the approved FY 2014-15 Operating Budget, which is outside the adopted General Reserve Policy guideline. BAWSCA's General Reserve Policy, reaffirmed by the Board in November 2014, identifies a range of 20% to 35% of the budget year's operating expense as a budgetary guideline for the General Reserve balance.

Recommended Alternative to Fund the Proposed Operating Budget

Several alternatives to funding the Proposed Operating Budget were examined by the Board at its March 2015 meeting. From that initial list of five alternatives and in response to comments received from the Board, a recommendation for funding the Operating Budget and two alternatives are presented below and depicted in Figure 1:

- Recommended Funding Plan: Use a combination of \$355,700 (estimated) in unspent funds from the Water Management Charge Fund and a 24% increase in assessments in FY 2015-16 to both fund the FY 2015-16 proposed Operating

Budget and increase the General Reserve level to \$660,941, which is \$21,519 or 3.4% higher than the minimum budgetary guideline of \$639,422.

- Alternative A: Increase assessments 21%, the level necessary to fully fund the FY 2015-16 proposed Operating Budget, and use of the estimated \$355,700 unspent funds that remain in the Water Management Charge fund following the completion of the Strategy to replenish the General Reserve. This scenario results in a General Reserve balance of \$581,161 as of June 30, 2016, which is \$58,261 less than the minimum budgetary guideline.
- Alternative B: Fund the FY 2015-16 proposed Operating Plan with a combination of the \$355,700 (estimated) in unspent funds from the Water Management Charge Fund and a 14% increase in assessments and bring the General Reserve to an estimated balance of \$396,676 at the end of FY 2015-16 (which is \$242,746 below the minimum budgetary guideline). Plan for a 14.2 % increase in FY 2016-17 assessments to fund the Operating Budget and return the General Reserve to the minimum budgetary guideline of \$639,422.

A discussion of the Water Management Charge and the status and use of surplus funds is presented in Appendix C.

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

- The Recommended Funding Plan results in an estimated General Reserve balance at the end of FY 2015-16 that meets the minimum budgetary guidelines established by the Board and FY 2015-16 assessments that fully fund the Operating Budget.
- Alternative A results in an estimated General Reserve balance at the end of FY 2015-16 that is slightly (\$58,261) below the minimum budgetary guidelines established by the Board and FY 2015-16 assessments that fully fund the Operating Budget. If there is a desire by the Board to implement the necessary assessment increase over a two year period, this would be the next best alternative. This alternative is not recommended given the small incremental difference to achieve fully funding of both the Operating Budget and General Reserve offered by the recommended alternative and the resulting financial security.
- Alternative B results in an estimated General Reserve balance that remains well below the minimum budgetary guidelines until the end of FY 2016-17 and requires two years of assessment increases to fully fund the Operating Budget. This alternative is not recommended given the extended time period under which the General Reserve remains well below the budgetary guidelines.

The scenarios assume the following: 1) full funding of the proposed Operating Budget through a combination of assessments and use of unspent Water Management Charge funds, 2) an Operating Budget of \$3,201,679 for five years, 3) 100% spending-to-budget ratio for FY 2015-16 and beyond, and 4) unspent funds are deposited back into the General Reserve at year-end.

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

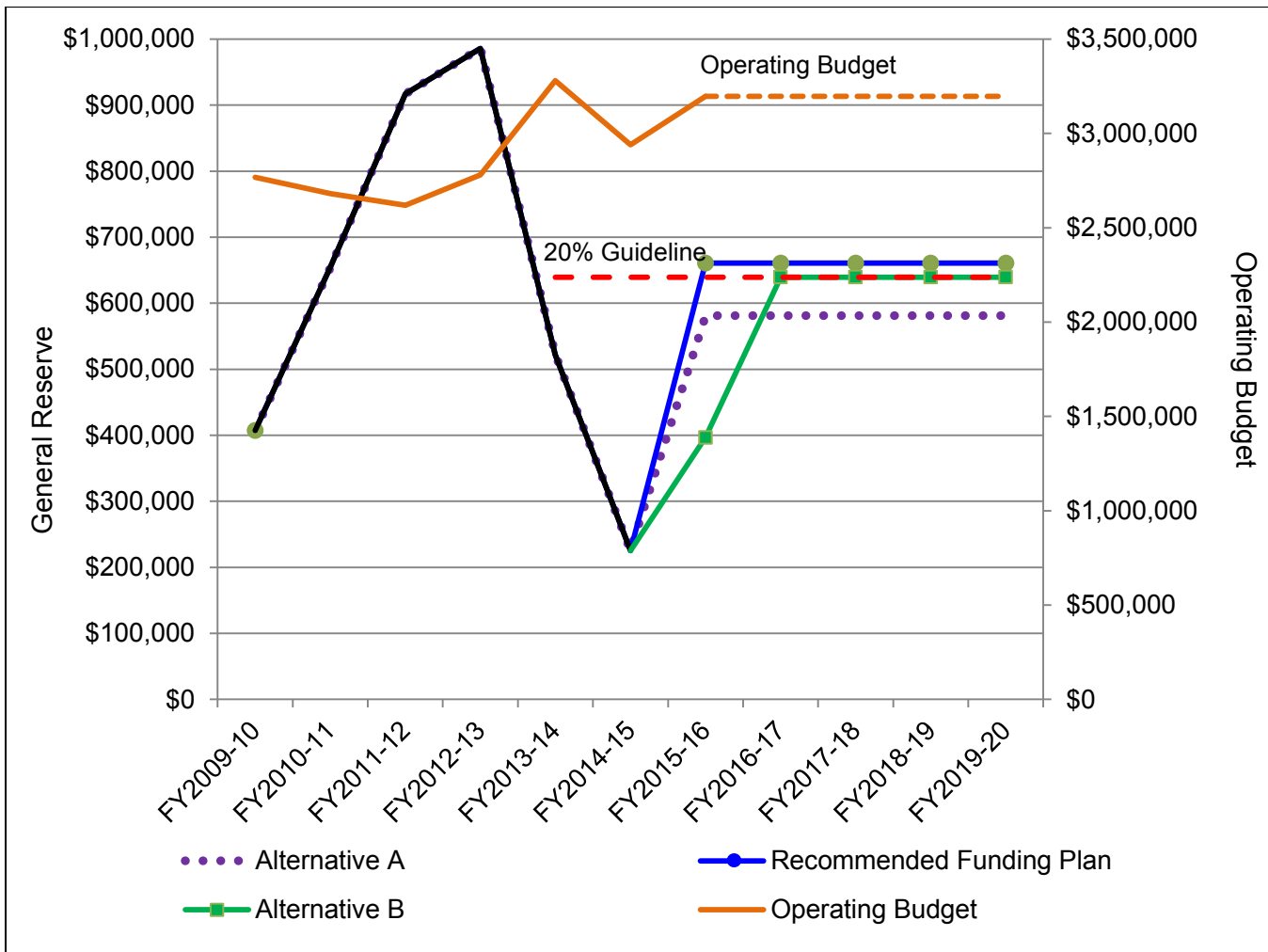


Table 5 below presents the results by member agency of a 24%, or \$634,237, increase in assessments. Note that a 1% increase in assessments is roughly \$26,427. Last year was the first year BAWSCA raised assessments following five years of no assessment increase. The history of BAWSCA assessments is provided in Appendix E.

Table 5. Examination of a 24% Increase in BAWSCA Assessments

Members	Adopted FY 2014-15 Annual Assessment	Assessments with 24% Increase	Difference
ACWD	\$177,590	\$220,211	\$42,622
Mid-Peninsula	\$54,138	\$67,131	\$12,993
Brisbane	\$5,531	\$6,859	\$1,328
Burlingame	\$73,512	\$91,154	\$17,643
Coastside	\$23,403	\$29,020	\$5,617
Cal Water	\$560,826	\$695,424	\$134,598
Daly City	\$68,624	\$85,094	\$16,470
E. Palo Alto	\$32,382	\$40,154	\$7,772
Estero	\$89,005	\$110,367	\$21,361
GVMID	\$6,902	\$8,558	\$1,656
Hayward	\$277,490	\$344,087	\$66,598
Hillsborough	\$57,644	\$71,478	\$13,835
Menlo Park	\$52,187	\$64,712	\$12,525
Millbrae	\$41,478	\$51,433	\$9,955
Milpitas	\$106,681	\$132,285	\$25,603
Mtn. View	\$167,986	\$208,303	\$40,317
North Coast	\$51,935	\$64,400	\$12,464
Palo Alto	\$208,440	\$258,465	\$50,026
Purissima Hills	\$33,020	\$40,945	\$7,925
Redwood City	\$178,084	\$220,824	\$42,740
San Bruno	\$36,919	\$45,780	\$8,861
San Jose	\$72,760	\$90,222	\$17,462
Santa Clara	\$61,868	\$76,716	\$14,848
Stanford	\$40,739	\$50,516	\$9,777
Sunnyvale	\$148,225	\$183,799	\$35,574
<u>Westborough</u>	<u>\$15,283</u>	<u>\$18,951</u>	<u>\$3,668</u>
Total	\$2,642,653	\$3,276,889	\$634,237

APPENDICES

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

Appendix A: New Drought Response Actions To Achieve Necessary Water Use Reductions And Minimize Likelihood Of Mandatory Rationing

Development of a Watering Index and Irrigation Adjustment Notification System:

- BAWSCA will fund development of (1) a web-based Landscape Watering Index, which is a scientifically based number to guide adjustments to watering schedules based on changes in the weather, and (2) e-mail notification system, which would provide periodic, customizable notices with irrigation controller adjustment percentages, watering restriction information, and other conservation messaging.
- Outdoor water use makes up 30-50% of residential water use in the BAWSCA service area and has the largest potential for savings for the average home or business.
- Such systems have been implemented throughout California including Solano County.

Implement an On-line Conservation Rebate Application and Tracking System:

- BAWSCA will purchase and implement an on-line conservation rebate application, processing and tracking system to (1) enable BAWSCA member agency customers to submit applications for BAWSCA's subscription conservation programs via the internet and (2) facilitate more efficient and accurate processing and tracking of rebate applications.
- BAWSCA member agency customers currently submit applications in person or via the U.S. Mail system, which requires manual processing of applications, inputting of data for tracking purposes and notification of member agencies.
- New "off the shelf" software programs offer a wider range of services and would allow BAWSCA to simplify and expedite the application process for customers, more effectively process applications, as well as manage and track existing and proposed conservation programs online.

Cost-Share Partnerships to Promote Conservation Messaging and New Resource Development:

- BAWSCA has a strong history of partnering with non-profit organizations in the BAWSCA service area to promote BAWSCA's conservation and water reliability efforts. Typically this partnership has involved in-kind services or small financial contributions. In general, the benefits of these partnerships are spread throughout the service area with the exception of partnerships that directly benefit subscription conservation programs, in which case those costs are paid for by participating agencies.
- For example, in response to the current drought, BAWSCA began a new partnership with San Mateo County Energy Watch in which both organizations are sharing the cost of a temporary employee to outreach to targeted businesses in all three counties that promote BAWSCA's core and subscription water conservation programs (i.e., nurseries, hardware and plumbing stores). A portion of BAWSCA's costs are being allocated to the appropriate subscription conservation programs.
- For FY 2015-16, it is proposed to continue these types of cost-effective regional partnership efforts given the critical drought year and the important conservation message.

- Potential partners in FY 2015-16 include:
 - San Mateo Countywide Water Pollution Prevention Program, Sustainable Silicon Valley, San Mateo County and East Bay Energy Watch.
- In addition, BAWSCA's Long-Term Water Supply Strategy calls for a range of future actions to increase water reliability in the BAWSCA service area that will require significant cooperation and collaboration from multiple entities in the region. These organizations will provide valuable resources to advance these efforts in the future.

Regional Drought Response Messaging (assume 10% voluntary):

- In Water Year 2014, BAWSCA worked collaboratively with the SFPUC to provide regional messaging throughout the service area. That level of coordination is expected to continue in Water Year 2015 given the continuing request for 10% voluntary water use reductions.
- BAWSCA is proposing to provide additional support for regional messaging based on last year's successful Google/YouTube advertising campaign. For example, BAWSCA received 300,000 YouTube views of its conservation message between August and November 2014, and doubled its website traffic during that same period.
- Finally, BAWSCA will continue to develop conservation messaging materials, tools and other services to support its member agencies in achieving the voluntary 10% water use reduction target set by the SFPUC.

Update BAWSCA Website Content and Function:

- Established in 2003, BAWSCA's website has not been significantly updated since.
- Funding for website maintenance and some updates have been budgeted annually beginning 2010-11, however expenditures have been low and limited to critical maintenance activity due to staff limitations and work load priorities.
- Both the content and the function of the website needs to be updated to allow it to continue to effectively communicate to the public and the water customers about BAWSCA and conservation programs offered by BAWSCA and member agencies.
- Since 2003, the purpose and audience for the website has changed. Initially, the website provided general information about BAWSCA to the public and others.
- Today, the website serves a dual purpose of providing emerging information about BAWSCA and its activities, and being a source of information for water customers seeking to implement water conservation activities. BAWSCA's website averages approximately 8,000 sessions monthly.

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 2015-16 is estimated to be 700 hours. Agencies participating in subscription programs pay for associated consultant support and direct expenses. As in prior years, those consultant costs and direct expenses are not included in the Operating Budget.

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

BAWSCA's Operating Budget was not used to fund the cost of consulting services for developing the Long-Term Reliable Water Supply Strategy (Strategy). Rather, development of the Strategy has been funded through the Water Management Charge authorized by the Board in July 2010.

As of January 2015, BAWSCA completed the development of the Strategy. The Strategy Phase II Final Report was published in February 2015.

With the completion of the Strategy, the final accounting for costs against the Water Management Charge will be completed and presented to the Board as part of the FY 2015-16 Work Plan and Operating Budget discussions in May 2015. It is estimated that a surplus of roughly \$350,000 exists in the Water Management Charge Fund. This surplus is available to repay actual expenses related to the development of BAWSCA's Long-Term Reliable Water Supply Strategy (e.g. 2014 Regional Water Demand Projections, BAWSCA-EBMUD Pilot Water Transfer Plan) incurred by BAWSCA through its Operating Budget in FY 2012-13 and FY 2013-14.

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 BAWSCA's Operating Budget to residential customers in the BAWSCA service area averages about \$5.00 per household per year. Table D below provides the estimate annual cost per person and per household (assuming three persons per household) for BAWSCA's Operating Budget.

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

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

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
2014-15	\$2,642,653	\$225,461 (estimated)

Appendix F: Historical Use of the BAWSCA General Reserve

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

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

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

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

The proposed FY 2015-16 budget for BAWUA is \$1,100. This amount appears in the BAWSCA budget.

Appendix H: 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 2015-16, the proposed RFA budget is \$1,400. The RFA will formally consider and adopt this budget in July 2015.

Appendix I: History of Salary and Benefits Adjustments

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

- FY 2014-15: The Board approved a 2.60 percent increase to the top step of staff salary ranges, consistent with the December 2014 value for the Consumer Price Index for Urban Wage Earners and Clerical Works in the SF-Oak-SJ area. COLA increases for employees are not automatic but can be granted by the CEO on the basis of merit. An allowance for merit adjustments was budgeted for employees not yet at top step
- FY 2013-14: The Board approved a 2.312 percent increase to the top step of staff salary ranges, consistent with the December 2013 value for the Consumer Price Index for Urban Wage Earners and Clerical Workers in the SF-Oak-SJ 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 2012 value for the Consumer Price Index for Urban Wage Earners and Clerical Workers in the SF-Oak-SJ 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 2010 value for the Consumer Price Index for Urban Wage Earners and Clerical Workers in the SF-Oak-SJ 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 J: Uses of Professional Services

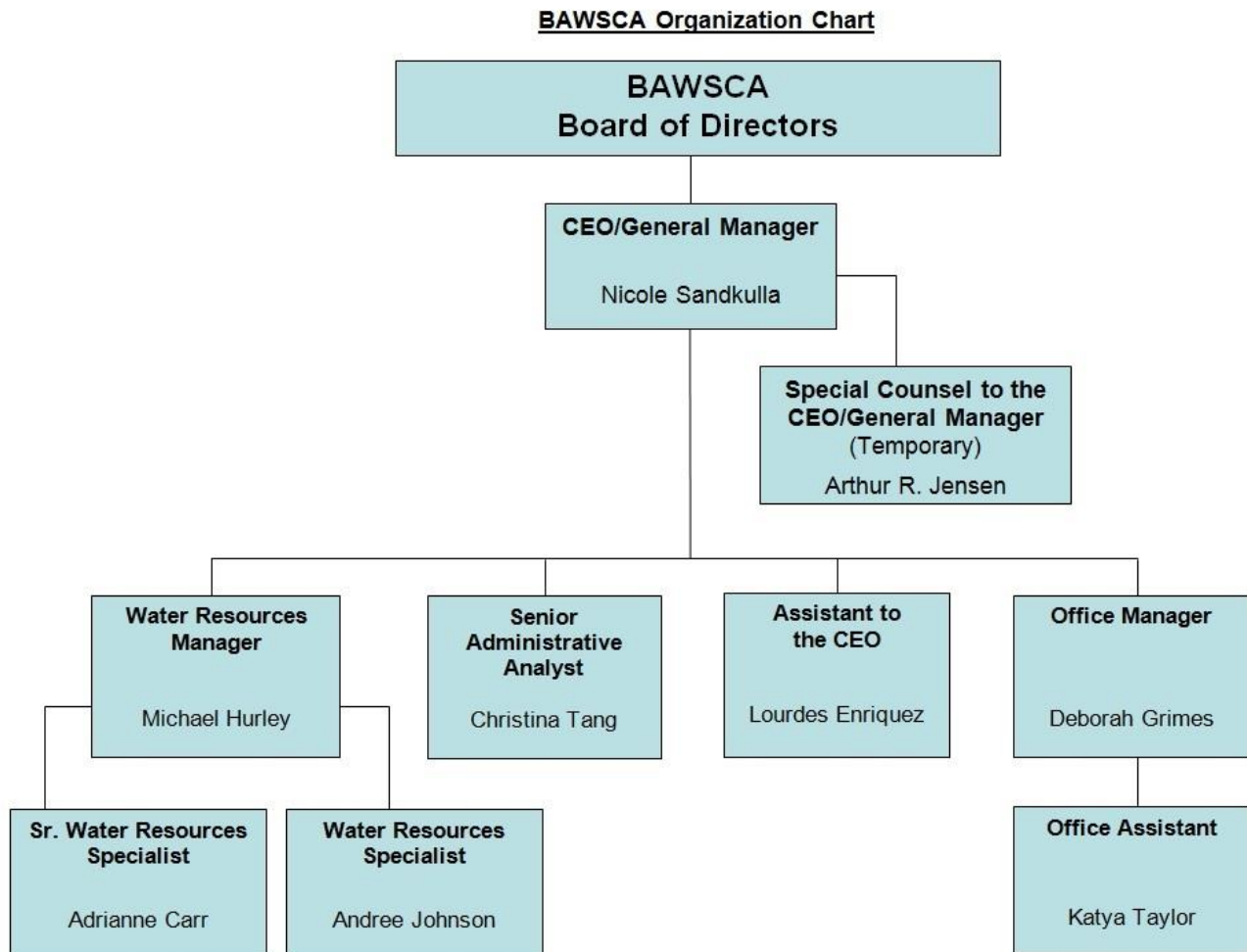
Outside professional services are used to provide specialized services and augment staff.

1. Professional engineering services for: a) evaluating and monitoring SFPUC's asset management program; b) evaluating and monitoring SFPUC's 10-Year Capital Improvement Program (CIP) development and implementation; c) evaluating Water System Improvement Program project scopes during design and construction; d) monitoring WSIP project cost estimates, bids and schedules; e) monitoring and assessing San Francisco's performance in implementing the overall WSIP; f) assessing San Francisco's method for cost estimation, application of contingencies and addressing cost inflation during the WSIP; g) providing specific constructive recommendations for keeping the WSIP on or ahead of schedule; and h) 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; 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 K: Current Organization and Staffing

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



Appendix L: 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 2040 that were identified during the FY 2015-16 Work Plan development.

Appendix M: 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 M-1 below.

**Table M-1: Beneficial Activities Identified
But Not Included in Proposed Operating Budget for FY 2015-16**

<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 structured 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 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: **Amendment to Hanson Bridgett Professional Services Contract**

Summary:

Matters requiring additional use of legal counsel services are expected to arise toward the end of FY 2014-15 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 2014-15 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 Board Policy 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 FY 2014-15, and provide a recommendation for a possible contract amendment to the full board at its May meeting.

Discussion:

In September 2014, BAWSCA and SFPUC entered into the first amendment to the March 2013 Settlement Agreement concerning the SFPUC's determination of the Wholesale Revenue Requirement for Fiscal Year 2010-11. Work in FY 2014-15 on this settlement agreement has continued to progress at a steady state, but at an overall higher level than originally budgeted, especially work done in Fall 2014 to secure the settlement itself.

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. The CEO/General Manager and legal counsel have also been working closely to reassign other work to BAWSCA staff where appropriate at this time (e.g. participation in FERC proceedings for New Don Pedro). 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: Approval of Professional Services Contracts for Fiscal Year 2015-16

Summary:

Outside professional services are used for legal, engineering, financial, strategic and water conservation support of BAWSCA's programs and objectives for FY 2015 -16. To ensure work begins promptly or continues without interruption, seventeen (17) contracts need to be in place by July 1, 2015.

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 2015-16, the Board will consider each of the seventeen contracts. Other consulting services that may be needed to complete the FY 2015-16 Work Plan will be brought to the Board for authorization during the year.

Fiscal Impact:

The combined budget for 10 of the professional services contracts that need to be in place on July 1, 2015 is \$1,032,000, which are included in the proposed Operating Budget. The additional seven contracts are for subscription conservation programs and as such, have no operating budget implications.

Recommendation:

That the Board Policy Committee recommend Board approval of the seventeen contracts for legal, engineering, financial, strategic and water conservation services needing to be in place by July 1, 2015.

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), actions to implement BAWSCA's Long-Term Reliable Water Supply Strategy, and implementing water conservation assistance programs.

A separate memorandum for each professional service contract presents the qualifications of the service providers and the scopes of work for FY 2015-16. BAWSCA's standard form of contract will be used as the basis for each contract.

Table 1 summarizes the costs for the professional services contracts needed in place by July 1, 2015. The combined budget for these professional services is \$1,032,000. The corresponding consulting budgets for FY 2014-15 are the values as of March 31, 2015.

Table 2 summarizes the professional services contracts needed to be in place by July 1, 2015 to implement subscription programs that are paid for by participating member agencies. For these contracts, no contract amount is specified as the total budget is determined after receipt of Applications to Participate from the member agencies.

Table 1: Annual Professional Services Funded Through the Operating Budget

<u>Services Provided</u>	<u>FY 2014-15</u> <u>(as of 3/31/15)</u>	<u>Proposed</u> <u>FY 2015-16</u>
BLX Group LLC (Investment Advisor)	\$12,500	12,500
Brown and Caldwell (Water Conservation Database)	\$30,000	20,000
Burr Pilger Mayer (Auditing, 2009 WSA Administration)	\$15,000	15,000
Hanson Bridgett, LLP (Legal Counsel)	\$524,000	586,500
Hilton Farnkopf Hobson (Engineering, Financial, 2009 WSA)	\$35,000	20,000
Kelling, Northcross, Nobriga (Financial Counsel)	\$50,000	43,500
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 (WSA Admin., Water Use Analyses)	\$47,500	47,500
Bud Wendell (Strategic Counsel)	\$150,000	150,000
Total	\$1,001,000	1,032,000

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

Service Provided
DropCountr (Home Water Use Survey)
EarthCapades (School Assembly Program)
Maddaus Water Management (As Needed Assistance on Demand Model)
Resource Action Program (School Education Programs)
Tuolumne River Trust (Classroom Education Program)
Waterfluence (Large Landscape Conservation Services)
Water Smart (Home Water Use Survey)

Legal counsel services funded by the Operating Budget

The proposed budget for legal services is \$62,500 more than the approved budget for FY 2014-15 as of March 31, 2015. The overall increase in legal counsel's budget reflects a continued increase in expenses associated with implementation of the 2009 Water Supply Agreement (WSA) and ongoing work with the SFPUC in response to the 2014 Settlement Agreement.

Strategic counsel services funded by the Operating Budget

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

Technical services funded by the Operating Budget

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

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

HFH will help ensure proper implementation of the WSA, especially in matters dealing with cost allocation. In addition, HFH's expertise in 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 the WSIP, the 10-Year CIP, and the SFPUC's repair and maintenance programs. His services help BAWSCA ensure that member agencies' needs can be met reliably during and after construction, and that issues pertinent to serving their customers and saving money are identified and addressed.

Financial services funded by the Operating Budget

BLX, Burr, Pilger and Mayer, KNN, and Orrick are financial or bond consultants with different areas of expertise.

For FY 2015-16, BLX will monitor market conditions and the agency's circumstances on an ongoing basis to provide opportunities to all the agency's bond funds (including stabilization 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.

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

KNN is BAWSCA's financial advisor. KNN provides services on an as-needed basis. Their expertise protects the Wholesale Customers by ensuring that San Francisco adheres to the

many financial provisions in the Water Supply Agreement. Specific examples of value added are provided in the attached memorandum. KNN provided the preliminary assessment of whether there would be added value for BAWSCA to prepay capital debt owed to San Francisco by Wholesale Customers, and guided BAWSCA through the process of securing other bond-related professional services, securing a high bond rating, and provided financial counsel during the negotiated sale of the bonds.

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 2015-16 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 2015-16 proposed operating budget. The proposed budget is the same as the last contract with BLX.

Recommendation:

That the Board Policy 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:

BAWSCA retained BLX Group LLC as the investment advisor to identify the investment alternatives available to the agency's bond stabilization fund deposited at the Trustee, Bank of New York (BNY) for FY 2013-14. BLX performed a one-time securities procurement service in FY 2013-14 and ongoing investment advisory services for all BAWSCA's bond funds deposited at the Trustee in FY 2014-15.

For FY 2015-16, BLX will do the following:

- Monitor market conditions and the agency's circumstances on an ongoing basis to provide opportunities to all the agency's bond funds (including stabilization fund, interest fund, and principal fund) deposited at the BNY while satisfying all cashflow, safety and liquidity considerations in a manner consistent with Board's investment policy. The opportunities include improving returns and reducing risks associated with management of BAWSCA's investments to the financial benefit of BAWSCA and the member agencies. In addition to the ongoing oversight, the consultant will also prepare monthly and quarterly investment reports which reconcile all of the account investment holdings and activities.
- Perform calculations relating to the arbitrage and rebate requirements contained in the Internal Revenue Code with respect to the Revenue Bonds, Series 2013A.

Scope of Services – Results to be Achieved:

The draft scope of services with BLX to provide investment advisory services for BAWSCA's bond funds deposited at the Trustee for FY 2015-16 is shown in Exhibit A.

The draft scope of services with BLX to provide arbitrage rebate compliance services for FY 2015-16 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 2015-16 SCOPE OF SERVICES

Purpose

For FY 2015-16, 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 2015-16.

EXHIBIT B

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

DRAFT

FY 2015-16 SCOPE OF SERVICES

Purpose

For FY 2015-16, BAWSCA requires arbitrage rebate compliance services with respect to the Revenue Bonds, Series 2013A, issued in February 2013.

Work to be Performed:

Anticipated tasks may include the following:

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

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

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

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

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

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

Proposed Budget: \$2,500

Rates & Charges:

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

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

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD POLICY COMMITTEE MEETING

Agenda Title: **Professional Services Contract with Brown & Caldwell to Support the Implementation of the BAWSCA Water Conservation Database for FY 2015-16**

Summary:

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with Brown & Caldwell (B&C) and/or an alternate service provider to provide as needed technical support services for the on-going implementation of the BAWSCA Water Conservation Database (WCDB) for FY 2015-16.

Fiscal Impact:

The BAWSCA budget for FY 2015-16 includes \$20,000 for consulting support services for implementation of the WCDB. The proposed budget is \$10,000 less than the current year's adopted operating budget.

Recommendation:

That the Board Policy Committee recommend the Board authorize the CEO/General Manager to negotiate and execute a contract between BAWSCA and B&C and/or an alternate service provider for a not-to-exceed amount of \$20,000 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 2015-16 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; in FY 2012-13 the budget was \$35,000; and in FY 2013-14 and FY 14-15 the budget was \$30,000.

In recent discussion, B&C has indicated that they may no longer have the appropriate staff capabilities to provide the ongoing technical support services for the database. BAWSCA is

working with B&C staff to develop a transition plan to transfer the technical support services to a new service provider. BAWSCA staff is also in the process of identifying alternate service providers and associated qualifications and cost. It is anticipated that more information on potential new consultants to provide the necessary services will be available by the May Board meeting.

For FY 2015-16, a \$20,000 budget is proposed for a consultant to provide as needed technical support to BAWSCA and the member agencies for on-going implementation of the WCDB. Such technical support activities include adding or deleting additional data sheets as agency water conservation programs evolve, addressing technical issues that arise during agency utilization of the WCDB, and augmenting the database to improve key features and user experience. Use of the WCDB improves the cost-effectiveness of BAWSCA's necessary data collection and management activities for both BAWSCA and the member agencies. It is anticipated that this budget will also provide for work associated with the transition of services from B&C to a potential new vendor.

The need for additional resources to implement the WCDB in FY 2015-16 was identified as part of the BAWSCA Proposed Work Plan for FY 2015-16.

Alternatives:

Alternatives to the recommended action are to: (1) not support the WCDB in FY 2015-16, or (2) train BAWSCA staff to support the WCDB rather than enter into a contract with a consultant. BAWSCA does not recommend these alternatives for the reasons stated below.

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

B&C was selected to provide the WCDB services in 2009 in part because they have a very capable and experienced Information Technology (IT) staff. 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 was also integral to supporting updates to the DSS Models that were completed as part of the Regional Demand and Conservation Projections Project and will provide a critical tool for future model updates. The services provided by B&C during the past five years have been critical to the overall WCDB success. For this reason it is

recommended that BAWSCA continue to contract with B&C or an alternate service provider to maintain the WCDB in FY 2015-16.

Attachment:

The Scope of work for FY 2014-15 is shown in Exhibit A. The scope of work for FY 2015-16 will be updated as necessary during negotiations of a new contract, in particular to incorporate tasks associated with the transfer of knowledge from B&C to a new service provider.

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EXHIBIT A

Scope of Service - BAWSCA CONSERVATION DATABASE, MONITORING AND TRACKING PROJECT – PHASE 6 (FY 14-15)

SCOPE OF SERVICES

Task 1 — On-Call Technical Support

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

For BAWSCA's FY 2014-15, BC will be available during normal business hours to support BAWSCA with its technical issues and change requests as such issues pertain to the WCDB. It is assumed that BAWSCA staff will provide other types of support (e.g., user help with system operation, connectivity issues with the BAWSCA internet, and similar BAWSCA-to-agency interactions). It is also assumed that BAWSCA (through Redwood City and/or Winter and Associates) will provide server and network infrastructure support. Table 1 describes the various service levels and responsibilities associated with technical support.

As issues and change requests are received, BC will develop recommendations that include a schedule and cost as requested by BAWSCA. Once approved by BAWSCA, BC will initiate the recommended actions under this task. BC will implement the fixes and test updates in an internal, replicated version of the WCDB. Once BC confirms that an issue has been resolved, BC will provide BAWSCA the opportunity to review the change prior to deployment. Once BAWSCA approves the results, the update will be deployed in the production version of the WCDB. BC will coordinate with BAWSCA staff to prioritize the specific issues requested by BAWSCA staff, and BC will address them in order of priority to the extent that the Task 1 (On-Call Technical Support) budget allows during FY 2014-15.

Table 1. Technical Support Service Levels and Responsibilities

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

In general, BAWSCA will field and resolve issues from agency members to the best of its ability. If the issue is a result of a server/network issue, BAWSCA will contact Redwood City or Winter and Associates for support. If network and server issues are not the problem source, or if it is determined that the issue is a problem with the WCDB application itself, BAWSCA will contact BC for root-cause analyses. For each request or issue, BC will classify the severity based on the classification described in Table 2 below. As requested by BAWSCA, BC will investigate each problem and provide a recommended solution, schedule and cost associated with addressing the issue. Once BAWSCA provides written notice to proceed, BC will implement the solution. If the cost of the recommendation exceeds the remaining project budget, BC will notify BAWSCA and, based on BAWSCA's direction, proceed once all needed funding has been secured. BC will only perform work requested and authorized by BAWSCA (i.e., not individual member agencies).

Table 2. WCDB Issue Resolution Classification and Response		
Severity Classification	Description	Response
Critical	System causes catastrophic data loss or all users cannot access the application	BC will communicate with BAWSCA support staff to clearly understand the issue and determine next steps. Based on that information, BC will submit a solution recommendation within one business day.
High	One or more business requirements cannot be fulfilled	BC will communicate with BAWSCA support staff to clearly understand the issue and determine next steps. Based on that information, BC will submit a solution recommendation within five business days.
Medium	One or more functions do not work properly but do not prevent the fulfillment of business requirements	BC will communicate with BAWSCA support staff to clearly understand the issue and determine next steps. Based on that information, BC will submit a solution recommendation within five business days.
Low	A minor issue not related to system functionality (e.g., cosmetic issues)	BC will respond to BAWSCA support staff within two business days to clearly understand the issue and determine next steps. Based on that information, BC will submit a solution recommendation within five business days.

BC strongly advises against further enhancements to the WCDB. Further enhancements may lead to degraded performance, due to the extensive site customization and age of the SharePoint software (i.e., the current SharePoint software for the WCDB is now 11 years old). Therefore, this scope assumes BC will not develop new features (i.e., no enhancements or expansion of the system) but that BC will continue to provide maintenance for issues encountered by users. BC's approach to estimating the technical support effort is to calculate a specific number of hours based on an estimated number of support calls per month. BC will maintain a log of support requests and the efforts taken to address them. Support requests will be available online in SharePoint for BAWSCA's review. BC will keep BAWSCA up to date on support effort expended, the nature of assignments and remaining support hours on a monthly basis with invoices.

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

BC IT Responsibilities:

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

BAWSCA Staff and Member Agency Responsibilities:

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

Task 1 Assumptions:

- ◆ The level of effort assumes an average of about 14 hours of telephone support a month (or 170 hours total over the 12-month contract duration) for technical and water conservation analysis support and maintenance for a 12-month period. Telephone support includes working with BAWSCA to diagnose the issue and initial

research/investigative time sufficient to provide a general recommendation. Detailed investigations that require more than 4 hours of research will be identified and included in the cost estimate for issue resolution, and will be executed only if directed to do so by BAWSCA.

- ◆ BAWSCA will appoint a primary point of contact for all requests for assistance. The point person will provide the assistance, materials and information necessary to reproduce the problem so that BC can efficiently diagnose the problem.
- ◆ BC will be available during normal business hours, 8 a.m. to 6 p.m. PST, Monday through Friday.
- ◆ Issues that cannot be reproduced by BC will not be subject to the analysis and correction service levels described in Table 2.
- ◆ BC is not responsible for any issues pertaining to server hardware or network infrastructure. BC will provide reasonable efforts to assist BAWSCA and/or Redwood City with troubleshooting or configuration.
- ◆ BC is not responsible for WCDB data backup or recovery. BC will provide reasonable efforts to assist BAWSCA and/or Redwood City with troubleshooting or configuration.
- ◆ BC is not responsible for DSS model support or mapping.
- ◆ Maintenance services will initiate when the WCDB is placed into production and will terminate on June 30, 2015 unless BAWSCA requests additional services under a separate scope of work.
- ◆ Server environments used for testing will be provided through third party hosting solutions. Costs for this hosting will be expensed to the project (approximately \$30 a week during testing, and assuming a maximum of six weeks needed for testing).
- ◆ BC will not develop new features (i.e., no enhancements or expansion of the system) but will continue to provide maintenance for issues encountered by users.
- ◆ BC will provide work to the limit of the budget. Additional work will require an amendment to the contract.

Task 1 Deliverables:

- ◆ Online issues list and summary of issue resolution.
- ◆ Updates to the WCDB application code

Task 2 — Project Management

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

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

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

Task 2 Deliverables: Task 2 deliverables include:

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

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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 2015-16 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 2015-16 Operating Budget for external auditing services associated with the wholesale revenue requirement/compliance audit. The proposed budget is the same as the current year's adopted operating budget.

Recommendation:

That the Board Policy 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.

Scope of Services – Results to be Achieved:

The draft scope of services with BPM for FY 2015-16 is shown in Exhibit A.

Billing Rates:

The following are the FY 2015-16 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 2015-16 SCOPE OF WORK

Purpose:

For FY 2015-16, 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 2014-15.

Task 2. Attend the FY 2014-15 compliance audit kick-off meeting (Fall 2015) 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 2014-15 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 2015-16**

Summary:

The annual contract for legal services should be executed by July 1, 2015. 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 2015-16. The contract will be prepared in BAWSCA's standard form of agreement.

Fiscal Impact:

The contract not-to-exceed amount for legal services is \$586,500 and is contained in the FY 2015-16 proposed operating budget. The proposed budget of \$586,500 is \$62,500 more than the currently approved budget for FY 2014-15 of \$524,000. Lower levels of work are anticipated in supporting certain conservation activities and legislation. Increased levels of effort are anticipated to protect water supplies during the FERC process and the member agencies' financial interests in implementing the 2009 WSA.

Recommendation:

That the Board Policy 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 \$586,500.

Discussion:

Hanson Bridgett's scope includes routine general legal services and costs related to contract reviews, personnel and other administrative functions. The scope also supports work related to achieving specific results such as water contract administration for the 2009 WSA, implementing solutions for meeting near-term and long-term water needs, assisting in efforts to get the system rebuilt in a way that satisfies water customer needs, protecting the water supply on which member agencies depend, 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 2015-16.

FY 2015-16 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
- Legal support for monitoring the SFPUC's 10-Year CIP, maintenance programs, WSIP including the water supply level of service goal and related activities being implemented by SFPUC
- Implementation of Long-Term Reliable Water Supply Strategy recommended actions
- Response to ongoing drought conditions, including implementation of contract provisions and response to state requirements
- Implementation of activities under the Water Conservation Implementation Plan, including both core and subscription water conservation programs
- Routine contract reviews for water conservation activities, partnerships with other agencies, and professional services

The above-mentioned activities may require legal counsel to:

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

Budgeted Activities and Not to Exceed Contract Limit: \$586,500

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

Conservation, FERC, Urban Water Mgmt. Plans	\$123,000
Water Supply Agreement Administration Fair Pricing	\$259,500
Water Supply Agreement Administration Reliability	\$60,000
SFPUC 10-Year CIP, WSIP and Water Reliability	\$87,000
BAWSCA	\$55,000
RFA & BAWUA	\$2,000
<hr/> Total	<hr/> \$586,500

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 \$586,500. If unanticipated activities require significant legal support, recommended changes would be brought to the Board of Directors.

Exhibit B

**Hanson Bridgett LLP
Rate and Charges**

FY 2015-16

The charges and billing rates for persons/positions associated with this agreement are set forth below for all matters except specialized litigation. There will be changes of approximately 5 percent to the hourly rates for FY 2015-16. The contract will be managed to provide actual services required within the total not-to-exceed limit of \$586,500.

FY 2015-16 RATES

Partner	\$340 per hour
Senior Counsel	\$305 per hour
Associates	\$275 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 2015-16. The contract will be prepared in BAWSCA's standard form of agreement.

Fiscal Impact:

The contract for a not-to-exceed amount of \$20,000 is included in the proposed FY 2015-16 Operating Budget. The proposed budget is \$15,000 less than the current year's adopted operating budget. .

Recommendation:

That the Board Policy 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 \$20,000 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 2015-16, HFH will provide reviews and analyses for administration of the WSA on an as-needed basis. Mr. Farnkopf's past experience is invaluable for analyzing certain cost allocation issues during administration of the WSA that ensure the member agencies pay only their fair share of costs associated with the Regional Water System as consistent with the 2009 WSA.

Scope of Services – Results to be Achieved:

The draft scope of services with HFH for FY 2015-16 is shown in Exhibit A.

Billing Rates:

The following are the FY 2015-16 billing rates for this contract:

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

EXHIBIT A

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

DRAFT

2015-16 SCOPE OF SERVICES

Purpose

For FY 2015-16, 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.). 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: \$20,000

Rates & Charges:

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

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 2015-16. The contract will be prepared in BAWSCA's standard form of agreement.

Fiscal Impact:

The contract not-to-exceed amount of \$43,500 is included in the proposed FY 2015-16 Operating Budget. The proposed budget is \$6,500 less than the current year's adopted operating budget. The decrease was due to the actual year to date expenses in the current year.

Recommendation:

That the Board Policy 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 \$43,500 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 FY 2014-15, KNN assisted BAWSCA staff in reviewing debt service and capital spending calculations and other components of the wholesale revenue requirement.

For FY 2015-16, the consultant will assist in reviewing the FY 2014-15 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 2015-16 is shown in Exhibit A.

Billing Rates:

The following are the FY 2015-16 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 2015-16 SCOPE OF SERVICES

Purpose

For FY 2015-16, 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: \$43,500

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 2015-16 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 2015-16 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 current year's adopted operating budget.

Recommendation:

That the Board Policy 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 2015-16, the consultant will continue providing legal support on the bond documents as needed to support cost-effective and correct implementation of the bonds. A list of those documents is included in the draft Scope of Work.

Scope of Services – Results to be Achieved:

The draft scope of services with Orrick for FY 2015-16 is shown in Exhibit A.

Billing Rates:

The following are the FY 2015-16 billing rates for this contract:

Stephen A. Spitz	\$805/hour
Devin Brennan	\$705/hour
Richard J. Moore	\$800/hour
Roma Shupe	\$305/hour

EXHIBIT A

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

DRAFT

FY 2015-16 SCOPE OF SERVICES

Purpose:

For FY 2015-16, 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	\$805/hour
Devin Brennan	\$705/hour
Richard J. Moore	\$800/hour
Roma Shupe	\$305/hour

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD POLICY COMMITTEE MEETING

Agenda Title: **Professional Services Contract with Terry Roberts Consulting, Inc. for FY 2015-16**

Summary:

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with Terry Roberts Consulting, Inc. for FY 2015-16. Mr. Roberts' experience and insights have been an integral part of reviewing the SFPUC's management of the Water System Improvement Program (WSIP) and 10-year Capital Improvement Program (CIP) as well as preparing recommendations for their 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 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 WSIP and 10-Year CIP from the perspective of the water suppliers and customers who rely upon the Regional Water System. With the WSIP now fully in construction mode and the 10-Year CIP in its initial phase, Mr. Roberts' expertise in managing complex capital programs will be especially valuable to BAWSCA's efforts in tracking the implementation of the WSIP and achieving BAWSCA's goal of the WSIP being implemented on schedule, within budget, and to meet the water reliability needs of the member agencies. The contract will be prepared using BAWSCA's standard form of agreement.

Fiscal Impact:

The proposed FY 2015-16 Operating Budget contains \$125,000 for these services. The proposed budget is the same as the current year's adopted operating budget.

Recommendation:

That the Board Policy 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 2015-16, the SFPUC's efforts in implementing the WSIP will be predominately engaged in construction activities. Several key projects will remain in the construction phase next fiscal year, including the Calaveras Reservoir Replacement, Regional Groundwater and Conjunctive Use Project, and the Alameda Creek Recovery Project.

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 2015-16, these efforts are expected to increase.

Beginning this fiscal year, Mr. Roberts began assisting BAWSCA in its review of the SFPUC's overall asset management program. Mr. Roberts support in this area will increase next year as BAWSCA's overall effort in this area will expand.

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

Scope of Services – Results to Be Achieved:

The draft scope of services with Mr. Roberts for FY 2015-16 is shown in Exhibit A.

Billing Rates:

The following are the FY 2015-16 billing rates for this contract:

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

EXHIBIT A

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

DRAFT

FY 2015-16 SCOPE OF SERVICES

Purpose:

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

Work to be Performed:

- Meet or teleconference regularly with 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.
- Assist BAWSCA in review of the SFPUC's asset management program.
- 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 2015-16 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 2015-16 Operating Budget. The proposed budget is the same as the current year's adopted operating budget.

Recommendation:

That the Board Policy 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 2015-16 is shown in Exhibit A.

Billing Rates:

The following are the FY 2015-16 billing rates for this contract:

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

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

DRAFT

FY 2015-16 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 2014-15) 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 I	\$195
Associate I	\$110
Associate II	\$105
Assistant I	\$93
Assistant II	\$88
Administrative I	\$68

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD 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 2015-16.

Fiscal Impact:

The not-to-exceed amount of \$150,000 for strategic services is included in the proposed Operating Budget for FY 2015-16.

If large unanticipated legislative or other efforts that arise during FY 2015-16 require additional strategic counsel, the Board would be asked to reprogram the FY 2015-16 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 courts and the federal level, and the budget for strategic counsel does not cover the significant work that would be necessary to protect the wholesale water customers from such a development.

Recommendation:

That the Board Policy 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 2014-15, Mr. Wendell advised the CEO/General Manager and the leadership of the Board on a variety of issues. Examples include the following:

- a) Extension of legislative oversight on San Francisco's implementation of the Water System Improvement Program. Mr. Wendell provided invaluable support in creating and executing the necessary strategies for the successful passage of SB 1345 (Pavely).
- b) Provided strategic counsel in continued pursuit of action by the SFPUC in response to the potential failure of the Mountain Tunnel.

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 2009 Water Supply Agreement, and communicating at critical junctures to achieve successful completion of the new agreement between San Francisco and BAWSCA's member agencies.
3. Anticipating public issues and avoiding public disputes.
Example: Monitoring WSIP performance.
4. Assisting the CEO/General Manager with media relations to improve public understanding of BAWSCA's work and accurate communication of information.
Example: Assisting the CEO/General Manager to prepare for communications with national and local media on potentially significant stories about water supply and conservation.
5. Facilitating BAWSCA's operations.
Example: Providing advice about materials to ensure clarity, transparency, understanding and effectiveness of communications and presentations.

Qualifications:

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

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

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

Scope of Services:

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

For FY 2015-16, strategic services are needed to help BAWSCA achieve its results. A major result to be produced in FY 2015-16 will be action by the SFPUC on the Mountain Tunnel to protect the water reliability needs of the water customers served by the Regional Water System.

A second major result to be produced in FY 2015-16 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) and system maintenance programs. It is anticipated that Strategic Counsel will work closely with the CEO/GM as part of BAWSCA's efforts to ensure protection of the water customers.

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

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

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

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

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

Exhibit A includes a proposed scope of work.

Exhibit A

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

Strategic Counsel

FY 2015-16 SCOPE OF WORK

PURPOSE

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

Work to be Performed:

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

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

Not to Exceed Contract Limit: \$ \$150,000

Rates and Charges:

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

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

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD POLICY COMMITTEE MEETING

Agenda Title: **Professional Services Contract with Dropcountr, Inc. to Implement a Home Water Use Report Program for FY 2015-16**

Summary:

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with Dropcountr, Inc. to implement the Home Water Use Reports Program for FY 2015-16. 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:

This program is being offered on a subscription basis. For FY 2015-16, only those agencies that elect to participate in this program will pay the cost of the outside service provider. Participating agencies will receive, through BAWSCA, partial reimbursement for program expenditures from the Prop 84 IRWM grant.

Recommendation:

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

- 1. Negotiate and execute a contract between BAWSCA and WaterSmart Software, subject to legal counsel's final review, for implementation of the Home Water Use Reports Program in FY 2015-16; and,**
- 2. Offer participation in the program to interested BAWSCA agencies on a subscription basis.**

Discussion:

The Home Water Use Reports program has been offered to BAWSCA member agencies since September 2014. Currently no agencies are participating in the program; however, several agencies have expressed interest in participating in the program next year.

The contractor, Dropcountr, Inc., develops and delivers water use reports to individual households via a mobile platform (smartphone application) as well as printed reports. These reports are a customer engagement and communication tool to provide customized water consumption information, messaging, and water saving recommendations. The objective is to motivate customers to improve water use efficiency through changes in behavior or adoption of more water efficient technology by increasing customer awareness of household water usage when compared to peers. The reports are targeted towards single-family residential customers.

BAWSCA's share of the Bay Area Integrated Regional Water Management (IRWM) Prop 84 grant includes funding for Home Water Use Reports. The grant will provide

reimbursement to participating agencies of \$3 per household per year for up to 50,000 households

Alternatives:

The alternatives to the recommended action included herein are to (1) not offer the Home Water Use Reports Subscription Program in FY 2015-16, or (2) offer a potentially different type of Home Water Use Reports Program.

BAWSCA does not recommend the above alternatives for FY 2015-16. Through a competitive selection process in 2014, BAWSCA received proposals from firms qualified to perform the services requested. The agencies have expressed a desire to participate in the Home Water Use Reports program in FY 2015-16. In addition, this program will provide a valuable water conservation and outreach tool for participating agencies, particularly valuable under the call for a voluntary 10% demand reduction by SFPUC and greater rationing requirements due to the Governor's recent announcement.

Conclusion:

The Home Water Use Reports Program will provide cost-effective means of achieving water conservation savings and customer engagement. In addition, this program will provide a valuable water conservation and outreach tool for participating agencies, particularly valuable under the call for a voluntary 10% demand reduction by SFPUC. For these reasons, renewal of this water conservation program is recommended.

Attachment:

The scope of work for FY 2014-15 is shown in Exhibit A. This scope will be updated for FY 2015-16 and is expected to be very similar.

EXHIBIT A

Scope of Services – Dropcountr, Inc, Home Water Use Reports FY 2014-15

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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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 2015-16**

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 2015-16. 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 2015-16, only those agencies that elect to participate in this program will pay the cost of the outside service provider as well as budgeted BAWSCA staff time.

Recommendation:

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

- 1. Negotiate and execute a contract between BAWSCA and EarthCapades, subject to legal counsel's final review, for implementation of the School Assembly Program in FY 2015-16; and,**
- 2. Offer participation in the program to interested BAWSCA agencies on a subscription basis.**

Discussion:

Fiscal year 2015-16 will be the fifth year that the School Assembly Program would be offered to BAWSCA member agencies. Eleven agencies are currently participating in the program. The majority of these agencies have expressed interest in participating in this program again next year. This program is part of the comprehensive package of conservation programs that BAWSCA agencies have asked BAWSCA to support next fiscal year as part of the Regional Demand and Conservation Projections Report.

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

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

Because of its connection with school children, this program would be initiated in August 2015 and run through June 2016. The scope of work for FY 2015-16 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 2015-16, or (2) offer a potentially different type of School Assembly Program.

BAWSCA does not recommend the above alternatives for FY 2015-16. 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 2015-16. 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 2014-15 is shown in Exhibit A. The scope will be updated for FY 2015-16 and is expected to be largely unchanged.

ATTACHMENT A

Scope of Services: Earthcapades School Assembly Program FY 14-15

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 2014-15 school year, August 2014 through June 2015.

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, 2014, or sooner. If, during the course of FY 2014-15, 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, 2014.
- 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, 2014. EarthCapades 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 EarthCapades, which shall be responsible for all scheduling.

EarthCapades Roles and Responsibilities:

- EarthCapades will incorporate the content requested by BAWSCA and/or Local Water Agencies into the shows that are conducted within the Local Water Agency Service Area.
- EarthCapades will perform assembly performances that include, but are not limited to, the following information:
 - Everything is connected through water and water is vital to sustain life on Earth.
 - All water is connected through the Water Cycle: Evaporation, Condensation Precipitation;
 - Water is a finite resource;
 - Every living being on Earth depends on water to survive and everything that is manufactured uses water to be created;
 - Approximately 70% of our bodies and 90% of our brains are water; and
 - Approximately 70% of the Earth's surface is water, 97% of that is salt water and only 1% is fresh liquid water.
 - How water gets from the source to City/Agency homes and schools.
 - PowerPoint and/or visual description of the path the water takes from the Sierra Nevada Mountains to the Hetch Hetchy Reservoir, through the pipeline to local reservoirs to the treatment plant, and then through underground pipes to our homes and schools. This will change according to the local specific information for each agency.
 - How to conserve, protect, and respect water. Conservation tips covered but not limited to:
 - Turn off the water when you're not using it (brushing teeth, washing hands, doing dishes, etc);
 - "Get off the bottle" and use reusable water bottles;
 - Fix leaky faucets and toilets;
 - Install low flow faucets aerators, shower heads and toilets;
 - Use a broom not a hose to clean the sidewalk;
 - Take shorter showers;
 - Run full laundry and dishwashing loads; and
 - Plant native drought resistant plants and water in the mornings and evenings.

- How to prevent water pollution:
 - Don't litter;
 - Use organic fertilizers, not pesticides on lawns and gardens;
 - Prevent storm water pollution through not pouring anything down the storm drains,
 - Recycle motor oil;
 - Create awareness that everything that goes into the storm drains ends up in nature; and
 - Inspire students to pick up litter ("safe" litter ~ wear gloves and don't pick up anything sharp or containing bodily fluids).
- EarthCapades will schedule performances directly with schools based upon a first come, first served basis.
- EarthCapades will submit a progress report to BAWSCA on October 15, 2014 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 2015, 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, 2015.
- 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)

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, 2015 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 Maddaus Water Management for FY 2015-16**

Summary:

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

Fiscal Impact:

For FY 2015-16, only those agencies that elect to participate in this program will pay the cost of the outside service provider as well as budgeted BAWSCA staff time.

Recommendation:

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

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

Discussion:

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

Following completion of this project, BAWSCA entered into a subsequent one-year contract with MWM to provide as-needed services on the DSS Models developed through the Project. BAWSCA agencies have expressed interest in continued services from MWM to support the use of the DSS models in FY 2015-16, in particular to assist with modifications that may be necessary as part of the 2015 Urban Water Management Plan development process.

Alternatives:

Alternatives to the recommended action included herein are to: (1) not offer the Demand and Conservation Projections Support Services in FY 2015-16, or (2) offer potentially different services based on a contractor and program selected through a competitive bid process.

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

needed support services through FY 2015-16. Given MWM's qualifications, it is appropriate to contract with the firm for these services for FY 2015-16.

Conclusion:

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

Attachment:

The scope of work for FY 2014-15 is shown in Exhibit A. The scope of work for FY 2015-16 will be updated as necessary during negotiation of a new contract.

EXHIBIT A

Scope of Services: As-Needed DSS Model Support Services FY 2014-15

ATTACHMENT A – Scope of Work

The Project Team consisting of staff from Maddaus Water Management, Inc. and Western Policy Research and Brown and Caldwell will provide technical services and other support Bay Area Water Supply and Conservation Agency (BAWSCA) member agencies for the use of the DSS Model.

These services may include:

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

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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 2015-16**

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 2015-16. 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 2015-16, only those agencies that elect to participate in this program will pay the cost of the outside service provider as well as budgeted BAWSCA staff time.

Recommendation:

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

- 1. Negotiate and execute a contract between BAWSCA and Resource Action Programs, subject to legal counsel's final review, for implementation of the School Education Program in FY 2015-16; and,**
- 2. Offer participation in the program to interested BAWSCA agencies on a subscription basis.**

Discussion:

Fiscal year 2015-16 will be the tenth year that the Water Wise School Education Program has been offered to BAWSCA member agencies. Eight agencies are currently participating in the program. The majority of these agencies have expressed interest in participating in this program again next year. This program is part of the comprehensive package of conservation programs that BAWSCA agencies have asked BAWSCA to support next fiscal year as part of the Regional Demand and Conservation Projections Report.

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

Table 1 provides information on program activity from FY 2005-06 through FY 2013-14. 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	FY 2013/14
Number of Participating BAWSCA Agencies	6	11	14	14	12	8	8	6	8
Number of Participants (# of kits disbursed)	1,554	2,871	3,737	3,685	2,903	3,342	3,221	2,144	2,668
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	4,324
Estimated Lifetime Savings for Kits Installed (acre-feet, AF) (a) (b)	499	922	1,201	975	512	316	262	165	184
Total Spent By All Agencies	\$52K	\$93K	\$127K	\$112K	\$104K	\$122K	\$112K	\$68K	\$79K
Average Cost of Water Savings (\$/AF)	\$103	\$101	\$106	\$114	\$203	\$370	\$427	\$425	\$441

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 2013/14, 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 2015 and run through June 2016. 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 2015-16 is expected to be largely consistent with the scope of work for prior years' 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 2015-16, or (2) offer a potentially different type of School Education Program.

BAWSCA does not recommend the above alternatives for FY 2015-16 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 2014-15 Indoor and Outdoor Water Wise programs and LivingWise program are shown in Exhibits A, B, and C. These scopes will be updated for FY 2015-16 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 2015, 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, 2015, CONTRACTOR will alert BAWSCA.

F. Providing a Preliminary Program Summary Report. No later than March 15, 2015, Contractor will provide BAWSCA with a summary of the status of the school enrollment through March 10, 2015. In addition, based on the results of the surveys returned to Contractor by March 10, 2015, 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 2014 – July 2014	Receive sponsor funding commitment
September 2014 – May 2015	Teacher Outreach / Enrollment Process
September 2014 – May 2015	Program and Kit Delivery
September 2014 – June 2015	Program Implementation
March 15, 2015	Preliminary Report to BAWSCA of school enrollment and kit installation rate to the extent that information is available.
June 30, 2015	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, 2015, 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, 2015, CONTRACTOR will alert BAWSCA.

F. Providing a Preliminary Program Summary Report. No later than March 15, 2015, Contractor will provide BAWSCA with a summary of the status of the school enrollment through March 10, 2015. In addition, based on the results of the surveys returned to Contractor by March 10, 2015, 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 2014 – July 2014	Receive sponsor funding commitment
September 2014 – May-2015	Teacher Outreach / Enrollment Process
September 2014 – May-2015	Program and Kit Delivery
September 2014 – June 2015	Program Implementation
March 15, 2015	Preliminary Report to BAWSCA of school enrollment and kit installation rate to the extent that information is available.
June 30, 2015	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

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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 2015, 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, 2015, CONTRACTOR will alert BAWSCA.

F. Providing a Preliminary Program Summary Report. No later than March 15, 2015, Contractor will provide BAWSCA with a summary of the status of the school enrollment through March 10, 2015. In addition, based on the results of the surveys returned to Contractor by March 10, 2015, 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 2014 – July 2014	Receive sponsor funding commitment
September 2014 – May 2015	Teacher Outreach / Enrollment Process
September 2014 – May 2015	Program and Kit Delivery
September 2014 – June 2015	Program Implementation
March 15, 2015	Preliminary Report to BAWSCA of school enrollment and kit installation rate to the extent that information is available.
June 30, 2015	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

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 2015-16**

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 2015-16. 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 2015-16, only those agencies that elect to participate in this program will pay the cost of the outside service provider as well as budgeted BAWSCA staff time.

Recommendation:

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

- 1. Negotiate and execute a contract between BAWSCA and Tuolumne River Trust, subject to legal counsel’s final review, for implementation of this classroom education program in FY 2015-16; and,**
- 2. Offer participation in the program to interested BAWSCA agencies on a subscription basis.**

Discussion:

Fiscal year 2015-16 will be the second year that the Classroom Education Program would be offered to BAWSCA member agencies. Five agencies are currently participating in this program. The majority of these agencies have expressed interest in participating again next year. This program is part of the comprehensive package of conservation programs that BAWSCA agencies have asked BAWSCA to support next fiscal year as part of the Regional Demand and Conservation Projections Project.

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

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

Because of its connection with school children, this program would be initiated in August 2015 and run through June 2016.

Alternatives:

Alternatives to the recommended action included herein are to: (1) not offer the Classroom Education Program in FY 2015-16, or (2) offer a potentially different type of Classroom Education Program.

BAWSCA does not recommend the above alternatives for FY 2015-16 for the following reasons. The agencies have expressed a strong desire to support a Classroom Education Program that focuses on water conservation. BAWSCA has a long history of partnering with the Tuolumne River Trust on its program, and the agencies have expressed a desire to continue the Classroom Education Program in FY 2015-16. Given Tuolumne River Trust's qualifications and history of working with schools in the BAWSCA service area, it is appropriate to contract for their services this coming fiscal year.

Conclusion:

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

Attachment:

The scope of work for FY 2014-15 is shown in Exhibit A. The scope may be updated prior to finalization of the contract. The scope will be updated for FY 2015-16 and is expected to be largely unchanged.

EXHIBIT A

Tuolumne River Trust Classroom Education Program FY 2014-15

SCOPE OF WORK

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

BAWSCA and/or Local Water Agency Roles and Responsibilities:

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

Tuolumne River Trust Roles and Responsibilities:

- Tuolumne River Trust will incorporate the content requested by BAWSCA and/or Local Water Agencies into the presentations that are conducted within the Local Water Agency Service Area.
- Tuolumne River Trust will perform classroom presentations that include, but are not limited to, the following information:
 - A tour of the Tuolumne River, highlighting the wildlife it supports, history of the Hetch-Hetchy water system, and an overview of some of the current threats to the river.
 - A lively discussion about all the ways we use water, and how we can conserve it in order to protect the River. Conservation tips covered but not limited to:
 - Turn off the water when you're not using it (brushing teeth, washing hands, doing dishes, etc);
 - "Get off the bottle" and use reusable water bottles;
 - Fix leaky faucets and toilets;
 - Install low flow faucets aerators, shower heads and toilets;
 - Use a broom not a hose to clean the sidewalk;
 - Take shorter showers;
 - Run full laundry and dishwashing loads; and
 - Plant native drought resistant plants and water in the mornings and evenings.
- Tuolumne River Trust will schedule presentations directly with schools based upon a first come, first served basis.
- Tuolumne River Trust will submit a progress report to BAWSCA on October 15, 2014 regarding how many and which of the eligible schools Tuolumne River Trust has been able to successfully enroll. Tuolumne River Trust will provide additional school scheduling updates upon request.
- If Tuolumne River Trust is having difficulty enrolling a school in the program, or if that school/classroom has not been enrolled by January 2015, Tuolumne River Trust will alert BAWSCA and the Local Water Agency.
- Tuolumne River Trust will fax or email each scheduled school a Presentation Agreement stating the date and time of presentation and Tuolumne River Trust's technical needs. The Presentation Agreement will be signed and returned by the school's administrator.

- One week prior to presentations Tuolumne River Trust will send a Presentation Reminder fax or email to each scheduled school to re-confirm and remind them to be prepared for the program.
- On the day of the program, Tuolumne River Trust will distribute materials provided by BAWSCA and/or the Local Water Agency to the show attendees, if BAWSCA and/or the Local Water Agency have established a mutually agreeable arrangement with Tuolumne River Trust as to how to orchestrate the materials delivery and distribution.
- Tuolumne River Trust presenter(s) will present a preapproved 1 hour classroom presentation for grades 4-6 that teach water conservation and appreciation.
- Agencies have the option to use program funds for presentations at alternate locations and/or events as long as it coordinates with Tuolumne River Trust availability.
- Tuolumne River Trust will invoice BAWSCA monthly for presentations performed in the previous month.
- If a scheduled school cancels before confirmation fax is sent, Tuolumne River Trust will reschedule the presentation. If the school cancels after the Presentation Reminder has been sent, the Local Water Agency will be charged for full amount.
- Tuolumne River Trust will manage scheduling and presentations to stay within the specified Local Water Agency maximum not to exceed budgets.
- Tuolumne River Trust rates for this contract are listed below.

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

- 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

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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 2015-16**

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 2015-16. 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 2015-16, only those agencies that elect to participate in this program will pay the cost of the outside service provider as well as budgeted BAWSCA staff time.

Recommendation:

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

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

Discussion:

Fiscal Year 2015-16 will be the fourteenth year that a Large Landscape Conservation Services Program (LLCSP) is offered to BAWSCA member agencies. Nine agencies are currently participating in the program through BAWSCA. These agencies have expressed interest in participating in this program again next year. This program is part of the comprehensive package of conservation programs that the BAWSCA agencies have asked BAWSCA to support next fiscal year as part of the Regional Demand and Conservation Projections Report.

Table 1 provides information for program activity from FY 2002-03 through FY 2013-14. 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 2015-16 is expected to be consistent with the scope of work for prior year's program with one addition: a new weather-based irrigation controller (WBIC) incentive program. This new program element, which will be offered as an optional add-on to agencies participating in the LLCSP program, will provide rebates for the installation of WBICs at qualifying sites. Half of the rebate amount will be provided to participating sites up-front; the remaining half will be contingent on the sites demonstrating an actual reduction in water use in the subsequent year.

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	FY 2013/14
Number of Participating BAWSCA Members	4	5	4	5	6	9	11	12	9	9	9	8
Estimated Savings (acre-feet per year AFY)*	N/A	299	212	520	543	602	435	1,080	632	786	990	865
Total spent by all agencies	\$65K	\$24K	\$30K	\$25K	\$23K	\$84K	\$109K	\$164K	\$104K	\$101K	\$67K	\$86K
Cost Per Acre-Foot Saved (\$/AF)	N/A	\$59	\$90	\$37	\$43	\$63-124	\$83-125	\$58	\$82	\$131	\$90	\$99
Cost of Water from SFPUC (\$/AF)	\$383	\$479	\$492	\$444	\$531	\$566	\$623	\$719	\$828	\$1,146	\$1,276	\$1,069

* 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 2015-16, 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 2015-16 with Mr. Whitcomb through his firm, Waterfluence. Given Mr. Whitcomb's qualifications, performance, and value received, it is appropriate to contract for his services this coming fiscal year.

Conclusion:

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

Attachment:

The scope of work for FY 2014-15 is shown in Exhibit A. The scope of work for FY 2015-16 will be updated as necessary during negotiation of a new contract to incorporate the new WBIC rebate program elements.

EXHIBIT A

Scope of Services: Water Conservation Landscape Program (Program) FY 2014-15

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 WaterSmart Software to Implement a Home Water Use Report Program for FY 2015-16**

Summary:

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with WaterSmart Software, Inc. to implement the Home Water Use Reports Program for FY 2015-16. 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:

This program is being offered on a subscription basis. For FY 2015-16, only those agencies that elect to participate in this program will pay the cost of the outside service provider. Participating agencies will receive, through BAWSCA, partial reimbursement for program expenditures from the Prop 84 IRWM grant.

Recommendation:

That the Board authorize the CEO/General Manager to:

- 1. Negotiate and execute a contract between BAWSCA and WaterSmart Software, subject to legal counsel's final review, for implementation of the Home Water Use Reports Program in FY 2015-16; and,**
- 2. Offer participation in the program to interested BAWSCA agencies on a subscription basis.**

Discussion:

The Home Water Use Reports program has been offered to BAWSCA member agencies since September 2014. Currently no agencies are participating in the program; however, several agencies have expressed a strong desire to participate in the program next year.

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

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

Alternatives:

The alternatives to the recommended action included herein are to (1) not offer the Home Water Use Reports Subscription Program in FY 2015-16, or (2) offer a potentially different type of Home Water Use Reports Program.

BAWSCA does not recommend the above alternatives for FY 2015-16. Through a competitive selection process in 2014, BAWSCA received proposals from firms qualified to perform the services requested. The agencies have expressed a desire to participate in the Home Water Use Reports program in FY 2015-16. In addition, this program will provide a valuable water conservation and outreach tool for participating agencies, particularly valuable under the call for a voluntary 10% demand reduction by SFPUC and greater rationing requirements due to the Governor's recent announcement.

Conclusion:

The Home Water Use Reports Program will provide cost-effective means of achieving water conservation savings and customer engagement. In addition, this program will provide a valuable water conservation and outreach tool for participating agencies, particularly valuable under the call for a voluntary 10% demand reduction by SFPUC. For these reasons, renewal of this water conservation program is recommended.

Attachment:

The scope of work for FY 2014-15 is shown in Exhibit A. This scope will be updated for FY 2015-16 and is expected to be very similar.

EXHIBIT A

**Scope of Services – WaterSmart Software Home Water Use Reports
FY 2014-15**

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

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

Section 1: Program Initialization

1.1 — Cohort Group Methodology

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

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

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

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

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

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

1.2 — Design of Products

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

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

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

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

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

1.3 — Customization of Home Water Reports & Web Applications

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

Standard

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

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

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

Once the above content is customized, if desired, and approved by Participating Agency, WaterSmart will use its Recommendation Engine to generate customized Reports featuring this content for each household.

LITE

WaterSmart's SaaS solution is fully functional with existing recommendations, pictures, messages and language that engage customers and provide targeted recommendations. With a 'Standard' implementation, each Participating Agency has the option to add or substitute the following content, as applicable to the then current design of the Home Water Report:

- Email address which should be shown as sender of email Home Water Reports

All other content will be based on WaterSmart's existing language and content.

AMI

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

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

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

1.4 — Data Specifications & Transfer Protocols

WaterSmart will work with Participating Agency to provide file specifications that maximize the ease of data extraction on Participating Agency's behalf and optimize the process of data integration on WaterSmart's behalf.

In general, WaterSmart will require two files, one that describes residences and accounts ("the **Residence File**") and another that details consumption history and billing amounts (the "**Consumption File**"). In the **Residence File**, WaterSmart will request such fields as, but not limited to:

- Account Number
- Account Sequence Number
- Property APN, where available
- Meter Size
- Service Address
- Billing Address
- Customer Name
- Customer Email, where available

In the **Consumption File**, WaterSmart will request, for at least the last two years, but ideally for five to ten years in the past, such fields as, but not limited to:

- Account Number
- Account Sequence Number
- Meter I.D. (serial number)
- Current Meter Read
- Previous Meter Read
- Days in Billing Cycle
- Consumption
-
- Bill and water allocation details as mutually agreed

The above list of fields is intended to serve as an example. During the project kickoff process, WaterSmart and Participating Agency will work together to discuss the ramifications of the presence or absence of data in the feeds.

WaterSmart will provide Participating Agency with a private, password-protected FTP destination for regular delivery of the data. This secure FTP site will be hosted on WaterSmart's server infrastructure.

1.5 — Customer Confidentiality & Data Security

WaterSmart will not share personally identifiable customer information or customer-specific water use information with any third party without prior consent from Participating Agency.

WaterSmart will continue to enact standard controls, policies, and procedures to ensure the security of Participating Agency's data and customer provided information, including but not limited to choosing a reputable cloud-server vendor with appropriate physical

security of server infrastructure, secure public-private key-based login to all WaterSmart server infrastructure, password authentication on all Web site interaction, and audit logging.

1.6 – Staff Training

Standard

At the start of the Program, WaterSmart will conduct an in-person initial training meeting with Participating Agency. The standard training will orient Participating Agency staff involved in the Program with the Reports and Web Applications. WaterSmart suggests Participating Agency include a representative from each functional group that will be involved with the implementation of the program. Additional training may be available subject to the mutual agreement of the parties and may require additional compensation.

Lite

At the start of the Program, WaterSmart will provide a link to an online video training for use by Participating Agency staff. The training will include information on the Home Water Report, Customer Portal and Utility Dashboard. WaterSmart will also provide a digital copy of a WaterSmart Utility Guide that provides information to answer frequently asked questions.

AMI

At the start of the Program, WaterSmart will conduct an in-person initial training meeting with Participating Agency. The standard training will orient Participating Agency staff involved in the Program with the Reports and Web Applications. WaterSmart suggests Participating Agency include a representative from each functional group that will be involved with the implementation of the program. Additional training may be available subject to the mutual agreement of the parties and may require additional compensation.

Section 2: Program Implementation

2.1 - Customer Insight Survey

Standard

WaterSmart will prepare and mail a paper survey or mail a digital survey link to all of the Participating Agency's enrolled residential accounts. The Survey has been prepared with input and guidance from Maddaus Water Management and UC Berkeley Professor Michael Hanemann. The survey may have approximately 30 questions related to occupancy, fixtures, appliances, demographics, water-related attitudes and behaviors. The generic Survey will be updated with Participating Agency's specific information, such as service area and mailing address. If it wishes, Participating Agency may add/replace two additional questions to the Survey, in coordination with WaterSmart.

The results of the Survey are used to establish baseline attitudes and customer satisfaction, occupancy rates, saturation rates of fixtures and appliances, and customer willingness to implement various water use efficiency behaviors and upgrades, and to gather email addresses. The Surveys help WaterSmart and Participating Agency improve the targeting of water-saving actions at the household level and in aggregate.

WaterSmart will share all results of the Surveys with Participating Agency. WaterSmart will provide a report to Participating Agency with an analysis of aggregate survey responses. WaterSmart also can provide access to the complete set of Survey responses, so that Participating Agency may view all entries, including residents' responses to open-ended questions, to which Participating Agency may wish to respond.

LITE

A customer survey is not included in the 'Lite' implementation.

AMI

WaterSmart will prepare and mail a paper survey or mail a digital survey link to all of the Participating Agency's enrolled residential accounts. The Survey has been prepared with input and guidance from Maddaus Water Management and UC Berkeley Professor Michael Hanemann. The survey may have approximately 30 questions related to occupancy, fixtures, appliances, demographics, water-related attitudes and behaviors. The generic Survey will be updated with Participating Agency's specific information, such as service area and mailing address. If it wishes, Participating Agency may add/replace two additional questions to the Survey, in coordination with WaterSmart.

The results of the Survey are used to establish baseline attitudes and customer satisfaction, occupancy rates, saturation rates of fixtures and appliances, and customer willingness to implement various water use efficiency behaviors and upgrades, and to gather email addresses. The Surveys help WaterSmart and Participating Agency improve the targeting of water-saving actions at the household level and in aggregate.

WaterSmart will share all results of the Surveys with Participating Agency. WaterSmart will provide a report to Participating Agency with an analysis of aggregate survey responses. WaterSmart also can provide access to the complete set of Survey responses, so that Participating Agency may view all entries, including residents' responses to open-ended questions, to which Participating Agency may wish to respond.

2.2 – Welcome letter

Standard

WaterSmart will send a one-page welcome letter printed on Participating Agency's digital letterhead to all residential accounts included in the mailing of the Customer Insight Survey. This welcome letter will inform residents about the program and what they can expect to receive. WaterSmart will provide one or more samples, which Participating Agency may edit or approve as-is. The finalization of this content will be completed at the start of the Program within the same times and timeframes as the customization of other program content.

Lite

A welcome letter is not included in the 'Lite' implementation. Welcome, orientation messages will be included in the rotating content on the first Home Water Report.

AMI

WaterSmart will send a one-page welcome letter printed on Participating Agency's digital letterhead to all residential accounts included in the first mailing of the Customer Insight Survey. This welcome letter will inform residents about the program and what they can expect to receive. WaterSmart will provide one or more samples, which Participating Agency may edit or approve as-is. The finalization of this content will be completed at the start of the Program within the same times and timeframes as the customization of other program content.

2.3 — Email Home Water Reports

WaterSmart will email Home Water Reports on a bi-monthly basis to enrolled accounts for which an email address is available (through the Customer Insight Survey or other means). Each email Home Water Report will contain the design and content as outlined in Section 3. WaterSmart shall strive to produce the email Reports within seven (7) business days of WaterSmart's receipt of all Customer data files from Participating Agency for that billing cycle.

2.4 — Print Home Water Reports

WaterSmart will produce, print and mail paper Home Water Reports on a bi-monthly basis for enrolled accounts where a valid email address is not available. The accounts chosen to receive print Home Water Reports will be provided by Participating Agency, or designated by clear criteria (e.g. 25% of accounts with highest water consumption in a given period.) The format of the Home Water Reports will be based on WaterSmart's existing product, as specified in Section 3. WaterSmart shall strive to produce the paper Reports within seven (7) business days of WaterSmart's receipt of all Customer data files from Participating Agency for that billing cycle.

2.5 — Customer Service Support

Participating Agency shall have the primary responsibility for providing customer service to Customers. WaterSmart will provide a list of Frequently Asked Questions to both enrolled Customers and Participating Agency staff to facilitate this process. WaterSmart also provides the Customer Support section within the Utility Dashboard, which is designed to help customer service representatives respond to Customers.

Standard

WaterSmart will provide service and support to Participating Agency's staff regarding their technical questions about WaterSmart's **Customer Portal** and **Utility Dashboard** Web applications and Home Water Reports between the hours of 9 a.m. and 5 p.m. PST on Monday thru Friday, excluding federal holidays. For clarity, this does not include questions related to hardware, software, third party services, or other technical questions beyond the specific scope of the **Customer Portal** and **Utility Dashboard** or Home Water Reports.

WaterSmart's project manager will work with Participating Agency's primary contact to assist in addressing additional customer issues. All inquiries from Participating Agency customers outside the scope indicated above, including without limitation questions about water data, will be directed to Participating Agency.

LITE

WaterSmart will provide service and support to Participating Agency's staff regarding their technical questions about WaterSmart's **Customer Portal** and **Utility Dashboard** Web applications and Home Water Reports via email during normal business hours. For the first month after implementation, five hours of technical support are available to each Participating Agency per month. Following the first month, two hours of technical support are available to each Participating Agency per month. Utilities will be notified when the allotted technical support time has been spent for a given month. Additional time spent for technical assistance will be billed on an hourly basis at a rate of \$150 per hour. For clarity, this does not include questions related to hardware, software, third party services, or other technical questions beyond the specific scope of the **Customer Portal** and **Utility Dashboard** or Home Water Reports.

WaterSmart's project manager will work with Participating Agency's primary contact to assist in addressing additional customer issues. All inquiries from Participating Agency customers outside the scope indicated above, including without limitation questions about water data, will be directed to Participating Agency.

AMI

WaterSmart will provide service and support to Participating Agency's staff regarding their technical questions about WaterSmart's **Customer Portal** and **Utility Dashboard** Web applications and Home Water Reports between the hours of 9 a.m. and 5 p.m. PST on Monday thru Friday, excluding federal holidays. For clarity, this does not include questions related to hardware, software, third party services, or other technical questions beyond the specific scope of the **Customer Portal** and **Utility Dashboard** or Home Water Reports.

WaterSmart's project manager will work with Participating Agency's primary contact to assist in addressing additional customer issues. All inquiries from Participating Agency customers outside the scope indicated above, including without limitation questions about water data, will be directed to Participating Agency.

2.6 – Marketing and Advertising

Participating Agency agrees to allow WaterSmart, during the term of this Contract, to use Participating Agency's name in promotional materials including, but not limited to, a name and logo listing on the corporate website of WaterSmart and in press releases and in conversations with the public, investors, partners and media.

Additionally, BAWSCA agrees to allow WaterSmart, during the term of this Contract, to use BAWSCA's name in promotional materials including, but not limited to, a name and logo listing on the corporate website of WaterSmart and in press releases and in conversations with the public, investors, partners and media.

Section 3: Design of Products

3.1 — Customer Portal

The **Customer Portal** Web application, provided by WaterSmart and accessible to all enrolled residential accounts, shall contain content such as that specified below.

The **Customer Portal** Web application initially shall be assigned the following URL address:

<https://utility.waterinsight.com/>

Additionally, Participating Agency may notify WaterSmart of and set up a redirect to the URL above from a page of their own website, such as "http://[utility website]/waterinsight" in order to promote their own domain. In such a case, WaterSmart would publish this Participating Agency page URL on all resident-facing materials. WaterSmart will launch the **Customer Portal** and **Utility Dashboard** Web applications prior to the delivery of the first Home Water Reports. WaterSmart will maintain commercially reasonable systems and controls designed to maximize monthly uptime and minimize unscheduled outages of the **Customer Portal** and **Utility Dashboard**.

Excluding any down time for maintenance and/or upgrades, WaterSmart will make strong efforts to provide the customers and Participating Agency with access to their respective Web applications on a continuous basis. WaterSmart will provide advance notification of any planned outages and will notify Participating Agency without unreasonable delay if it detects or receives actual notice of any material problems relating to the **Customer Portal** and/or the **Utility Dashboard**.

Functionality:

Standard

With respect to each Customer and subject to availability of source data from Participating Agency:

- Water use consumption
- Water use comparisons among comparable residences
- Water score (per billing period)
- Water score and ranking (gallons per capita per day)
- Availability and/or value of Participating Agency's incentive/rebates programs (if provided)
- Historical water use comparisons
- Indoor/outdoor water use estimates, highlighting end uses of water
- Suggested ways to save - per WaterSmart Recommendation Engine
- Library of ways to save - water efficient tips with ranking/sorting capabilities
- Sign-up/request capability
- Ability to download historical consumption data

Lite

With respect to each Customer and subject to availability of source data from Participating Agency:

- Water use consumption

- Water use comparisons among comparable residences
- Water score (per billing period)
- Water score and ranking (gallons per capita per day)
- Historical water use comparisons
- Indoor/outdoor water use estimates, highlighting end uses of water
- Suggested ways to save - per WaterSmart Recommendation Engine
- Library of ways to save - water efficient tips with ranking/sorting capabilities
- Ability to download historical consumption data

AMI

With respect to each Customer and subject to availability of source data from Participating Agency:

- Water use consumption, including 'Real Time' tab
- Water use comparisons among comparable residences
- Water score (per billing period)
- Water score and ranking (gallons per capita per day)
- Availability and/or value of Participating Agency's incentive/rebates programs (if provided)
- Historical water use comparisons
- Indoor/outdoor water use estimates, highlighting end uses of water
- Suggested ways to save - per WaterSmart Recommendation Engine
- Library of ways to save - water efficient tips with ranking/sorting capabilities
- Sign-up/request capability
- Ability to download historical consumption data
- Leak alerts

3.2 — Utility Dashboard

The **Utility Dashboard** Web application, provided by WaterSmart and viewable only by Participating Agency staff, shall contain content such as that specified below and shall include all individually metered residential accounts, including control group.

Functionality:

With respect to each Customer and subject to availability of source data from Participating Agency, WaterSmart shall provide:

Customer Support:

- Customer residence profile
- Customer WaterScore and consumption
- Median water use for comparable residences
- Portal user profile
- Map of customer property

- Ability to log customer calls and view call history
- Ability to view every customer's Portal
- Ability to view the unique Report sent to each customer, each billing period
- Customer historical usage and neighbor comparison
- Ability to view customer survey responses

Program and Participating Agency-Wide Analytics:

- Reading detail report for all participants
- Households which may have leaks
- Median and efficient water use for each group of comparable residences
- Top 200 users per billing period and annually
- Participating Agency Program effectiveness report
- User engagement (registrations, calls, emails)
- Home Water Report mailing statistics

Maps:

- Top 200 users
- Program participants
- Participating Agency Program effectiveness report
- User engagement

3.3 — Home Water Report

The Home Water Reports provided by WaterSmart, in coordination with Participating Agency, initially shall contain features such as the following:

- Water use consumption
- Water score (per billing period)
- Water use comparisons among similar size households (based on methodology described in Section 1.3)
- Personalized ways to save, selected from WaterSmart's library of recommendations, based upon specific eligibility requirements for each recommendation
- URL link to home page of **Customer Portal** Web application and unique registration code (if needed)
- Messaging area featuring data insights (such as end uses of water and comparisons to prior year's use), incentives, rebates, promotions and/or other water use efficiency-related content
- Prompt/Link to encourage customers to sign up for email reports (print version only)
- Direct links to individual ways to save (email version only)
- Conditional subject lines for email Home Water Report (email version only)

The Recommendation Engine outputs the most pertinent, water-saving offers for each household, based on consumption levels, seasonal water use patterns, occupancy rates, the age of the residence, survey responses, program participation data and/or other factors. No additional approvals will be required before each subsequent report is distributed, per the agreed upon annual schedule.

Section 4: Project Management

4.1 BAWSCA KickOFF Meeting

WaterSmart and BAWSCA will hold a BAWSCA-wide kickoff meeting at the start of the program. Each Participating Agency will send one or two representatives to meeting. WaterSmart and BAWSCA staff will present on the structure and elements of the program. BAWSCA and Participating Agency staff will discuss how to collaborate through program implementation phase. BAWSCA staff will also be invited to periodic check in meetings with Participating Agency staff to receive updates on program results.

4.2 Participating Agency Project Management

Standard

In order to ensure adherence to the agreed-upon schedule and budget WaterSmart will designate an individual to serve as a Project Manager, who will, among other responsibilities:

- Organize initial project kickoff meeting (remote or online)
- Monitor the status of all deliverables
- Provide regular project status report updates
- Prepare meeting agendas (including input from Participating Agency)
- Monitor engagement rates and message effectiveness
- Communicate project feature requests to WaterSmart team

During the pre-launch implementation process, WaterSmart recommends weekly phone meetings between WaterSmart customer service and Participating Agency staff, to review open action items and promptly address any issues. Subsequent to the launch, WaterSmart recommends a minimum of quarterly progress meetings, by webinar or in person, to review project status and to address opportunities to better serve residents and achieve the Participating Agency's and BAWSCA's goals. BAWSCA staff will be invited to the quarterly progress meetings.

LITE

In order to ensure adherence to the agreed-upon schedule and budget WaterSmart will designate an individual to serve as a Project Manager, who will, among other responsibilities:

- Organize initial project kickoff meeting (remote or online)
- Monitor the status of all deliverables
- Monitor engagement rates and message effectiveness
- Communicate project feature requests to WaterSmart team

During the pre-launch implementation process, WaterSmart recommends weekly phone meetings between WaterSmart customer service and Participating Agency staff, to review open action items and promptly address any issues. Subsequent to the launch, WaterSmart will provide a quarterly update on results to the Participating Agency and BAWSCA via email.

AMI

In order to ensure adherence to the agreed-upon schedule and budget WaterSmart will designate an individual to serve as a Project Manager, who will, among other responsibilities:

- Organize initial project kickoff meeting (remote or online)
- Monitor the status of all deliverables
- Provide regular project status report updates
- Prepare meeting agendas (including input from Participating Agency)
- Monitor engagement rates and message effectiveness
- Communicate project feature requests to WaterSmart team

During the pre-launch implementation process, WaterSmart recommends weekly phone meetings between WaterSmart customer service and Participating Agency staff, to review open action items and promptly address any issues. Subsequent to the launch, WaterSmart recommends a minimum of quarterly progress meetings, by webinar or in person, to review project status and to address opportunities to better serve residents and achieve the Participating Agency's and BAWSCA's goals. BAWSCA staff will be invited to the quarterly progress meetings.

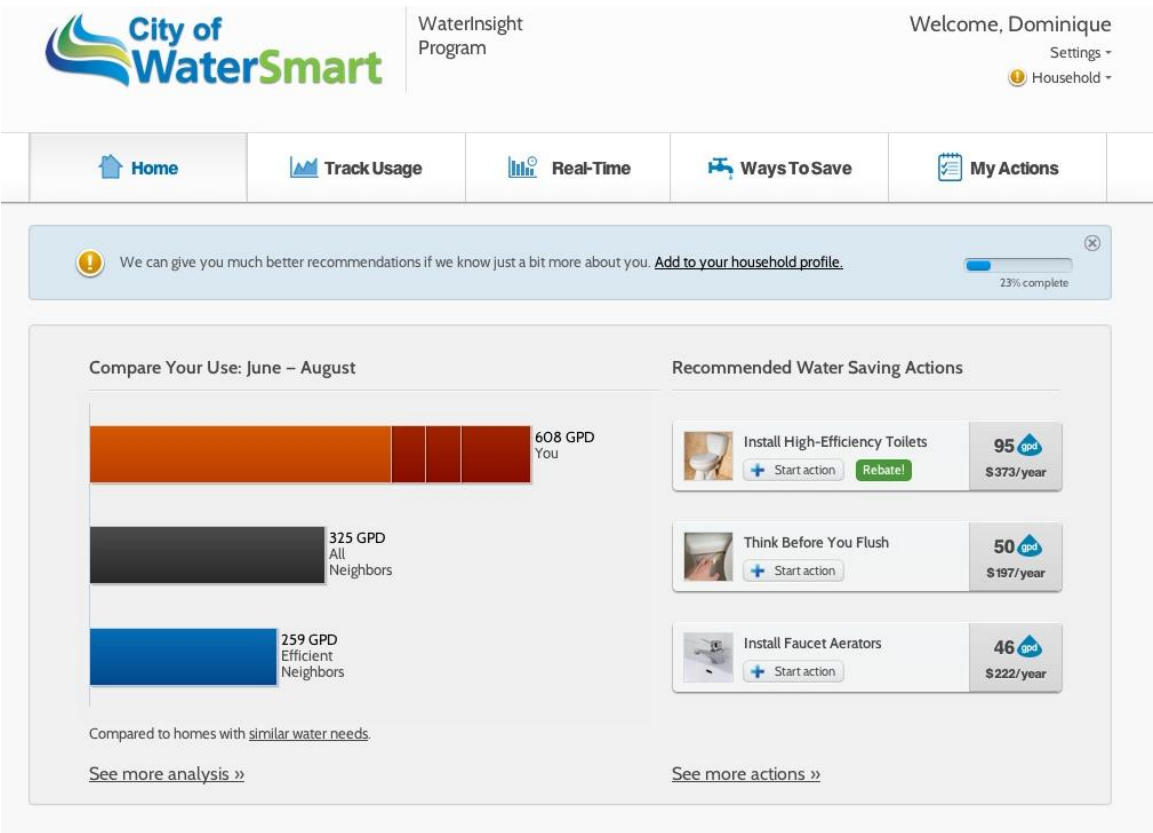
Appendix A — Print Home Water Report

Figure 1: Standard Home Water Report Example



Appendix B — Customer Portal

Figure 2: Screenshot of Customer Portal



Appendix C — Utility Dashboard

Figure 3: Screenshot of Utility Dashboard

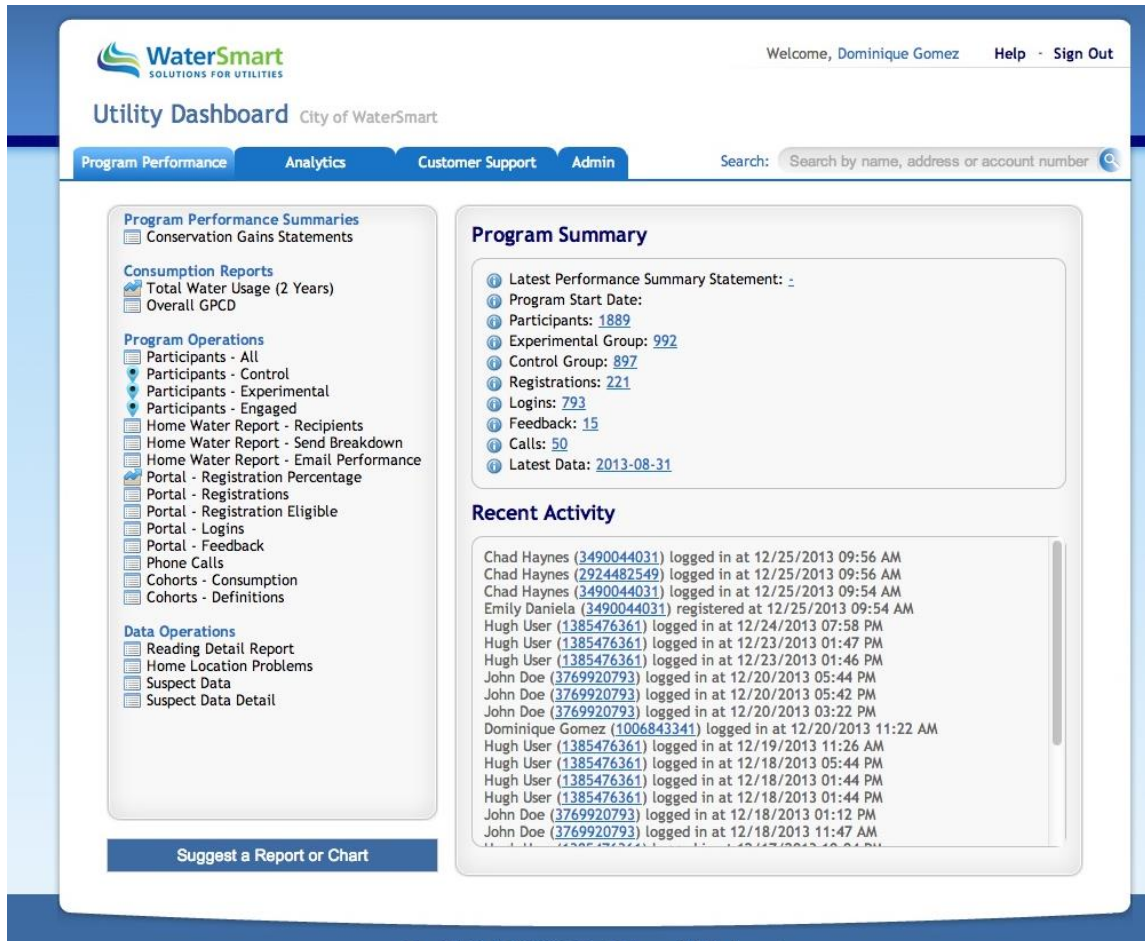


Exhibit C: Schedule of Performance

Launch Schedule

WaterSmart proposes the following schedule to complete all work required to launch the Program.

Standard

Week 0: Sign Agreement	<ul style="list-style-type: none"> ✓ Participating Agency has signed all forms needed for enrollment. BAWSCA, staff from Participating Agencies and WaterSmart hold BAWSCA-wide kick off meeting.
Week 1: Finalize Partnership	<ul style="list-style-type: none"> ✓ WaterSmart and Participating Agency identify the staff involved in the partnership and clarify the role of each team member in the launch process. ✓ WaterSmart and Participating Agency coordinate the schedule of our weekly status calls. ✓ WaterSmart and Participating Agency jointly complete the Pre-Launch Participating Agency Questionnaire that provides both the Participating Agency and WaterSmart the necessary information needed for an efficient launch.
Week 2-3: Share Data	<ul style="list-style-type: none"> ✓ Participating Agency transmits initial account data to WaterSmart. ✓ Participating Agency sends program participation data about historical rebate adoption and audits. ✓ Participating Agency tells WaterSmart about existing rebate programs. ✓ WaterSmart works with Participating Agency staff and, if needed, vendors to set up ongoing transfer of meter data from all accounts. ✓ WaterSmart customizes water saving recommendations with Participating Agency -specific information including videos, language, links, and promotional programs.
Week 3-4: Approve the Content	<ul style="list-style-type: none"> ✓ Participating Agency reviews and approves all written content. ✓ WaterSmart implements Participating Agency-requested changes to content, where possible.
Week 5-6: Train and Launch	<ul style="list-style-type: none"> ✓ WaterSmart trains Participating Agency customer service representatives on the WaterSmart platform including Home Water Reports, Customer Portal and the Utility Dashboard. ✓ WaterSmart prepares Participating Agency's team to answer questions from customers about the new program.

Lite

Week 0: Sign Agreement	<ul style="list-style-type: none"> ✓ Participating Agency has signed all forms needed for enrollment. BAWSCA, staff from Participating Agencies and WaterSmart hold BAWSCA-wide kick off meeting.
-------------------------------	--

Week 1: Finalize Partnership	<ul style="list-style-type: none"> ✓ WaterSmart and Participating Agency identify the staff involved in the partnership and clarify the role of each team member in the launch process. ✓ WaterSmart and Participating Agency coordinate the schedule of our weekly status calls. ✓ WaterSmart and Participating Agency jointly complete the Lite Pre-Launch Utility Questionnaire that provides both the Participating Agency and WaterSmart the necessary information needed for an efficient launch.
Week 2-3: Share Data	<ul style="list-style-type: none"> ✓ Participating Agency transmits initial account data to WaterSmart. ✓ WaterSmart works with Participating Agency staff and, if needed, vendors to set up ongoing transfer of meter data from all accounts.
Week 3-6: Train and Launch	<ul style="list-style-type: none"> ✓ WaterSmart provides training link and materials via email.

AMI

Week 0: Sign Agreement	<ul style="list-style-type: none"> ✓ Participating Agency has signed all forms needed for enrollment. BAWSCA, staff from Participating Agencies and WaterSmart hold BAWSCA-wide kick off meeting.
Week 1: Finalize Partnership	<ul style="list-style-type: none"> ✓ WaterSmart and Participating Agency identify the staff involved in the partnership and clarify the role of each team member in the launch process. ✓ WaterSmart and Participating Agency coordinate the schedule of our weekly status calls. ✓ WaterSmart and Participating Agency jointly complete the Pre-Launch Utility Questionnaire that provides both the Participating Agency and WaterSmart the necessary information needed for an efficient launch.
Week 2-3: Share Data	<ul style="list-style-type: none"> ✓ Participating Agency transmits initial account data to WaterSmart. ✓ Participating Agency sends program participation data about historical rebate adoption and audits and tells WaterSmart about existing rebate programs. ✓ WaterSmart works with Participating Agency staff and, if needed, vendors to set up ongoing transfer of meter data from all accounts. ✓ WaterSmart customizes water saving recommendations with Participating Agency -specific information including videos, language, links, and promotional programs.
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Week 5-6: Train and Launch	<ul style="list-style-type: none"> ✓ WaterSmart trains Participating Agency customer service representatives on the WaterSmart platform including Home Water Reports, Customer Portal and the Utility Dashboard. ✓ WaterSmart prepares Participating Agency's team to answer questions from customers about the new program.

Implementation Schedule

WaterSmart proposes the following schedule to complete all work required to fulfill the Scope of Work.

Standard

Week 0: Program Launch	✓ WaterSmart web applications are live, surveys have been mailed, content approved, and training completed.
Month 1	<ul style="list-style-type: none"> ✓ WaterSmart collects Customer Insight Survey and digitizes and aggregates results. ✓ WaterSmart and Participating Agency finalize content for first Home Water Report. ✓ WaterSmart holds check-in meeting with Participating Agency.
Month 2	<ul style="list-style-type: none"> ✓ WaterSmart mails and emails first round of Home Water Report. ✓ WaterSmart provides results of survey to Participating Agency. ✓ WaterSmart holds check-in meeting with Participating Agency. ✓ WaterSmart regularly solicits feedback from the Participating Agency.
Month 3	✓ WaterSmart finalizes content for second Home Water Report.
Month 4	✓ WaterSmart mails and emails second round of Home Water Report.
Month 5	✓ WaterSmart finalizes content for third Home Water Report.
Month 6	✓ WaterSmart mails and emails third round of Home Water Report.
Month 7	<ul style="list-style-type: none"> ✓ WaterSmart finalizes content for fourth Home Water Report. ✓ WaterSmart shares initial results with Participating Agency and BAWSCA staff.
Month 8	✓ WaterSmart mails and emails fourth round of Home Water Report.
Month 9	✓ WaterSmart finalizes content for fifth Home Water Report.
Month 10	✓ WaterSmart mails and emails fifth round of Home Water Report.
Month 11	✓ WaterSmart finalizes content for sixth/final Home Water Report.
Month 12	<ul style="list-style-type: none"> ✓ WaterSmart mails and emails sixth round of Home Water Report. ✓ WaterSmart provides end-of-year summary of program to Participating Agency and BAWSCA staff.

Lite

Week 0: Program Launch	✓ WaterSmart web applications are live.
Month 1	✓ WaterSmart finalizes content for first Home Water Report.
Month 2	✓ WaterSmart mails and emails first round of Home Water Report.
Month 3	<ul style="list-style-type: none"> ✓ WaterSmart finalizes content for second Home Water Report. ✓ WaterSmart provides program update via email.

Month 4	✓ WaterSmart mails and emails second round of Home Water Report.
Month 5	✓ WaterSmart finalizes content for third Home Water Report.
Month 6	✓ WaterSmart mails and emails third round of Home Water Report. ✓ WaterSmart provides program update via email.
Month 7	✓ WaterSmart finalizes content for fourth Home Water Report. ✓ WaterSmart shares initial results with Participating Agency and BAWSCA staff via email.
Month 8	✓ WaterSmart mails and emails fourth round of Home Water Report.
Month 9	✓ WaterSmart finalizes content for fifth Home Water Report. ✓ WaterSmart provides program update via email.
Month 10	✓ WaterSmart mails and emails fifth round of Home Water Report.
Month 11	✓ WaterSmart finalizes content for sixth/final Home Water Report.
Month 12	✓ WaterSmart mails and emails sixth round of Home Water Report. ✓ WaterSmart provides end-of-year summary of program to Participating Agency and BAWSCA staff.

AMI

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Month 1	✓ WaterSmart collects Customer Insight Survey and digitizes and aggregates results. ✓ WaterSmart and Participating Agency finalize content for first Home Water Report. ✓ WaterSmart holds check-in meeting with Participating Agency.
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Month 8	✓ WaterSmart mails and emails fourth round of Home Water Report.
Month 9	✓ WaterSmart finalizes content for fifth Home Water Report.

Month 10	✓ WaterSmart mails and emails fifth round of Home Water Report.
Month 11	✓ WaterSmart finalizes content for sixth/final Home Water Report.
Month 12	✓ WaterSmart mails and emails sixth round of Home Water Report. ✓ WaterSmart provides end-of-year summary of program to Participating Agency and BAWSCA staff.

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Professional Services Contract with Consultant to Update the BAWSCA Website**

Summary:

One of the key efforts included in the proposed FY 2015-16 Work Plan and Operating Budget is an update of BAWSCA's website. Initiation of this task involves the selection and negotiation of a professional services contract with an outside consultant to perform these services at BAWSCA's direction. Given the current water supply conditions, it is even more critical for the website to have an effective and user-friendly format to better serve the member agencies' water customers seeking information about the drought and water conservation.

BAWSCA will initiate a competitive selection process in May 2015 so that work can begin July 1, 2015 with the selected consultant.

Fiscal Impact:

A contract for a not-to-exceed amount of \$30,000 is recommended to complete this Project. This is consistent with the budget amount included in the proposed FY 2015-16 Operating Budget.

Recommendation:

That the Board Policy Committee recommend the Board authorize the CEO to negotiate and execute an agreement for a not to exceed amount of \$30,000, with the selected consultant, subject to legal counsel's final review, to update the BAWSCA website.

Discussion:

When BAWSCA's website was launched in 2003, it was primarily designed to provide information about its member agencies. The website content were mostly static, and key website audiences were the member agencies' governing boards, managers and technical staff who have an interest in the policy matters, programs and business operations of BAWSCA. Other key audiences included State and local water agencies, elected officials and lobbyists who advocate for water-related issues (supply, quality, funding, etc.).

Today, BAWSCA's website averages approximately 8,000 sessions monthly. Top content includes the water conservation rebate program pages as well as the Hetch Hetchy Water System page.

The BAWSCA website requires a re-design that presents the agency's execution of its authorities to achieve its goals of ensuring reliable, high-quality water at a fair price. It needs to effectively communicate BAWSCA's identity as a leader in regional water supply management and water conservation. In addition to providing a source for background information on the agency, the website must serve as a marketing and customer engagement tool to encourage customer participation in conservation programs. The website must also provide critical information on water supply conditions in an engaging and accessible format

Additionally, BAWSCA's website content now requires more frequent updates than when it was first launched. To most effectively facilitate these rapid changes, an operating system that is user-friendly and highly-efficient for the BAWSCA staff as content managers is necessary.

Objectives for Web Site Update

The Web Site Update Project has the following objectives:

- Provide re-design concept that updates the look of the website;
- A user-friendly navigation format for the user audience;
- A user-friendly operating system for the content managers;
- Innovative design structure that will support infographics; and
- A dynamic system that will support current need for easy data access and online data collection, as well as future static and interactive online needs.

Key Task Areas

The following are the key task areas for this work:

- Re-design Concept Development
- Identification of required functionalities
- Hosting Requirements
- Reporting Requirements
- Implementation Plan
- Content Editing
- Beta Testing
- Training
- Website Launch
- Customer Support and Site Analytics

Schedule

BAWSCA intends to award a 12-month contract (with 3 additional one-year term options to renew) to the selected consultant whose proposal best responds to the RFP and meets BAWSCA's requirement. Launch of the website is scheduled for February 2016. Below is an estimated timeline of the process.

Estimated Timeline

May 22, 2015	Request for Proposals Released
June 5, 2015	Requests for Clarification Due
June 19, 2015	Proposals Due
July 6 – 10, 2015	Interviews with Finalists
July 20, 2015	Notify Vendors of Results of RFP
August 3, 2015	Begin Website Redesign
December 31, 2015	Website Design to Be Complete
January 2016	Staff Training of New Website
February 2016	New Website Launch

Background:

BAWSCA's website was launched in 2003. The homepage was updated in 2010 along with a platform switch to Wordpress. BAWSCA's overall website, however, has not been updated since it was first launched in 2003.

Funding for website maintenance and some updates have been budgeted annually beginning 2010-11, however expenditures have been low because the level of activity has been limited to critical maintenance activity due to staff limitations and work load priorities.

Both the content and the function of the website needs to be updated to effectively communicate to the public and the water customers information about BAWSCA and conservation programs offered by BAWSCA and its member agencies.

Since 2003, the purpose for and audience of the website has changed. Initially, the website provided general information about BAWSCA to the public and others. Today, the website serves a dual purpose of providing emerging information about BAWSCA and its activities. More critically, the website must facilitate participation in water conservation activities.

Alternatives to the Recommended Action:

The following alternatives to the recommended actions have been considered:

- Alternative #1: Support the Recommended Actions. An immediate start on the project will provide an updated BAWSCA website within a targeted period of nine months, or by February 2015. Despite the drought, BAWSCA has become a critical source of information for water customers seeking to implement water conservation activities. Given the current water supply conditions, it is even more important for the website to have an effective and user-friendly format to better serve the member agencies' water customers seeking information about the drought and water conservation. If drought conditions end by Water Year 2016, water conservation will remain critical to ensure water supply in the future. **This alternative is recommended.**
- Alternative #2: Reduce the Scope of the Project. The project can be reduced to updating the conservation portion only which is 75% of the project. This can reduce the cost of the effort, but only slightly. *This alternative is not recommended.*
- Alternative #3: Do Not Move Forward With the Recommended Project and Schedule. BAWSCA can choose to keep the website unchanged. *This alternative is not recommended.*

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BAWSCA

Bay Area Water Supply & Conservation Agency

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

MEMORANDUM

TO: BAWSCA Board of Directors
DATE: April 3, 2015
FROM: Nicole Sandkulla, CEO/General Manager
SUBJECT: Chief Executive Officer/General Manager's Letter

Water Transfer Pilot - Update

BAWSCA staff continues to work on the agreements and environmental documents required to implement a pilot water transfer in 2015 in partnership with East Bay Municipal Utility District, San Francisco Public Utilities Commission, the City of Hayward, and Yuba County Water Agency. An oral report will be provided at the Board Policy Committee Meeting.

San Francisco Regional Water System Water Quality Incident

On March 3rd the SFPUC released a slug of untreated water into the Regional Water System that led to water quality violations for eight BAWSCA member agencies. This incident was a clear violation of Section 3.08a of the 2009 Water Supply Agreement. In a letter to the SFPUC, BAWSCA requested that the SFPUC work with the Joint BAWSCA-SFPUC Water Quality Committee to identify recommendations to prevent future occurrences and improve potential future responses to such incidents. The SFPUC has agreed and the Committee will report back to the BAWSCA CEO/GM and the SFPUC GM with the requested recommendations.

Department of Water Resources 2015 Proposition 84 Grant Solicitation

The California Department of Water Resources (DWR) recently released its proposal solicitation package for the final round of funding from Proposition 84. In response, the Bay Area Integrated Regional Water Management Plan (BAIRWMP) Coordinating Committee is asking for concept proposals from project proponents in the region. Approximately \$40 million is available for projects in the Bay Area, and all project types are being considered for this solicitation. Short concept proposals are due from project proponents on April 20th. Subsequently, the project submittals will be screened by a regional selection committee, and a list of top proposals will be selected in late May. Full proposals will be due to the DWR in early August.

BAWSCA has provided member agencies with information about this final round of grant funding through Proposition 84 and is encouraging agencies to consider applying for grant funding, if their projects are at the implementation stage. Many of the projects described in BAWSCA's Long-Term Reliable Water Supply Strategy are currently included in the BAIRWMP project list. Included in that list is BAWSCA's Brackish Groundwater Field Investigation Project (Brackish Groundwater Project), an aquifer test that is a key step toward the implementation of a brackish groundwater desalination project on the Peninsula. BAWSCA plans to submit a proposal to pursue the Brackish Groundwater Project in partnership with Cal Water.

Drought Update

In response to California's ongoing drought conditions, Governor Brown issued an executive order on April 1st directing the State Water Resources Control Board (SWRCB) to implement mandatory water restrictions in California to reduce potable water use by 25%. The specific restrictions to implement this executive order are currently being developed by SWRCB and are anticipated to be adopted in early May. Early comments from SWRCB staff indicate that the restrictions are expected to consider the relative per capita water usage of each water supplier, requiring that those areas with high per capita usage achieve proportionally greater reductions than those with already low use. The order also requires restrictions on outdoor use at commercial, industrial, and institutional sites, prohibits irrigation with potable water of ornamental turf on public street medians, and prohibits irrigation with potable water that is not delivered by drip or microspray systems in newly constructed homes. BAWSCA is closely monitoring the development of SWRCB regulations and is coordinating with the member agencies to provide comments on behalf of the region where appropriate.

BAWSCA and SFPUC are jointly developing a drought messaging campaign to encourage water conservation. The campaign is anticipated to launch in June 2015, targeting the summer months, as this is the time when the water savings potential is the greatest. The campaign will include similar themes to the 2014 campaigns, incorporating new messages and advertising platforms where appropriate. SFPUC is completing the contracting process for the communications consultant to assist with the campaign development and implementation.

To assist the member agencies in achieving the necessary water use reductions, BAWSCA will continue to expand its water conservation programs for FY 2015-16. In addition to the core and subscriptions programs currently offered, BAWSCA is planning to add two new subscription programs: a weather-based irrigation controller rebate program for large landscape sites and a conservation data management system for member agencies. BAWSCA also continues to increase outreach to customers on all program.

2015 Tours

BAWSCA has coordinated with the SFPUC to schedule an upcoming 2-day Hetch Hetchy Tour for BAWSCA Board of Directors on June 24th - 25th. Given the current water conditions, progress of the WSIP, and state of the Regional Water System's major facilities, including Mountain Tunnel, directors who have not attended a Hetch Hetchy tour are encouraged to participate. The tour provides a behind-the-scenes look at some of the system's key facilities, updates on SFPUC's recent and upcoming infrastructure investments, as well as environmental stewardship initiatives. Space is limited so please contact BAWSCA to reserve a spot. Further details will be distributed when they become available.

Review of Conflict of Interest Code – Update

On February 11, 2015, BAWSCA issued a Notice of Intention to amend and combine the Conflict of Interest Codes for the BAWSCA and the RFA. BAWSCA's 45-day comment period was completed on March 28th.

BAWSCA staff, along with legal counsel, continues to work through the process so that it is in concert with the FPPC's final adoption of BAWSCA's proposed Conflict of Interest Code. It is anticipated that the final code will be presented to the BAWSCA Board for adoption at its May meeting. At its October 8, 2014 meeting, the Board Policy Committee voted unanimously to recommend Board approval of the proposed Conflict of Interest Code, following the required 45-day public notice period, and subject to further amendment and approval by the FPPC.

Board Policy Committee Policy Calendar through Jan. 2016

Board Meeting	Purpose	Issue or Topic
April 2015	D&A D&A D&A D&A	Consideration of Proposed FY 15-16 Work Plan and Budget Consideration of Annual Professional Services Contracts Consideration of Potential Amendment to contract with Hanson Bridgett Authorization to Issue RFP and Enter into Consultant Services Contract for BAWSCA Website Update
June 2015	D&A	Review Water Supply Forecast & Decide if a Transfer Should be Pursued
Aug. 2015	D&A	Review Water Supply Forecast & Decide if a Transfer Should be Pursued
Oct. 2015	R&D R&D	BAWSCA Mid-Year Review for FY 2015-16 Work Plan and Budget Review of General Reserve Policy
Dec. 2015	D&A D	BAWSCA Mid-Year Review for FY 2015-16 Work Plan and Budget Work Plan and Budget Planning for FY 2016-17

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

April 8, 2015 BPC Agenda Packet Page 171