

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

**Foster City Community Building – 1000 E. Hillsdale Blvd., Foster City  
Wind Room**

*(Directions on Page 3)*

**Thursday, May 21, 2015  
7:00 P.M.**

**AGENDA**

<b><u>Agenda Item</u></b>	<b><u>Presenter</u></b>	<b><u>Page</u></b>
<b>1. Call to Order/Roll Call/Salute to Flag</b>	<b>(Breault)</b>	
<b>2. Board Policy Committee Report</b> <i>(Attachment)</i>	<b>(Bronitsky)</b>	<i>Pg 5</i>
<b>3. Public Comments</b> <i>Members of the public may address the Board on any issues not listed on the agenda that are within the purview of the Agency. Comments on matters that are listed on the agenda may be made at the time the Board is considering each item. Each speaker is allowed a maximum of three (3) minutes.</i>	<b>(Breault)</b>	
<b>4. Consent Calendar</b> <i>(Attachments)</i>	<b>(Breault)</b>	
A. Approve Minutes of the March 19, 2015 Meeting		<i>Pg 21</i>
B. Receive and File Budget Status Report – As of March 31, 2015		<i>Pg 25</i>
C. Receive and File Investment Report – As of March 31, 2015		<i>Pg 27</i>
D. Receive and File Bond Surcharge Collection Report – As of March 31, 2015		<i>Pg 29</i>
E. Receive and File Directors' Reimbursement Report – As of March 31, 2015		<i>Pg 31</i>
F. Acceptance of BAWSCA's amended Conflict of Interest Code <i>The Committee voted unanimously to recommend approval of the proposed Board action for Item 4F.</i>		<i>Pg 33</i>
<b>5. Comments by the Chair</b>	<b>(Breault)</b>	
<b>6. Action Items</b>		
A. Amendment to Hanson Bridgett Professional Services Contract <i>(Attachment)</i> <i>The Committee voted unanimously to 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.</i>	<b>(Sandkulla)</b>	<i>Pg 45</i>
B. Proposed Fiscal Year 2015-16 Work Plan and Operating Budget <i>(Attachment)</i> 1. Approval of Proposed FY 2015-16 Work Plan and Results to be Achieved; 2. Approval of Proposed Operating Budget of \$3,201,679; and 3. Approval of 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 Charge funds; and (b) FY 2015-16 assessments of \$3,276,889. <i>The Committee voted unanimously to recommend approval of the proposed Board action.</i>	<b>(Sandkulla)</b>	<i>Pg 47</i>

C. Approval of Professional Services Contracts for FY 2015-16 ( <i>Attachments</i> )	(Sandkulla)	Pg 67
1. BLX Group, LLC (Investment Advisor)		Pg 71
2. Brown & Caldwell (Conservation Database)		Pg 75
3. Burr, Pilger, Mayer (Water Supply Agreement Auditing/Accounting Support)		Pg 81
4. Hanson Bridgett, LLP (Legal Counsel)		Pg 83
5. Hilton, Farnkopf, Hobson (Engineering/Financial Consultant –Water Supply Agreement		Pg 89
6. Kelling, Northcross, Norbriga (Financial Advisor)		Pg 91
7. Orrick, Herrington & Sutcliffe, LLP (Bond Documents Legal Support)		Pg 93
8. Terry Roberts (Engineering Consultant – WSIP Cost, Schedule & Construction Management )		Pg 95
9. Stetson Engineering (Engineering Consultant – Water Supply Agreement)		Pg 99
10. Harlan Wendell (Strategic Counsel)		Pg 103
11. DropCountr (Home Water Use Survey)		Pg 107
12. EarthCapades (School Assembly Program)		Pg 115
13. Maddaus Water Management (As Needed Assistance on Demand Model)		Pg 121
14. Resource Action Program (School Education Programs)		Pg 125
15. Tuolumne River Trust (Classroom Education Program)		Pg 145
16. Waterfluence, LLC (Large Landscape Conservation Services Consultant)		Pg 151
17. Water Smart (Home Water Use Survey)		Pg 157

*The Committee voted unanimously to recommend approval of the seventeen contracts for legal, engineering, financial, strategic and water conservation services needing to be in place by July 1, 2015.*

D. Professional Services Contract with Selected Consultant to Update the BAWSCA Website ( <i>Attachment</i> )	(Sandkulla)	Pg 181
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*The Committee voted unanimously to recommend approval of the proposed Board action.*

## 7. SFPUC Report (Kelly)

## 8. Reports (Sandkulla)

A. Water Supply Conditions		
B. CEO/General Manager's Letter ( <i>Attachment</i> )		Pg 185
C. Board Policy Calendar ( <i>Attachment</i> )		Pg 189
D. Correspondence Packet ( <a href="#"><i>Under Separate Cover</i></a> )		

## 9. Closed Session (Breault)

Conference with Legal Counsel – Existing Litigation pursuant to paragraph (1) of subdivision (d) of Government Code Section 54956.9: *Restore Hetch Hetchy v. City and County of San Francisco* Case Number: CV59426

## 10. Reconvene and Report from Closed Session (Breault)

## 11. Directors' Discussion: Comments, Questions and Agenda Requests (Breault)

12. Date, Time and Location of Future Meetings (See attached schedule of meetings)	(Breault)	Pg 191
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**13. Adjourn to next meeting scheduled for July 16, 2015 at 7pm**

**(Breault)**

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

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

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

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# **BAWSCA**

**Bay Area Water Supply & Conservation Agency**

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## **MEMORANDUM**

TO: BAWSCA Board Members

FROM: Nicole Sandkulla, Chief Executive Officer/General Manager

DATE: May 15, 2015

SUBJECT: Summary of Board Policy Committee meeting held April 8, 2015

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1. **Call to Order:** Committee Chair Charlie Bronitsky called the meeting to order at 1:32 pm. A list of Committee members who were present (10), absent (1) and other attendees is attached.

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

2. **Public Comments:** There were no public comments.
3. **Consent Calendar:** Approval of Minutes from the February 11, 2014 meeting  
**Director O'Connell made a motion, seconded by Director Pierce, that the minutes from the February 11, 2015 Board Policy Committee meeting be approved.**

**The motion passed unanimously.**

4. **Comments by the Chair:** Committee Chair Bronitsky briefly shared his concerns about the drought.

5. **Action Items:**

- A. **Proposed Fiscal Year 2015-16 Work Plan and Operating Budget:** Ms. Sandkulla presented the proposed agency work plan and operating budget for FY 2015-16.

The proposed work plan remains unchanged from what was reported to the committee in February, and to the Board in March. Ms. Sandkulla noted that additional program activities and staff time are included in the work plan to respond to the ongoing drought.

The proposed operating budget is \$3,201,679, which includes the \$4,085 adjustment to the top step salary that the Board approved at its March 19<sup>th</sup> meeting.

BAWSCA has historically used four principles when considering how to fund the budget. Ms. Sandkulla stated the committee's previous discussion recommended a modification to the third principle. She proposed a change that states, "Apply incremental and prudent increases

in assessments as necessary”, instead of, “Do not increase assessments unless absolutely necessary.” This change allows for flexibility in increasing assessments incrementally over a multi-year period if and when a need arises. It also allows for a smoother transition for potential rate increases.

The recommended funding mechanism for the proposed operating budget is to increase assessments by 24% and to use the unspent Water Management Charge (WMC) funds associated with the development of the Long-Term Reliable Water Supply Strategy in the amount of \$355,700. This mechanism funds the operating budget and returns the General Reserve to slightly above the minimum budgetary guideline.

Two additional funding alternatives were presented.

If the Board desires incremental increases to the assessments, Alternative A would provide (1) a 21% increase and (2) the use of the unspent WMC to fully fund the budget and bring the General Reserve to a balance that is \$58,261 less than the minimum budgetary guideline. This alternative does not achieve the minimum budgetary guideline for the General Reserve, but it is close.

Alternative B addresses the committee’s previous discussion to split the assessment increase in half and apply it over a period of 2 years. This alternative would (1) increase assessments by 14% each year over 2 years, and (2) use the unspent WMC to return the General Reserve balance to the minimum budgetary guideline by the end of FY 2016-17.

Ms. Sandkulla does not recommend Alternative B because it places the agency in a vulnerable position of having a very low General Reserve next fiscal year. Ms. Sandkulla stated that while the percentage of increase in the recommended funding plan is high, the dollar value is relatively small to justify the risks of a low General Reserve.

Given the plan to update the BAWSCA website, Director O’Connell asked why the modification of BAWSCA’s Water Conservation Database (Database) to match CUWCC’s reporting format was excluded from the proposed work plan and operating budget.

Ms. Sandkulla explained that the Database is web-based, but is separate from BAWSCA’s website. The conservation database uses a software called Sharepoint, which allows agencies to input data online, and provides BAWSCA access to the information. The effort to streamline the Database with CUWCC’s format will involve a lot of work, and will be in a state of flux given the Governor’s orders to address the drought.

One of the biggest challenges for agencies to re-format the database is the institutional changes individual member agencies would need to make to ensure that data between finance and water management departments are consistent with each other. The Governor’s order for all water retailers to provide monthly water sales reports by customer category will push member agencies to make their interdepartmental data consistent with each other and enable them to provide data to outside entities in the next 6 months. This will have a long-term benefit for all agencies, particularly with CUWCC’s reporting requirements.

Ms. Sandkulla further explained that one of the things the website update is looking for is the ability to merge the Database into the website. Additionally, improvements to the functionality of the Database are currently being reviewed. Therefore, the effort to merge the Database

into the BAWSCA website may be more appropriate in FY 2016-17 when the website is updated, the Database functionality is improved, and the agencies are adjusted to the Governor's orders.

In response to Director Weed's comments, Ms. Sandkulla explained that the conservation subscription program cost of approximately \$1 million dollars is not included in the Operating Budget. These expenditures and income are reflected in the agency's annual audit report.

BAWSCA's administrative costs for implementing subscription programs are a small portion of the \$1 million. They are also reflected in the annual audit report.

Director Weed suggested inclusion of a chart that shows the gross amount of the operating and administrative costs associated with implementing subscription programs.

Director Mendall stated that if BAWSCA budgets an expense for staff to support the subscription programs, and the programs charge a fee to recover the costs for staff, it should be reflected in the budget.

Ms. Sandkulla explained that the administrative fees per rebate are determined based on the potential number of rebates estimated for the year, and are charged to participating agencies. The money received from the administrative fees is deposited into BAWSCA's general fund each year.

Ms. Sandkulla explained that it would be difficult to include the administrative costs in the budget because the money earned from administrative fees is not guaranteed to be received until the subsequent year. During the budget development, agencies have not yet committed to participate in the programs.

Record keeping of the administrative fees outside of the operating budget, and reflecting it in the audit report is the recommendation of BAWSCA's accountant. This practice ensures BAWSCA's budget stays sound, as opposed to anticipating a cost recovery based on an estimated amount from programs that agencies have not yet committed to.

Ms. Sandkulla stated that a separate report of the administrative earnings each year, as suggested by Director Weed, can be provided to the Board.

Ms. Sandkulla further clarified that the administrative fees for the subscription conservation programs add up to less than a full-time staff, and will continue to decrease as the agency gains efficiency in processing rebate applications.

Director Guzzetta stated that if the administrative fees become a bigger fraction of staff time, it should be reflected in the budget. But for now, having a report on how much is recovered in administrative costs would be helpful.

Ms. Sandkulla will provide historical and planned information on the level of staff effort and the level of total expenses for the subscription programs with a breakdown of the rebate dollars and the staff dollars.

**Director O'Connell made a motion, seconded by Director Pierce, to recommend Board approval of 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.**

**The motion carried unanimously.**

- B. Amendment to Hanson Bridgett Professional Services Contract: Ms. Sandkulla reported that the current contract limit for Hanson Bridgett is \$524,000. There has been higher than anticipated level of effort from Legal Counsel in the Fall of 2014 to finalize the settlement agreement with the SFPUC, associated with the Wholesale Revenue Requirement for FY 2010-11. BAWSCA staff and Legal Counsel has been making steady progress in resolving outstanding issues with San Francisco.

An amendment for an increase of \$60K-\$100K in Hanson Bridgett's contract is being requested. The funds are available from unspent FY 2014-15 funds including budgeted contingency.

Ms. Sandkulla reported that the need for this budget adjustment was recognized early on this fiscal year. This early identification allowed BAWSCA staff and Legal Counsel to work diligently in managing expenses on all aspects of the budget to minimize the impact of the adjustment to the overall budget. BAWSCA staff will continue this effort; however, the request for a contract amendment is necessary to ensure BAWSCA has the resources it needs for the remainder of the fiscal year. A final number will be available by the May Board meeting.

Director Bronitsky thanked Hanson Bridgett for its outstanding services to BAWSCA, and called for a motion.

**Director O'Connell made a motion, seconded by Director Keith, that the Committee recommend the CEO/General Manager monitor the professional services contract with Hanson Bridgett to determine the most efficient and effective deployment of resources through the close of FY 2014-15, and provide a recommendation for a possible contract amendment to the full board at its May meeting.**

**The motion carried unanimously.**

- C. Approval of Professional Services Contracts for FY 2015-16: Ms. Sandkulla reported that there are seventeen professional services contracts that need to be in place by July 1, 2015. Each contract is presented in a staff memo.

The contracts fall into 2 categories. Ten are funded by the operating budget, and have a not-to-exceed contract amount. Seven are funded by the subscription programs. The seven consultant contracts that help BAWSCA run its subscription conservation programs are paid fully by agencies that participate in the program.

Ms. Sandkulla explained that financial consultants do very specific tasks under the direction of the CEO and the Sr. Administrative Analyst. The services include compliance with the Water

Supply Agreement (WSA), administration of the bonds, and management of investments funds from the Bonds and OPEB.

Director Guzzetta asked about the services BAWSCA will need as it moves its focus from the WSIP to San Francisco's asset management program.

Ms. Sandkulla stated that BAWSCA is aware of the need to find additional professional services with expertise on asset management. BAWSCA is also looking for a consultant that is familiar with San Francisco's operations because future oversight efforts will move towards the SFPUC's CIP process. There is a budget allocation for that portion of the workplan.

Ms. Sandkulla reported that BAWSCA continues to get the engineering expertise it needs from Terry Roberts Consulting for the WSIP cost, schedule and construction management, as well as on the transition of focus to asset management. Mr. Roberts is aware of the changing focus, and has been accommodating of BAWSCA's needs.

In response to Director Weed's questions, Ms. Sandkulla stated that the contract with Waterfluence includes the rating system that encourages landscapers to develop products that achieve the highest rating for conservation in large landscapes.

Ms. Sandkulla added that BAWSCA was John Whitcomb's first regional client and has been a strong and steady advocate of his program. He continues to do an exceptional job in improving his product to meet the needs of the BAWSCA service area.

On the contract with Orrick, Herrington & Sutcliffe for legal support on the bond documents, Ms. Sandkulla reported that BAWSCA works with Steve Spitz whose time is used judiciously for very specific and key issues regarding the Bonds.

Director Mendall asked about the process for issuing RFP's particularly with the ones that have been around for many years. He stated that the next year or two would seem like the appropriate time to issue an RFP given the changing focus from the WSIP oversight to SFPUC's Asset Management.

Ms. Sandkulla stated that for the contracts funded by the operating budget, the process has been an annual evaluation of whether the professional services are providing what the agency needs, and whether they are the highest ranking service providers in terms of expertise and rates.

The professional services contract for the WSIP oversight calls for certain requirements. Ms. Sandkulla stated that there's a balance between having the historical knowledge on a lot of the work involved, and the benefits of a new service contract that comes with a learning curve during the transition. She will keep a close watch on opportunities to ensure that BAWSCA is getting the best professional services for its dollars.

The contracts for the subscription programs are regularly discussed with the member agencies on whether the consultants are performing as expected, and if there are different programs than the current ones. Those contracts fluctuate because they are based on what agencies are interested in.

Director Breault requested, if it's not already being done, that the contracts are reviewed by legal counsel.

Ms. Sandkulla confirmed that legal counsel reviews all contracts, and reported that last year's legal review process required an update of each contract's insurance compliance.

**Director O'Connell made a motion, seconded by Director Breault, that the 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.**

**The motion carried unanimously.**

- D. Professional Services Contract with Selected Consultant to Update the BAWSCA Website:  
Ms. Sandkulla reported that proposed FY 2015-16 work plan includes the task to update the content and function of the BAWSCA website. The operating budget includes \$30,000 for this effort.

The objectives for the update are to obtain a user-friendly navigation format for the user, as well as a user-friendly operating system for effective and efficient content management. Because BAWSCA's member agencies form a large group of agencies with a large amount of information, the update will seek for an innovative design structure that will support infographics, have the ability to collect and access data online, as well as accommodate future static and interactive online needs to effectively provide information to the website audience.

Ms. Sandkulla explained that the website has evolved to serve two purposes. It provides information about who BAWSCA is, what it does, its mission, authority, and governance. The conservation component of the website has grown significantly and is now a critical part of the website that provides information on conservation opportunities for water customers. The goal is to make it easier for the customer to obtain this information.

In the interest of time, Ms. Sandkulla seeks the committee's recommendation for Board action at its meeting in May to authorize negotiation and execution of an agreement with a selected consultant.

Request for Proposals (RFP) will be released following Board authorization. The schedule targets a selection of a consultant in July, completion of the design by December, and a launch by February 2016. A faster schedule will be considered if possible, to complete the website update with the anticipation of another dry year in 2016.

In response to Director Mendall, Ms. Sandkulla stated that BAWSCA will negotiate a contract to include an as-needed technical support agreement to address the types of changes that might be needed to adjust the website format as it relates to the drought, in case conditions improve. The current agreement with the existing website consultant has an annual service contract that provides staff the necessary technical support it needs to make content changes. The as-need portion of the agreement is a small amount, but is helpful with content management, and therefore will be negotiated in the new contract.

**Director Pierce made a motion, seconded by Director Breault, 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.**

**The motion carried unanimously.**

**6. Reports**

**A. Water Supply Update:**

1. San Francisco Regional Water System: Ms. Sandkulla stated that, as reported in previous meetings, the Regional Water System's water bank in Don Pedro Reservoir is low as anticipated, and is where the impacts of the drought is evident. Hetch Hetchy is at 70%, which is a higher level than is normal for this time of the year. This reflects the low likelihood of a large runoff that would need to be captured in the reservoir at this time, and San Francisco's efforts to keep as much water as possible in the reservoir for drinking water purposes moving forward.

Ms. Sandkulla reported that the precipitation on April 7th did not produce runoff that benefits the supply that becomes available to San Francisco. However there was snow, and the resulting water supply benefit will depend upon when that snow run-off occur.

The current snowpack is dismal and is a major premise for the Governor's Executive Order.

Ms. Sandkulla presented the graph that shows the water that becomes available to San Francisco from the Tuolumne River.

As previously reported, achieving full storage at Hetch Hetchy is when the cumulative water available to San Francisco reaches the level of 700 thousand acre feet (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.

Last year, only 22 TAF of Tuolumne River water was available to San Francisco by July 2014. February 2015's precipitation increased the level to 42 TAF. To date, the current level is 50 TAF, which may increase slightly as snowmelt occurs. However, Ms. Sandkulla emphasized that the Regional Water System is experiencing another drought year.

Water use has slowly increased as the days are getting warmer and longer, and cumulative savings are below target. This calls for some concern, and a critical push to keep the drought message out and the need to reduce water use.

In response to Director Mendall, Ms. Sandkulla stated that the SFPUC will send a letter to wholesale water customers by April 15<sup>th</sup> stating the status of water available. She anticipates that San Francisco will continue its request for a voluntary 10% water use reduction, as that is all that the system can justify at this time.

Ms. Sandkulla reported that she and Steve Ritchie are looking at how the Governor's Executive Order relates to the level of savings necessary for the Regional Water System, and what implications the order has on the provisions in the WSA. The Governor's Executive Order includes a requirement on water retailers to reduce water use by 25% Statewide. Since the SFPUC is a wholesale water provider to the member agencies, the contract provisions on the WSA regarding drought should not be engaged in this case. BAWSCA and the SFPUC will continue its discussions on this matter.

Director Weed commented that the San Francisco Regional Water System suffers from what has been described as “Sesame Street” legislative guidelines, such as the 20% by 2020. While it is simple, it is not comprehensive. The Regional Water System has a larger watershed in comparison to the rest of the State’s, and compliance with State guidelines is often challenging.

Secondly, Director Weed stated his belief that this is not a traditional drought, it’s a climate change. He hopes that agencies can move towards a position that communicates the new normal that communities have to prepare for. It’s not an interim experience that the State has to deal with. Agencies need to, in whatever extent within the agreements with San Francisco and others, recognize that we are in a different water regime.

2. Governor’s Executive Order: BAWSCA Water Resources Manager, Michael Hurley, reported on the Governor’s Executive Order, which consists of 24 ordering provisions, 15 of which are applicable to BAWSCA agencies.

The State Water Resources Control Board released a draft framework on April 7<sup>th</sup> to implement the Governor’s Executive Order. BAWSCA will work towards understanding the framework, which includes 4 elements: 1) Apportioning water supply reduction targets to individual water suppliers throughout the State, 2) increased requirements for small water suppliers and Commercial Industrial Institutional (CII) water use, 3) Increased reporting requirements on all water agencies, and 4) enforcement tools.

This order impacts all agencies that provide retail water supplies in the State. It does not apply to San Francisco as a wholesale supplier to the BAWSCA member agencies, but will be applicable as the supplier to its retail customers.

Mr. Hurley reported that small water suppliers, such as those with less than 3,000 service connections, will have increased requirements.

The draft framework imposes tiered reduction targets on all retail water providers to achieve a 25% reduction in water use statewide. BAWSCA will submit a comment letter to the SWRCB that will reference the implications of this requirement to smaller agencies that are already near or at the health and safety standards.

Mr. Hurley noted the City of Brisbane as an example of a small agency that uses an average of 47 gallons per person per day. While there are no firm health and safety standard, the rule of thumb has been 55 gallons per person per day. Mr. Hurley added that historically, smaller agencies have not been subject to urban water management plans and thus have not been subject to the current reporting requirements.

With the first set of emergency drought regulations enforced in 2014, the SWRCB required smaller agencies to report on water use and to develop population figures to establish calculations that serve as a monitoring mechanism.

With the draft framework, smaller agencies are now required to report water use and conservation once a year, or within 180 days of the day the regulation is implemented. Larger agencies will be required to report on all of their customer classes on a monthly basis. Brisbane, GVMID, Stanford and Purissima Hills are the BAWSCA agencies that fall into the category of “smaller agencies”.



The Office of Administrative Law would likely take action to implement the regulation at the end of May.

The reporting period will be from June 2015 through February 2016. The intent is to develop an approximately 1.3 million acre feet (AF) of savings over this timeframe. As BAWSCA reviews the requirements, it will keep in mind the overall goal SWRCB is trying to save.

The comparison year is 2013, which is the year SWRCB has been using in their analysis for tracking the State's conservation savings. This is a different year than SFPUC's base period for their voluntary 10% reduction. Moving forward, the analysis will be adjusted to use SWRCB's comparison year of 2013.

The committee discussed the translation of AF to gallons. Mr. Hurley stated that 1.3 million AF is close to 450 trillion gallons of water. A population of 150,000 can use 8-10 billion gallons of water per year. In 2014, San Francisco Regional Water System saved 10 billion gallons of water.

Mr. Hurley reported that the 25% cutback will be allocated differently based on an agency's current residential per capita use. The SWRCB has developed 4 ranges, based on the residential gallons per capita per day (GPCPD), to determine an individual agency's conservation standard.

Director Breault noted that of the 17 agencies that are in the range of under 55 GPCPD, 6 are BAWSCA members. If Brisbane, GVMID and San Francisco were not included, the Bay area region accounts for 50% of the agencies that are in the lower range.

Director Breault also noted that the reduction standard that is being applied to agencies is based on the agencies' residential consumption, but the conservation standard that must be achieved by the agency is based on its overall potable water use.

Agencies will have the challenge of balancing the cutbacks among its residential, large landscapes and CII customers.

Director Bronitsky commented on how (1) a tiered rate structure, under Prop 218, discourages the concept of conserving, and (2) financial incentives from the State can help agencies achieve the cutback requirements. He hopes BAWSCA's letter can address those issues.

Ms. Sandkulla stated that the SWRCB plans to implement fines. How those fines play into rate structures may go a long way for the agencies. This issue is something the agencies will have to consider.

With regards to financial incentives from the State, Ms. Sandkulla explained that BAWSCA's conservation programs currently receive grant funds through Prop 84. Those funds benefit the High Efficiency Toilet, Washing Machine, and Lawn Be Gone rebate programs. Additionally, BAWSCA is preparing to submit a joint grant application with Cal Water, which Adrienne Carr will report on under a subsequent agenda item.

Mr. Hurley added that the Executive Order includes provisions on water rates. The State is looking to develop some assistance for agencies to incentivize reductions in water use through changing rate structures.

Director Pierce asked whether the goal of SWRCB is to get everyone in the range of under 55.

Mr. Hurley reported that the answer to that question is a topic for debate because there are agencies with residential use of up to 250-300 GPCPD that can reduce by 35% and still have water use that may be triple of what agencies on the lower end are using.

Mr. Hurley noted that 8 of the 20 agencies with the lowest per capita use in the State, are BAWSCA member agencies.

Residential consumption will be used to identify an agency's conservation standard. However, the total water consumption will be used to assess an agency's performance and compliance with the regulation. This includes all customer classes, and will focus on potable supply.

The current reporting requirements from urban water suppliers are on residential use only. The new regulations will require reporting on production on a monthly basis, on all customer categories.

In response to Director Weed, Ms. Sandkulla explained that untreated groundwater use is not incorporated in SWRCB calculations. Some BAWSCA agencies, such as Stanford, use non-potable groundwater to irrigate their landscapes.

Mr. Hurley stated that it is not clear yet how agencies will be tracked on their reporting and if penalties will be assessed on a monthly basis.

Implementation will start in June to include the summer months, when most of the conservation potential is. BAWSCA will look into how the agencies' conservation efforts throughout the year will be accounted for in their overall conservation performance.

Enforcement will be both informal and formal. Informal enforcement will include letters that serve as a reminder of agencies' requirements and an alert for lack of compliance. There will be informational orders that will provide a prescription on what agencies need to do to meet requirements.

Formal enforcement will include a cease and desist order, and fines of up to \$10,000 per day for those who refuse to comply.

Mr. Hurley noted that these are new state board actions with no precedence anywhere else, therefore the administration will be a developing process.

All aspects of the Executive Order and regulations will be subject to compliance and enforcement. Agencies that do not report their usage, implement the required provisions, or fail to meet their target will be deemed non-compliant and subject to fines.

In response to Director Bronitsky, Mr. Hurley stated that if Foster City is unable to achieve its conservation standard of a 15% reduction, they will be subject to fines, even though neighboring communities are achieving their target.

Director Guzzetta stated that demands are hardened and drought conditions will have serious impositions. Fixing leaks and reducing irrigation use made a difference during the drought of 1977-78. But these methods are no longer effective. California has a system that hasn't been improved in many years. The water managers that member agencies report to need to look at ways to make the system more reliable. 50 GPCPD is not a lot of water. Any less than that is below health and safety standards.

Director Keith agreed and reported that at an ACWA event, San Jose Mayor Sam Liccardo stated that as a society, Californians have to make changes to become more drought proof.

Director Bronitsky stated that the choice of not building a desal plant because it will be redundant should be reconsidered, and instead, be looked at with the perspective of building it for the redundancy.

Director Weed added that desalination and water transfers are options to recycled and direct potable water that are cost competitive.

Mr. Hurley reported that the specific provisions of the Governor's Executive Order include the collective replacement of 50 million square feet of lawns, prohibitions on irrigation of public street medians with potable water, requirement of all new homes and buildings to use drip irrigation or microspray systems to water landscape, update of the State Model Water Efficient Landscape Ordinance by DWR, and update of efficiency standards for water appliances via emergency regulations by the California Energy Commission.

Comments on SWRCB's draft framework are due on April 13<sup>th</sup>. BAWSCA is putting together a comment letter that will incorporate input received from the member agencies. SWRCB is expected to release draft regulations on April 17<sup>th</sup>. Public hearings will be held on either May 5<sup>th</sup> or 6<sup>th</sup>, where approval of the regulations are expected to take place.

BAWSCA will coordinate with the SFPUC on the applicability of the WSA drought plan, the SFPUC's request for voluntary 10% reduction, and implications to the wholesale water rates.

Ms. Sandkulla stated that the wholesale rate package for FY 2015-16 included an assumption of a 10% reduction. She and Christina Tang will confirm with San Francisco that it is financially capable of accommodating the anticipated water use reductions, and resulting reduction in revenue received from the Wholesale Customers, without an impact on the operation of the Regional Water System.

Mr. Hurley reported that BAWSCA facilitated, and will continue to facilitate discussions between the State Board staff and member agency staff on implementation. As a result of the first call held on this topic with the member agencies, it was agreed upon by the member agencies that the BAWSCA website will serve as the host for information on the various water use prohibitions and conservation program information that the different agencies have.

Also resulting from the call was agreement on the development of a lawn watering schedule that would apply throughout the region. The goal is to assist residential customers in understanding efficient outdoor water use as opposed to wasteful practices. The agencies in Santa Clara and Alameda counties support the effort because it is a broad message that is easy to understand and keeps the message of water conservation out in the communities.

Ms. Sandkulla explained that when the Governor's order came out in March, the message that many remembered is that they can only water their lawns twice a week. BAWSCA's message has been to turn off sprinklers during the cooler months when there is no need for irrigation. But, as the summer months approach, people will begin to think about turning their irrigations on. A message about how often people should irrigate and stay in compliance with the Governor's Executive order is essential. It is part of the educational component that is critical to getting the message across.

3. Regional Conservation Programs: BAWSCA Water Resources Analyst, Andree Johnson, reported that BAWSCA's conservation efforts will be expanded to assist member agencies in responding to the drought.

Pending Board approval, BAWSCA will continue to offer all existing conservation programs in FY 2015-16. Three new programs will be offered to member agencies - a Weather-Based Irrigation Controller Incentive Program for large landscapes, a water-efficient fixture "Give-Away", and the incorporation of a design assistance component in the Lawn Be Gone program (LBG).

The goal of the design assistance component to the LBG program is to encourage applicants to get their lawn removal process started. Ms. Johnson reported that Menlo Park launched a conserve-a-scape program in 2014, which provided a landscape contractor to assist LBG applicants with their landscape design. The agencies have expressed a lot of interests on all additional programs.

In response to Director Mendall, Ms. Sandkulla reported that the cap on the rebate amount for the LBG was removed, and the rebate amount per square footage was increased last year. She added that the current terms and conditions for the LBG are very strict because when the program was developed in FY 2010-11, it was developed without the anticipation of a drought. Given the current conditions, Ms. Sandkulla stated that BAWSCA will propose a component on the program that will encourage water customers to allow their lawn to brown, apply for the program, and plant when the drought is over and water is available. Andree will be talking with the Water Resources Committee on April 14<sup>th</sup> about how to best make that change on the program.

BAWSCA's fellow, in partnership with CivicSpark, has finished distributing BAWSCA's conservation rebate program materials to retailers throughout the service area, and is now providing training to staff of selected retail stores on how to help their customers take advantage of the conservation programs.

BAWSCA has also hired a summer intern who will assist with the outreach efforts by having a presence in member agencies' local events where information can be provided.

Lastly, BAWSCA is continuing to use existing grant funds on conservation programs, and is pursuing additional funding where available through the latest Prop 84 and Prop 1 round, which Adrienne will report on under a later item.

Currently, BAWSCA is working with the SFPUC on planning for a summer drought messaging campaign which is targeted to begin in June. The theme will be consistent with the campaign in 2014. New messages and advertising platforms that are more effective are being considered.

Ms. Johnson reported that under this contract with the SFPUC and the selected service provider, BAWSCA member agencies will have access to the full range of services available to the SFPUC. In addition to having a joint message with the SFPUC, BAWSCA will have the ability to work with the consultant to develop materials that are more specific to the needs of the service area. Some of the services available include development of video and print materials, grassroots outreach, and direct mailing. A Water Resources Committee meeting is scheduled on April 14th to discuss with agency staff members what kinds of materials and messages would be most helpful and effective for the service area.

In response to Director Keith, Ms. Johnson explained that the costs for the direct mail and advertising campaign services will be rolled into the SFPUC wholesale revenue requirement. Ms. Sandkulla explained that this mechanism is the most cost-effective way to cover the costs for addressing the drought, and is a chance to look at opportunities for working with SFPUC on these kinds of efforts. BAWSCA will continue to report on the progress.

Director Weed asked if BAWSCA has done a cost-effectiveness study on how much water is saved with each of its conservation programs. Ms. Sandkulla reported that the Annual Conservation Report provides the cost for implementing each program, the estimated savings achieved, and the cost effectiveness compared to the cost of water. The FY 2012-13 report is available on the website, and the FY 2013-14 is being finalized.

4. Proposition 84 Final Round - Update: Senior Water Resources Analyst, Adrienne Carr, reported that this round of the Prop 84 grant is accelerated to specifically fund implementation of drought projects that are ready for execution.

A total of \$40 million is available for the Bay Area region. The grant is targeting large projects of over \$1 million, and is considering all project types. Ms. Carr noted that this is the last time the State will offer matching fund requirement of 25%. She emphasized that the Prop 1 grant rounds will require a matching fund of 50%, and therefore, member agencies are being encouraged to apply for the grant if they have any projects in the queue.

Concept proposals are due on April 20<sup>th</sup>, and selected regional projects will be announced in late May. There is a Bay Area region wide committee that selects the projects and moves them to a state application that will be finalized in August. Funding awards will be announced in December 2015.

Ms. Carr reported that BAWSCA is working with Cal Water to pursue a brackish Groundwater desal project identified as part of the Long-Term Reliable Water Supply Strategy (Strategy). In 2012, BAWSCA submitted a Brackish Groundwater Field

Investigation project to the Bay Area Interim Regional Water Management Plan. A significant amount of work for this project was achieved through the development of the Strategy, including a groundwater model. The project is much closer to implementation because of the modeling and the next steps include the drilling of a test well that would be used as a supply well for a potential groundwater desal project. The potential site is located along the coast between San Mateo and Burlingame.

Ms. Sandkulla added that Cal Water has an independent interest in increased dry year reliability, and expressed interest in this specific project as BAWSCA completed the Strategy.

Ms. Carr reported that Cal Water is seeking local matching funds from State PUC in their next rate case in May. If the project moves forward, BAWSCA's cost will be staff time, and the costs for proposal preparation. BAWSCA will be looking at grant funding to cover BAWSCA's share.

Ms. Sandkulla noted that the question to be answered by this particular project is the yield of the Bay mud at the potential project locations. As realized from the completion of the Strategy, there is a wide range in yield that determines the viability and cost effectiveness of desal projects.

5. Pilot Water Transfer Plan – Update: BAWSCA continues to work with its partners to implement the pilot water transfer plan with EBMUD through the Freeport Facility in the Fall of 2015. In the past few months, BAWSCA has begun new conversations with ACWD and Contra Costa Water District to investigate additional options for transfers to the BAWSCA member agencies.

The current drought is presenting challenges for water transfers, including implications on obtaining environmental approvals. There is increased review of the impacts of water transfers on fish and wildlife, and the Bureau of Reclamation is creating challenges to obtaining potential Warren Act contracts for the use of Folsom South Canal. The Folsom South Canal is one of the facilities EBMUD would need to use to move water from the Sacramento River to the Freeport Facility for delivery to the Bay Area.

Additionally, the regulatory agencies are prioritizing water transfers that fulfill public health and safety needs. There is also increased competition for the water that Yuba County Water Agency (YCWA) is selling. The State has indicated priority for the water by increasing their purchase window. The State and Federal projects are looking to potentially keep that water supply. In addition, other agencies with prior State and Federal contracts may want to purchase the water as well.

Despite the challenges, water transfers continue to remain a priority. BAWSCA will prepare a technical report in June that will present results of work completed to date.

Ms. Sandkulla added that BAWSCA continues to learn a lot from this effort, and is looking at what additional efforts and opportunities can be reviewed to make water transfers possible.

Ms. Carr reported that BAWSCA's draft hydraulic study with the City of Hayward will be a key piece of information for the water transfer. BAWSCA and Hayward will be discussing

the preliminary results of the study on how Hayward's system will be impacted during the transfer.

7. **Comments by Committee Members**.. Director Bronitsky thanked the BAWSCA staff for the reports. Director Weed thanked Mr. Hurley for his presentation at the ACWA region 5 meeting on March 23<sup>rd</sup>. There were no additional comments
8. **Adjournment**: The meeting was adjourned at 3:20pm. The next meeting is June 10, 2015.

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY**

**BOARD POLICY COMMITTEE – April 8, 2015**

**Roster of Attendees:**

**Committee Members Present**

Charlie Bronitsky, City of Foster City (Chair)  
Kirsten Keith, City of Menlo Park (Vice Chair)  
Randy Breault, City of Brisbane/GVMID (BAWSCA Vice Chair)  
Rob Guzzetta, California Water Service Company  
Gustav Larsson, City of Sunnyvale  
Jerry Marsalli, City of Santa Clara  
Al Mendall, City of Hayward (Chair)  
Irene O'Connell, City of San Bruno (BAWSCA Chair)  
Barbara Pierce, City of Redwood City  
John Weed, Alameda County Water District

**Committee Members Absent**

Louis Vella, Mid-Peninsula Water District

**BAWSCA Staff:**

Nicole Sandkulla	CEO/General Manager
Michael Hurley	Water Resources Manager
Adrienne Carr	Sr. Water Resources Specialist
Andree Johnson	Water Resources Specialist
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:**

Michele Novotny                      San Francisco Public Utilities Commission



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

**March 19, 2015 – 7 p.m.  
Foster City Community Building, Foster City CA**

<b>MINUTES</b>
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**1. Call to Order/Pledge of Allegiance/Roll Call – 7:00 pm**

BAWSCA Chair, Randy Breault, called the meeting to order and led the salute to the flag. Nicole Sandkulla called the roll. Nineteen (19) members of the Board were present, constituting a quorum. A list of Directors present (19) and absent (7) is attached.

**2. Comments by the Chair:** There were no comments from the Chair.**3. Board Policy Committee (BPC) Report:** Committee Chair, Charlie Bronitsky reported the discussions and actions taken by the Board Policy Committee at its meeting on February 11, 2015.**4. SFPUC Report:** President of the Commission, Ann Caen, and SFPUC General Manager, Harlan Kelly, addressed the BAWSCA Board.

Reports were provided by Dan Wade on the Water System Improvement Program, Dave Briggs on the Water Quality Incident and the State of the Regional Water System, and Michelle Novotny on the Water Supply Conditions.

**5. Public Comments:** Wynn Greich provided public comments.**6. Consent Calendar:** Ms. Sandkulla noted a correction on the Bond Surcharge Collection Report. The actual interest earned in the money market account was \$5,517.00 instead of \$5,503.00.

**Director Breault made a motion, seconded by Director Quigg, to approve the Consent Calendar which includes the Minutes of the January 15, 2015 meeting, the Budget Status Report as of January 31, 2015, the Bond Surcharge Collection Report as of December 31, 2014 (as corrected), and approval of the proposed FY 2015-16 Bond Surcharges.**

**The motion carried unanimously.**

**7. Action Calendar:****A. Adjustments to Staff Top Step Position Compensation**

**Director Vella made a motion, seconded by Director Laporte, that the Board approve adjustments to top step compensation for all positions except the CEO and Office Assistant.**

**8. Reports and Discussions:**

- A. Preliminary Fiscal Year 2015-16 Work Plan and Budget: Ms. Sandkulla presented the Preliminary Fiscal Year 2015-16 Work Plan and Operating Budget.

She reported that funding the budget will require an increase in assessments. Five alternatives were presented to the Board. Ms. Sandkulla recommended a 24% increase in assessments with the use of the surplus Water Management Charge funds associated with the development of the Long-Term Water Supply Strategy to replenish the General Reserve.

- 9. Reports:** Water Resources Manager, Michael Hurley reported on water supply management activities including BAWSCA's implementation of the Strategy recommendations, BAWSCA's comments on SFPUC's State of the Regional Water System Report, and BAWSCA's oversight of the SFPUC's 10-year CIP. He also reported on the State Water Resources Control Board's extension of the drought requirements and restrictions, the Governor's drought relief plan, BAWSCA's conservation programs and its efforts with the SFPUC to expand its drought outreach efforts.

- 10. Directors' Discussion:** Following Director Breault's announcement of Director Laporte's retirement, Director Laporte expressed her appreciation for having the privilege to be a part of the BAWSCA Board, and for BAWSCA's clear goals that focus on key issues that engages its member agencies and cultivates relationships with San Francisco. She thanked the Board and BAWSCA staff for their high performance bar and dedication for ensuring high quality water supply at a fair price for the 1.7 million Bay Area customers. She believes in two truisms, the Devil is in the Details, and Excellence is no Accident.

- 11. Date, Time and Location of Next Meeting:** The next meeting is scheduled on May 21, 2015 in the Wind Room, Foster City Community Center.

- 12. Adjournment:** The meeting adjourned at 9:07 pm.

Respectfully submitted,

Nicole M. Sandkulla  
Chief Executive Officer/General Manager

NMS/le

Attachments: 1) Attendance Roster

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY**  
**Board of Directors Meeting**  
**March 19, 2015**

**Attendance Roster**

**Present:**

Robert Anderson	Purissima Hills Water District
Randy Breault	Guadalupe Valley Water District
Charlie Bronitsky	City of Foster City
Tom Chambers	Westborough Water District
Michael Guingona	City of Daly City
Rob Guzzetta	California Water Service Company
Kirsten Keith	City of Menlo Park
Gustav Larsson	City of Sunnyvale
Marty Laporte	Stanford
Jerry Marsalli	City of Santa Clara
Al Mendall	City of Hayward
Chris Mickelsen	Coastside County Water District
Irene O'Connell	City of San Bruno
Rosalie O'Mahony	City of Burlingame
Tom Piccolotti	North Coast County Water District
Barbara Pierce	City of Redwood City
Dan Quigg	City of Millbrae
Louis Vella	Mid-Peninsula Water District
John Weed	Alameda County Water District

**Absent:**

Ruben Abrica	City of East Palo Alto
Armando Gomez	City of Milpitas
Mike Kasperzak	City of Mountain View
Tom Kasten	Town of Hillsborough
Larry Klein	City of Palo Alto
Sam Liccardo	City of San Jose
Sepi Richardson	City of Brisbane

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## Bay Area Water Supply & Conservation Agency

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

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

**FROM:** Deborah Grimes

**DATE:** May 4, 2015

**SUBJECT:** Budget Status Report as of March 31, 2015

This memorandum shows fiscal year budget status for FY 2014-15. It includes major areas of spending, provides an assessment of the overall budget, and summarizes reserve fund balances. This report covers the budget and expenses for BAWSCA. The BAWSCA budget includes necessary resources for the RFA and BAWUA.

### Operating Budget Summary:

For the nine month period ending March 31, 2015, 75 percent into the fiscal year, total expenditures were \$2,095,090 or 71 percent of the total budget of \$2,939,286.

**Table 1. Operating Budget Summary as of March 31, 2015**

Cost Category	Year-To-Date		
	Budget	Expenses	Percent
<b>Consultants /Direct Expenditures</b>			
Reliability	770,162	334,093	43%
Fair Pricing	287,000	412,206	144%
Administration	85,300	83,107	97%
<b>Subtotal</b>	<b>1,142,462</b>	<b>829,406</b>	<b>73%</b>
<b>Administration and General</b>			
Salary & Benefits	1,439,324	1,074,989	75%
<b>Other Expenses</b>			
BAWSCA	295,000	190,175	64%
BAWUA	1,100	0	0%
<b>Subtotal</b>	<b>2,877,886</b>	<b>2,094,570</b>	<b>73%</b>
<b>Capital Expenses</b>	2,500	0	0%
<b>Budgeted Contingency</b>	57,500	0	0%
<b>Regional Financing Authority</b>	1,400	520	37%
<b>Grand Total</b>	<b>2,939,286</b>	<b>2,095,090</b>	<b>71%</b>

**Overview:**

Overall expenditures for FY 2014-15 are tracking within budget.

**Consultants**

The \$125,000 budget for technical review and tracking of the SFPUC's Water System Improvement Program was 61 percent expended. The Operating Budget allocation of \$150,000 for strategic counsel was 70 percent expended. The Operating Budget allocation of \$524,000 budget for legal counsel was 90 percent expended. As identified previously, this level of expenditure reflects the significant efforts at the beginning of this fiscal year and the successful settlement negotiation of the FY 2010-11 Wholesale Revenue Requirement. The \$160,662 budget for water management and conservation-related activities was 44 percent expended.

**Administration and Other Expenses**

Budgets for salaries and other expenses were 75 and 64 percent expended, respectively.

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

No use of CEO discretionary spending during this period.

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

There have been no accretions or deletions to the General Reserve Fund for the period 12/01/14-01/31/15.

**Table 2. General Reserve Fund Balance**

<b>Fund</b>	<b>Account Balance (As of 01/31/15)</b>	<b>Account Balance (As 03/31/15)</b>
General Reserve	\$521,897	\$521,897

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

Phase 2 of the Long-Term Reliable Supply Strategy (Strategy) began FY 2010-11. Funding is provided through the Water Management Charge, approved by the Board in July 2010. All Water Management Charge revenue, totaling \$2,321,998 has been collected by the SFPUC and received by BAWSCA. Expenditures for strategic and legal support of the Long-Term Reliable Water Supply Strategy are within their respective budgets. Consultant invoices and related expenses received and paid through March 31, 2015 total \$1, 966,378. These costs represent the final expenditures for development of the Strategy, leaving an unspent balance of \$355,620 in the Water Management Charge account.



**Bay Area Water Supply & Conservation Agency**

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

**MEMORANDUM**

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

**FROM: Deborah Grimes, Office Manager**

**DATE: May 7, 2015**

**SUBJECT: Investment Report – As of March 31, 2015**

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In February 2004, the Board originally adopted an investment policy consistent with the Government Code that requires a report on the Agency's investments be provided to the Board. The Board is scheduled to review and consider modifications to the investment policy at the November 20th board meeting. This report presents fund management in compliance with the current investment policy.

Funds in excess of \$250,000 are deposited in the BAWSCA Local Agency Investment Fund (LAIF) account throughout the year to ensure compliance with BAWSCA's investment policy.

BAWSCA's prior and current period LAIF account balances are shown below:

<u>12/31/14</u>	<u>03/31/15</u>
\$1,591,661	\$1,415,761

Of the total in the BAWSCA LAIF account as of March 31, 2015, \$521,897 represents BAWSCA's General Reserve Fund, equivalent to approximately 18 percent of FY 2014-15 Operating Budget. This amount is subject to any final changes to the General Reserve that were previously authorized by the Board for FY 2014-15 but not yet executed. The remaining amount consists of Subscription Conservation Program funds, Water Management funds and unrestricted funds.

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

<u>12/31/14</u>	<u>03/31/15</u>
0.25%	0.26%

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**Bay Area Water Supply & Conservation Agency**

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

**MEMORANDUM**

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

**FROM: Christina Tang, Senior Administrative Analyst**

**DATE: May 11, 2015**

**SUBJECT: Bond Surcharge Collection, Account Balance and Payment Report  
as of March 31, 2015**

---

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

**Bond Surcharge Collections**

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

All surcharges billed for the months from January to March 2015 have been collected. Table 1 below presents a summary of financial transactions related to BAWSCA's Bond Series 2013A and 2013B for the three months.

Table 1: Summary of Surcharges Remitted to Trustee for Quarter Ending 3/31/2015

<u>Month</u>	<u>Amount Billed</u>	<u>Amount Remitted to Trustee</u>
January 2015	\$2,056,235	\$2,056,235
February 2015	\$2,056,235	\$2,056,235
March 2015	<u>\$2,056,235</u>	<u>\$2,056,235</u>
Total	\$6,168,705	\$6,168,705

**Bond Surcharge Account Balances**

All surcharge payments are deposited with the Bank of New York, which manages BAWSCA's accounts and administers debt service payments. BAWSCA's account balances at the Bank of New York and the account activities in the past quarter are shown in Table 2 below.

Table 2: Bank of New York Bond Trustee Account Activity for Quarter Ending 3/31/2015

	<b>21,347,134</b>	<b>Account Market Value as of 12/31/2014</b>
<i>plus:</i>	<i>6,343,957</i>	<i>Surcharge collected in January 2015 through March 2015</i>
<i>plus:</i>	<i>27,539</i>	<i>Coupons and money market fund interest earnings received</i>
<i>plus:</i>	<i>5,920</i>	<i><u>Net Change in securities market value from 12/31/14 to 03/31/2015</u></i>
	<b>27,724,550</b>	<b>Account Market Value as of 03/31/2015</b>

There are two ways interest is earned by BAWSCA on the collected surcharge payments and balances held in the stabilization funds. First, interest is automatically earned on the account balance in the Bank of New York Bond Trustee money market account at a current rate of approximately 0.01%. Last quarter, interest earnings received were \$249. Second, BAWSCA has the ability to invest the collected surcharge payments by purchasing US Treasury securities, possibly earning a higher rate of return than the money market account.

Based upon an evaluation of the available yields, it was determined that BAWSCA would realize a moderate earnings benefit by purchasing the U.S. Treasury securities instead of staying invested in the money market account. For the quarter ending March 31, 2015, BAWSCA's investment earnings on the U.S. Treasury securities and money market funds held in the Stabilization Funds and Principal & Interest Funds (collectively, the "Funds") were \$6,351. As of the quarter ended March 31<sup>st</sup>, the currently held U.S. Treasury securities represent an increase of 22 basis points (0.22%) over what BAWSCA would have earned had the balances remained invested in the money market funds. The \$27,539 shown in Table 2 above includes interest earnings of \$249 received from the money market fund and coupons of \$27,290 received from the securities on a cash basis, which is different from the accrual accounting basis upon which total interest earnings of \$6,351 are calculated.

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

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

The recent debt service payment of \$6,681,251 was made on April 1, 2015. It was paid using the bond surcharges collected from the agencies, consistent with the initial bond structure. The next debt service payment of \$17,991,251 will be made on October 1, 2015. There are sufficient fund in the Trustee account to make the payment. Debt service payments are made on April 1<sup>st</sup> and October 1<sup>st</sup> of each year until 2034.



**Bay Area Water Supply & Conservation Agency**

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

**MEMORANDUM**

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

**FROM:** Deborah Grimes, Office Manager

**DATE:** April 30, 2015

**SUBJECT:** Directors' Reimbursement Quarterly Report for the Period Ending March 31, 2015

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In March 2006, the board adopted a directors' expense reimbursement policy consistent with the Government Code that requires a quarterly report on the Agency's reimbursement of directors' expenses. This report shall show the amount of expenses reimbursed to each director during the preceding three months.

There were no director expenses reimbursed for the quarter ending March 31, 2015.

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**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY**

**BOARD OF DIRECTORS MEETING**

**Agenda Title:**        **Acceptance of BAWSCA's Amended Conflict of Interest Code**

**Summary:**

Pursuant to California Government Code Section 87306.5, BAWSCA must review the Conflict of Interest Code (Code) every even-numbered year or as needed when applicable organizational changes necessitate amendments. Review by BAWSCA staff and legal counsel, in concert with the Fair Political Practices Commission (FPPC), last occurred in 2012, resulting in approval of an updated Code by the FPPC in December 2012. BAWSCA staff and legal counsel worked with the FPPC in 2014, resulting in FPPC action to approve an amended Code that includes new positions created since the last review, and combines the previously-separate BAWSCA and RFA Codes into one.

**Fiscal Impact:**

No impact on BAWSCA's annual operating budget.

**Board Policy Committee Action:**

At its meeting on October 8, 2014, the Committee voted unanimously to recommend Board adoption of the Conflict of Interest Code, following a required 45-day public notice period, subject to further amendment and approval by the FPPC.

**Recommendation:**

**That the Board accept the amended Conflict of Interest Code, as approved by the FPPC.**

**Discussion:**

On October 8, 2014, the Board Policy Committee voted unanimously to recommend adoption of a proposed Conflict of Interest Code following the required 45-day public notice period, subject to further amendment and approval by the FPPC.

The FPPC's interpretation of State law has changed such that the FPPC now is the only entity whose action is legally binding in the adoption of an agency's Conflict of Interest Code, leaving this Board to accept rather than adopt the updated Code.

BAWSCA and the FPPC each were required to issue a 45-day public notice period of the Code's amendments before the FPPC's final adoption. BAWSCA worked with legal counsel to go through the process in concert with the FPPC. BAWSCA's 45-day notice period commenced on February 11, 2015 and terminated on March 28, 2015. FPPC's notice period commenced in February and terminated on April 13, 2015. No comments were received.

On May 6<sup>th</sup>, the FPPC approved BAWSCA's proposed Conflict of Interest Code with no further changes. The Code will become effective on June 5, 2015, which is 30 days after the Commission's approval of the Code.

**Attachments:**

1. FPPC-Approved Conflict of Interest Code
2. Conflict of Interest Code mark up

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**CONFLICT-OF-INTEREST CODE FOR  
BAY AREA WATER SUPPLY AND CONSERVATION AGENCY  
AND  
SAN FRANCISCO BAY AREA REGIONAL WATER SYSTEM FINANCING AUTHORITY**

The Political Reform Act (Government Code Section 81000, et seq.) requires state and local government agencies to adopt and promulgate conflict-of-interest codes. The Fair Political Practices Commission has adopted a regulation (2 California Code of Regulations Section 18730) that contains the terms of a standard conflict-of-interest code, which can be incorporated by reference in an agency's code. After public notice and hearing, the standard code may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act. Therefore, the terms of 2 California Code of Regulations Section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference. This regulation and the attached Appendices, designating positions and establishing disclosure categories, shall constitute the conflict-of-interest code of the **Bay Area Water Supply and Conservation Agency (BAWSCA)** and **San Francisco Bay Area Regional Water System Financing Authority (RFA)**.

Individuals holding designated positions shall file their statements of economic interests with **BAWSCA**, which will make the statements available for public inspection and reproduction. (Gov. Code Sec. 81008.) All original statements will be retained by **BAWSCA**.

Note: RFA is administratively run by BAWSCA.

**CONFLICT-OF-INTEREST CODE FOR  
BAY AREA WATER SUPPLY AND CONSERVATION AGENCY  
AND  
SAN FRANCISCO BAY AREA REGIONAL WATER SYSTEM FINANCING AUTHORITY**

**APPENDIX A  
DESIGNATED POSITIONS**

<u>Designated Positions</u>	<u>Disclosure Categories</u>
Attorney, BAWSCA	1, 2, 3
Office Manager, BAWSCA	1
Senior Administrative Analyst, BAWSCA	1
Senior Water Resources Specialist, BAWSCA	1, 3
Water Resources Specialist, BAWSCA	1, 3
Water Resources Manager, BAWSCA	1, 3
Consultants/New Positions	*

\*Consultants/New Positions shall be included in the list of designated positions and shall disclose pursuant to the broadest disclosure category in the code subject to the following limitations:

The CEO/General Manager may determine in writing that a particular consultant/new position, although a "designated position," is hired to perform a range of duties that is limited in scope and thus is not required to fully comply with the disclosure requirements described in this section. Such written determination shall include a description of the consultant's/new position's duties and, based on that description, a statement of the extent of the disclosure requirements. The CEO's determination is a public record and shall be retained for public inspection in the same manner and location as this conflict-of-interest code. (Gov. Code Sec. 81008).

Note: The position of Attorney is held by an outside consultant, but acts in a staff capacity.



## **Public Officials Who Manage Public Investments**

The following positions are NOT designated in BAWSCA and RFA's Conflict-of-Interest Code because they must file under Government Code Section 87200, and therefore, are listed for informational purposes only:

- Members, Board of Directors, BAWSCA
- CEO/General Manager, BAWSCA
- Members, Board of Directors, RFA
- General Manager, RFA
- Secretary, RFA
- Financial Officer, RFA

An individual holding one of the above listed positions may contact the Fair Political Practices Commission for assistance or written advice regarding their filing obligations if they believe that their position has been categorized incorrectly. The Fair Political Practices Commission makes the final determination whether a position is covered by section 87200.

**CONFLICT-OF-INTEREST CODE FOR  
BAY AREA WATER SUPPLY AND CONSERVATION AGENCY  
AND  
SAN FRANCISCO BAY AREA REGIONAL WATER SYSTEM FINANCING AUTHORITY**

**APPENDIX B  
DISCLOSURE CATEGORIES**

**Disclosure Category 1**

Designated positions in this category must disclose all investments and business positions in business entities, and all sources of income (including receipt of gifts, loans, and travel payments), from businesses of the type to contract with BAWSCA to provide services, supplies, materials, commodities, books, machinery, vehicles or equipment utilized by BAWSCA.

**Disclosure Category 2**

Designated positions in this category must disclose interests in real property, located in whole or in part within the boundaries of BAWSCA, or within two miles of the boundaries of BAWSCA, including any leasehold, beneficial or ownership interest or option to acquire such interest in real property.

**Disclosure Category 3**

Designated positions in this category must disclose all investments and business positions in business entities, and all sources of income (including receipt of gifts, loans, and travel payments), from entities of the type to receive grants or funding from or through BAWSCA.

This is the last page of the conflict-of-interest code for the **Bay Area Water Supply and Conservation Agency and San Francisco Bay Area Regional Water System Financing Authority.**



## CERTIFICATION OF FPPC APPROVAL

Pursuant to Government Code Section 87303, the conflict-of-interest code for the **Bay Area Water Supply and Conservation Agency and San Francisco Bay Area Regional Water System Financing Authority** was approved on May 6, 2015.  
This code will become effective on June 5, 2015.

A handwritten signature in cursive script, reading "Erin V. Peth", written over a horizontal line.

Erin V. Peth

Executive Director

Fair Political Practices Commission

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**CONFLICT-OF-INTEREST CODE FOR  
BAY AREA WATER SUPPLY AND CONSERVATION AGENCY**

The Political Reform Act (Government Code Section 81000, et seq.) requires state and local government agencies to adopt and promulgate conflict-of-interest codes. The Fair Political Practices Commission has adopted a regulation (2 California Code of Regulations Section 18730) that contains the terms of a standard conflict-of-interest code, which can be incorporated by reference in an agency's code. After public notice and hearing, the standard code may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act. Therefore, the terms of 2 California Code of Regulations Section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference. This regulation and the attached Appendices, designating positions and establishing disclosure categories, shall constitute the conflict-of-interest code of the **Bay Area Water Supply and Conservation Agency (BAWSCA)**.

Individuals holding designated positions shall file their statements of economic interests with **BAWSCA**, which will make the statements available for public inspection and reproduction. (Gov. Code Sec. 81008.) All original statements will be retained by **BAWSCA**.

# CONFLICT-OF-INTEREST CODE FOR BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

## APPENDIX A DESIGNATED POSITIONS

<u>Designated Positions</u>	<u>Disclosure Categories</u>
Attorney	1, 2, 3
Office Manager	1
Senior Administrative Analyst	1
<u>Senior Water Resources <del>Engineer</del>/Specialist</u>	<u>1, 3</u>
Water Resources <del>Specialist</del> Planner	1, 3
Water Resources <del>Planning</del> -Manager	1, 3
Consultants/New Positions	*

\*Consultants/New Positions shall be included in the list of designated positions and shall disclose pursuant to the broadest disclosure category in the code subject to the following limitations:

The CEO/General Manager may determine in writing that a particular consultant/new position, although a “designated position,” is hired to perform a range of duties that is limited in scope and thus is not required to fully comply with the disclosure requirements described in this section. Such written determination shall include a description of the consultant's/new position's duties and, based on that description, a statement of the extent of the disclosure requirements. The CEO's determination is a public record and shall be retained for public inspection in the same manner and location as this conflict-of-interest code. (Gov. Code Sec. 81008).

### Public Officials Who Manage Public Investments

The following positions are NOT designated in BAWSCA's Conflict-of-Interest Code because they must file under Government Code Section 87200, and therefore, are listed for informational purposes only:

- Members, Board of Directors
- CEO/General Manager/~~CEO~~

An individual holding one of the above listed positions may contact the Fair Political Practices Commission for assistance or written advice regarding their filing obligations if they believe that their position has been categorized incorrectly. The Fair Political Practices Commission makes the final determination whether a position is covered by section 87200.

**CONFLICT-OF-INTEREST CODE FOR  
BAY AREA WATER SUPPLY AND CONSERVATION AGENCY  
APPENDIX B  
DISCLOSURE CATEGORIES**

**Disclosure Category 1**

Designated positions in this category must disclose all investments and business positions in business entities, and all sources of income (including receipt of gifts, loans, and travel payments), from businesses of the type to contract with BAWSCA to provide services, supplies, materials, commodities, books, machinery, vehicles or equipment utilized by BAWSCA.

**Disclosure Category 2**

Designated positions in this category must disclose interests in real property, located in whole or in part within the boundaries of BAWSCA, or within two miles of the boundaries of BAWSCA, including any leasehold, beneficial or ownership interest or option to acquire such interest in real property.

**Disclosure Category 3**

Designated positions in this category must disclose all investments and business positions in business entities, and all sources of income (including receipt of gifts, loans, and travel payments), entities of the type to receive grants from or through BAWSCA.

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**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY**

**BOARD OF DIRECTORS 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 and achieve critical results for FY 2014-15. The Board Policy Committee was presented with a potential range for a necessary budget increase as the CEO and legal counsel were continuing to evaluate the level of funding necessary and actions to be taken to manage the remaining budget for the balance of the fiscal year. A budget amendment for an additional \$100,000 is recommended to fund necessary work through June 2015 for a revised not to exceed budget of \$624,000.

**Fiscal Impact**

The adopted FY 2014-15 Operating Budget has the funds available for this contract increase. The source of funds will be the budgeted contingency of \$57,500, of which none has been expended to date, and unspent funds associated with other financial and technical consultant contracts, water conservation and grant activities, and miscellaneous sponsorships that are not anticipated to be fully expended this fiscal year.

**Board Policy Committee Action:**

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

**Recommendation:**

**That the Board authorize the CEO/General Manager to amend the professional services contract with Hanson Bridgett by \$100,000 for a total not to exceed amount of \$624,000.**

**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. The recommended budget amendment will also provide the additional legal resources necessary this fiscal year in response to the recent Writ of Mandate filed by Restore Hetch Hetchy in which BAWSCA is named as a defendant and real party of interest. 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).

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**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY**

**BOARD OF DIRECTORS MEETING**

**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 the April Board Policy Committee Meeting. Additional details are provided in the appendices, including a new appendix N, which presents select financial details associated with BAWSCA's subscription conservation programs in response to questions asked by the Committee in April.

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 Governor's Executive Order.

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 of the \$355,600 of unspent funds from the Water Management Charge, to fund the proposed Operating Budget and bring the estimated General Reserve within the budgetary guidelines established by the Board.

**Board Policy Committee Action**

The Committee voted unanimously to recommend the proposed Board action.

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



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

**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
<b>Consultants/ Direct Expenditures</b>			
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
<b>Administration</b>			
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
<b>Capital Expenses</b>	2,500	2,500	(0)
<b>Budgeted Contingency</b>	57,500	57,500	(0)
<b>Regional Financing Authority</b>	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 \$355,600 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 \$652,271, which is \$11,935 or 1.9% higher than the minimum budgetary guideline of \$640,336.

- Alternative A: Increase assessments 21%, the level necessary to fully fund the FY 2015-16 proposed Operating Budget, and use of the \$355,600 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 \$577,061 as of June 30, 2016, which is \$63,275 less than the minimum budgetary guideline.
- Alternative B: Fund the FY 2015-16 proposed Operating Plan with a combination of the \$355,600 in unspent funds from the Water Management Charge fund and a 14.2% increase in assessments and bring the General Reserve to an estimated balance of \$393,291 at the end of FY 2015-16 (which is \$247,045 below the minimum budgetary guideline). Plan for a 14.3 % increase in FY 2016-17 assessments to fund the Operating Budget and return the General Reserve to the minimum budgetary guideline of \$640,336.

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 (\$63,275) 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**

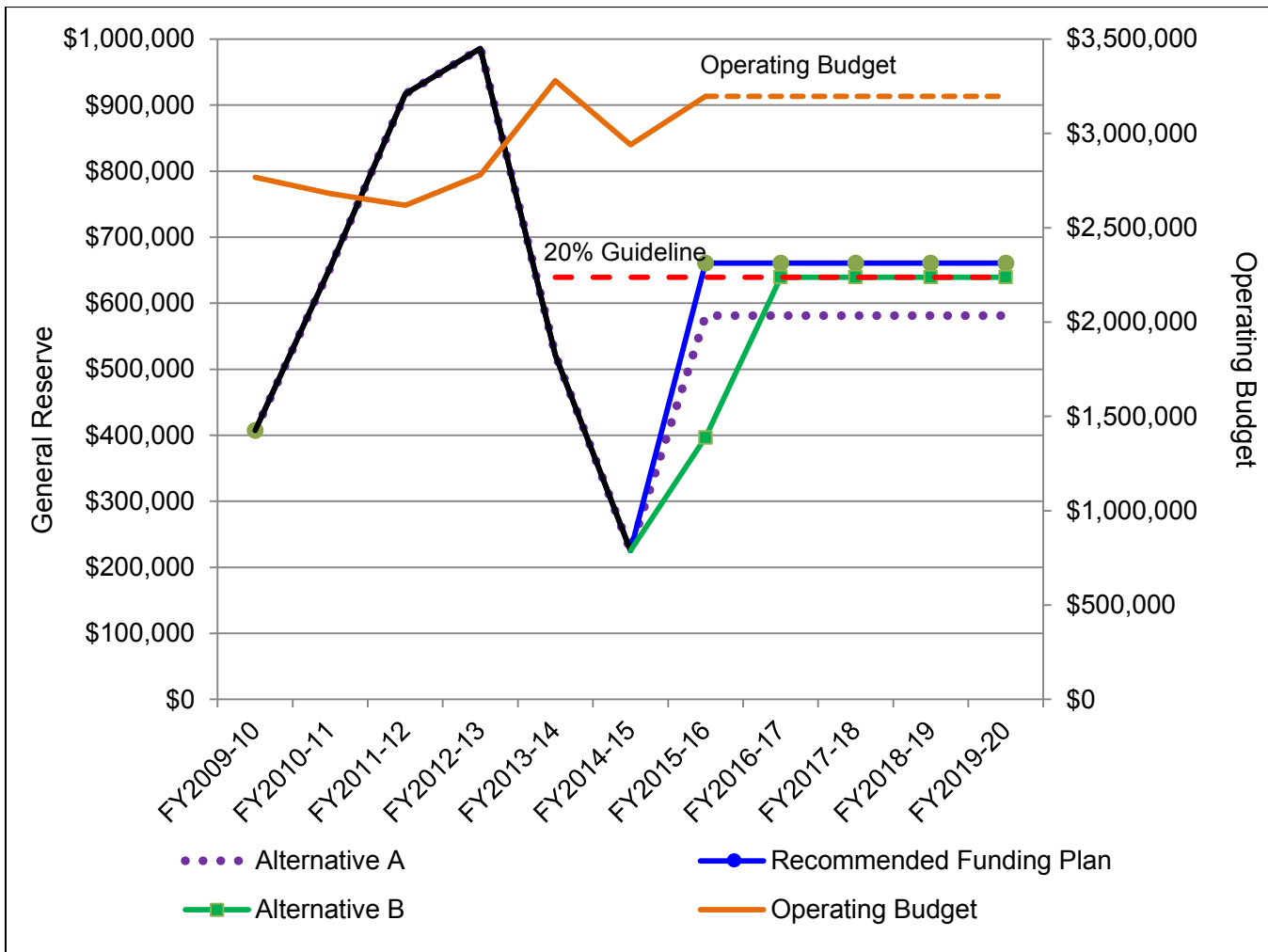


Table 5 below presents the results by member agency of a 24%, or \$634,237, increase in assessments. Note that a 1% increase in assessments is roughly \$26,427. Last year was the first year BAWSCA raised assessments following five years of no assessment increase. The history of BAWSCA assessments is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

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

<b>Members</b>	<b>Adopted FY 2014-15 Annual Assessment</b>	<b>Assessments with 24% Increase</b>	<b>Difference</b>
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 N 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. A surplus of \$355,600 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**

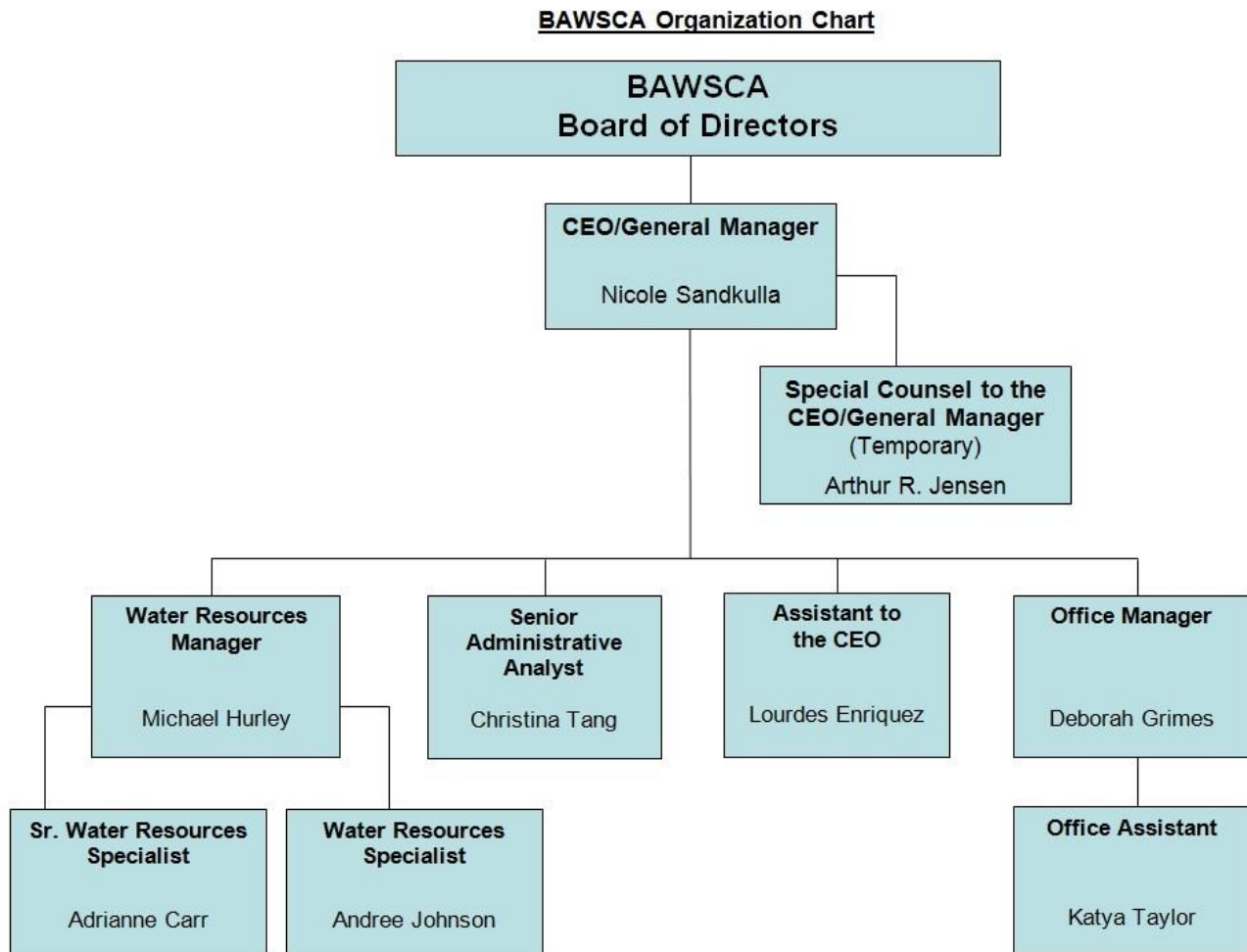
Outside professional services are used to provide specialized services and augment staff.

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**

<b><u>Program Area</u></b>	<b><u>Activity</u></b>
Fair Price	<ul style="list-style-type: none"> <li>Produce an independent evaluation of wholesale rate structures and how retail rates could be 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.</li> </ul>
Reliable Supply	<ul style="list-style-type: none"> <li>Coordinate or develop and implement drills of emergency preparedness procedures between the SFPUC and the BAWSCA member agencies (including their associated cities and counties) to protect the public health and safety of the water customers. Historical drills have focused on more on testing SFPUC response and communication rather than integrated response and operations.</li> <li>Develop regional conservation program materials for BAWSCA member agencies to support their programs and BAWSCA's programs in a uniform fashion</li> <li>Modify BAWSCA's Water Conservation Database to match current CUWCC reporting requirements.</li> </ul>

**Appendix N: Select Financial Details Related to BAWSCA's Subscription Conservation Program**

Table N-1 below provides select financial information for BAWSCA's subscription conservation programs for the past five years including BAWSCA staff costs that are reimbursed by the participating member agencies. Other costs are not included in the table below, for example, rebates and other costs paid directly by the participating member agencies and quantification of grant funds used. More complete details on BAWSCA's subscription programs, cost, and level of activity, is included in BAWSCA's Annual Water Conservation Report.

**Table N-1: Select Financial Details Related to BAWSCA  
Subscription Conservation Programs**

	<b>Direct Program Cost - Reimbursed</b>	<b>BAWSCA Staff Cost - Reimbursed</b>	<b>BAWSCA Admin. Cost - Reimbursed</b>
<b>FY 2009-10</b>			
HET Rebate		\$9,352	\$7,708
Large Landscape Audit	\$193,185	\$1,184	
WaterWise Ed. Kits	\$104,091		
Washing Machine Rebate	\$916,740	\$20,148	
Pre-Rinse Spray Valve	\$14,239		
<b>Total</b>	<b>\$1,228,255</b>	<b>\$30,684</b>	<b>\$7,708</b>
<b>FY 2010-11</b>			
EarthCapades	\$54,315		
HET Rebate		\$8,824	\$4,783
Large Landscape Audit	\$102,764	\$1,184	
Lawn Be Gone			\$2,266
WaterWise Ed. Kits	\$117,103	\$1,303	
Washing Machine Rebate	\$652,152	\$22,356	
<b>Total</b>	<b>\$926,334</b>	<b>\$33,667</b>	<b>\$7,050</b>
<b>FY 2011-12</b>			
EarthCapades	\$61,965	\$1,500	
HET Rebate		\$8,115	\$4,151
Large Landscape Audit	\$99,457	\$1,332	
Lawn Be Gone		\$140	\$2,861
WaterWise Ed. Kits	\$108,951	\$3,221	
Washing Machine Rebate	\$455,290	\$8,559	\$544
<b>Total</b>	<b>\$725,663</b>	<b>\$22,867</b>	<b>\$7,556</b>
<b>FY 2012-13</b>			
EarthCapades	\$64,110	\$1,900	
HET Rebate		\$6,675	\$300
Large Landscape Audit	\$66,045	\$1,332	
Lawn Be Gone		\$380	\$2,434
WaterWise Ed. Kits	\$65,922	\$5,368	\$1,494
Washing Machine Rebate	\$419,625	\$16,851	\$1,581
<b>Total</b>	<b>\$615,702</b>	<b>\$32,506</b>	<b>\$5,808</b>
<b>FY 2013-14</b>			
EarthCapades	\$61,325	\$2,120	
HET		\$6,785	\$300
Large Landscape Audit	\$85,996	\$1,184	
Lawn Be Gone		\$2,420	
WaterWise Ed. Kits	\$89,864	\$2,668	
Washing Machine Rebate	\$325,775	\$9,964	\$1,104
<b>Total</b>	<b>\$562,960</b>	<b>\$25,141</b>	<b>\$1,405</b>

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY**

**BOARD OF DIRECTORS 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 ten 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.

**Board Policy Committee Action:**

The Committee voted unanimously to recommend the proposed Board action.

**Recommendation:**

**That the Board approve the seventeen contracts, subject to legal counsel's review, 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 ten 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**

<b><u>Services Provided</u></b>	<b><u>FY 2014-15</u> <u>(as of 3/31/15)</u></b>	<b><u>Proposed</u> <u>FY 2015-16</u></b>
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
Harlan Wendell (Strategic Counsel)	\$150,000	150,000
<b>Total</b>	<b>\$1,001,000</b>	<b>1,032,000</b>

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

<b>Service Provided</b>
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 OF DIRECTORS MEETING**

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

**Summary:**

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with BLX Group LLC (BLX) for FY 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.

**Board Policy Committee Action:**

The Committee voted unanimously to recommend the proposed Board action.

**Recommendation:**

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

**Discussion:**

BAWSCA retained BLX Group LLC as the investment advisor to identify the investment alternatives available to the agency's bond stabilization fund deposited at the Trustee, Bank of New York (BNY) for FY 2013-14. 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. 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.

**Not to Exceed Contract Limit: \$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.

**Not to Exceed Contract Limit: \$2,500**

**Rates & Charges:**

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

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

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY**

**BOARD OF DIRECTORS MEETING**

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

**Summary:**

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

**Board Policy Committee Action:**

The Committee voted unanimously to recommend the proposed Board action.

**Recommendation:**

**That the Board authorize the CEO/General Manager to negotiate and execute a contract, subject to legal counsel's review, between BAWSCA and B&C, 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 2014-15 the budget was \$30,000. .

For FY 2015-16, a \$20,000 budget is proposed for B&C 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.

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. 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, which BAWSCA does not have. 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.



**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**

<b>Service Level</b>	<b>Description</b>	<b>Responsibility</b>
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 OF DIRECTORS MEETING**

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

**Summary:**

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with Burr, Pilger and Mayer (BPM) for FY 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.

**Board Policy Committee Action:**

The Committee voted unanimously to recommend the proposed Board action.

**Recommendation:**

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

**Discussion:**

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

**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 OF DIRECTORS 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.

**Board Policy Committee Action:**

The Committee voted unanimously to recommend the proposed Board action.

**Recommendation:**

**That the Board authorize the CEO/General Manager to negotiate and execute a contract between BAWSCA and Hanson Bridgett for a not-to-exceed amount of \$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 B presents the rates and charges for FY 2015-16.



**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	\$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 OF DIRECTORS MEETING**

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

**Summary:**

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with Hilton, Farnkopf and Hobson (HFH) for as needed assistance in administering the 2009 Water Supply Agreement (WSA) and other activities during FY 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.

**Board Policy Committee Action:**

The Committee voted unanimously to recommend the proposed Board action.

**Recommendation:**

**That the Board authorize the CEO/General Manager to negotiate and execute a contract between BAWSCA and HFH for a not-to-exceed amount of \$20,000, subject to legal counsel's review.**

**Discussion:**

HFH has been providing BAWSCA, and its predecessor organization BAWUA, 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 OF DIRECTORS 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.

**Board Policy Committee Action:**

The Committee voted unanimously to recommend the proposed Board action.

**Recommendation:**

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

**Not to Exceed Contract Limit: \$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 OF DIRECTORS MEETING**

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

**Summary:**

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with Orrick, Herrington & Sutcliffe, LLP (Orrick) for FY 2015-16 for as needed legal support on 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.

**Board Policy Committee Action:**

The Committee voted unanimously to recommend the proposed Board action.

**Recommendation:**

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

**Discussion:**

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

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

**Board Policy Committee Action:**

The Committee voted unanimously to recommend the proposed Board action.

**Recommendation:**

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

**Discussion:**

In November 2007, Mr. Roberts was retained to assist in reviewing the progress of the WSIP. In FY 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.

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

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**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY**

**BOARD OF DIRECTORS MEETING**

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

**Summary:**

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with Stetson Engineering for FY 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.

**Board Policy Committee Action:**

The Committee voted unanimously to recommend the proposed Board action.

**Recommendation:**

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

**Discussion:**

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

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

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

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

The draft scope of services with Stetson Engineers for FY 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 OF DIRECTORS MEETING**

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

**Summary:**

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

**Board Policy Committee Action:**

The Committee voted unanimously to recommend the proposed Board action.

**Recommendation:**

**That the Board authorize the CEO/General Manager to execute a contract between BAWSCA and Mr. Wendell, subject to legal counsel's review, 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.

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

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY**

**BOARD OF DIRECTORS MEETING**

**Agenda Title:**           **Professional Services Contract with 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.

**Board Policy Committee Action:**

The Committee voted unanimously to recommend the proposed Board action.

**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 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 OF DIRECTORS 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.

**Board Policy Committee Action:**

The Committee voted unanimously to recommend the proposed Board action.

**Recommendation:**

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

- 1. Negotiate and execute a contract between BAWSCA and EarthCapades, subject to legal counsel's final review, for implementation of the School Assembly Program in FY 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 OF DIRECTORS 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.

**Board Policy Committee Action:**

The Committee voted unanimously to recommend the proposed Board action.

**Recommendation:**

**That 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 OF DIRECTORS 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.

**Board Policy Committee Action:**

The Committee voted unanimously to recommend the proposed Board action.

**Recommendation:**

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

- 1. Negotiate and execute a contract between BAWSCA and Resource Action Programs, subject to legal counsel's final review, for implementation of the School Education Program in FY 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 5<sup>th</sup> grade students and includes (1) an 8-unit curriculum that is given to teachers, and (2) a water audit kit. The kit may be an Indoor or Outdoor Water Audit Kit, depending upon which type of kit the agency opts to fund.

Table 1 provides information 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**

<b>Program Information</b>	<b>FY 2005/06</b>	<b>FY 2006/07</b>	<b>FY 2007/08</b>	<b>FY 2008/09</b>	<b>FY 2009/10</b>	<b>FY 2010/11</b>	<b>FY 2011/12</b>	<b>FY 2012/13</b>	<b>FY 2013/14</b>
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.

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

**PROGRAM DESCRIPTION**

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

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

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

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

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

#### **TEACHER ACCEPTANCE**

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

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

#### **PROGRAM GOALS**

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

#### **PROGRAM OBJECTIVES**

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

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

#### **ESTIMATED PROGRAM RESULTS**

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

**Projected 10 year Savings:**

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

(Actual results will vary)

**PROGRAM MATERIALS**

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

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

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

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

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

**PROGRAM IMPLEMENTATION**

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

***Responsibilities of Contractor:***

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

A. Providing all school contact and enrollment services. Contractor will work directly with BAWSCA and/or BAWSCA Member Agencies to identify schools eligible to participate in the Program. Contractor will prepare Program marketing material describing the Program that will be sent with the Program enrollment form. The Contractor will e-mail or fax a WaterWise Program Enrollment form to each school identified by BAWSCA and/or a BAWSCA Member Agency list to notify all 5th grade teachers that the Program is available in their area and to encourage them to enroll. If the e-mail or fax does not achieve the enrollment level as committed by the sponsor, the Contractor will attempt to contact the individual teachers via telephone or US mail to make them aware of the Program's availability and to encourage enrollment. If Contractor is having difficulty enrolling a school or classroom in the Program, or if that school/classroom has not been enrolled by March 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](http://www.getwise.org) web site address where there is a Frequently Asked Questions Section and an email link for questions. Additionally, the Contractor will attempt to contact each teacher via phone or email close to the

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

E. Providing a Program Status Report. The Contractor will inform BAWSCA of each school that decides to participate and the name of each school in which the Program will be presented. The format of such notification will be in the form of a monthly report to BAWSCA. The report will include a listing of all of the schools and classrooms that Contractor is attempting to enroll in the Program and a status for each that includes information as to how many participants have enrolled for each school and classroom. If Contractor is having difficulty enrolling a school or classroom in the Program, or if that school/classroom has not been enrolled by March 15, 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 5<sup>th</sup> grade classrooms as possible, within the sponsor's service territory, and shall not exceed the funding limits designated by the Program sponsor. Program sponsors will be billed by BAWSCA for the actual number of BAWSCA Indoor WaterWise Program Participants that enroll in the program and receive the WaterWise Materials.

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

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

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

**PROGRAM DESCRIPTION**

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

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

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

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

## **TEACHER ACCEPTANCE**

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

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

## **PROGRAM GOALS**

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

## **PROGRAM OBJECTIVES**

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

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

## **PROGRAM MATERIALS**

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

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

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

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

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

### ***PROGRAM IMPLEMENTATION***

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

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

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

A. Providing all school contact and enrollment services. Contractor will work directly with BAWSCA and/or BAWSCA Member Agencies to identify schools eligible to participate in the Program. Contractor will prepare Program marketing material describing the Program that will be sent with the Program enrollment form. The Contractor will e-mail or fax an Outdoor WaterWise Program Enrollment form to each school identified by BAWSCA and/or a BAWSCA Member Agency list to notify all 5th grade teachers that the Program is available in their area and to encourage them to enroll. If the e-mail or fax does not achieve the enrollment level as committed by the sponsor, the Contractor will attempt to contact the individual teachers via telephone or US mail to make them aware of the Program's availability and to encourage enrollment. If Contractor is having difficulty enrolling a school or classroom in the Program, or if that school/classroom has not been enrolled by March 15, 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](http://www.getwise.org) web site address where there is a Frequently Asked Questions Section and an email link for questions. Additionally, the Contractor will attempt to contact each teacher via phone or email close to the Program implementation date, as indicated by the teacher upon enrollment, to confirm implementation timing and to provide answers to any questions the teacher may have about the Program at that time.

E. Providing a Program Status Report. The Contractor will inform BAWSCA of each school that decides to participate and the name of each school in which the Program will be presented. The format of such notification will be in the form of a monthly report to BAWSCA. The report will include a listing of all of the schools and classrooms that Contractor is attempting to enroll in the Program and a status for each that includes information as to how many participants have enrolled for each school and classroom. If Contractor is having difficulty enrolling a school or classroom in the Program, or if that school/classroom has not been enrolled by March 15, 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 5<sup>th</sup> grade classrooms as possible, within the sponsor's service territory, and shall not exceed the funding limits designated by the Program sponsor. Program sponsors will be billed by BAWSCA for the actual number of BAWSCA Outdoor WaterWise Program Participants that enroll in the program and receive the Outdoor WaterWise Materials.

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

**Resource Action Programs®**

***Program Center***

**976 United Circle**

**Sparks, NV 89431**

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

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

**Contact: Joseph Thrasher**

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

**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](http://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 5<sup>th</sup> grade participant sponsored, the program will attempt to fulfill the following objectives:

- ◆ Install 1 High-efficiency Showerhead and 2 faucet aerators
- ◆ 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](http://www.getwise.org) web site address where there is a Frequently Asked Questions Section and an email link for questions. Additionally, the Contractor will attempt to contact each teacher via phone or email close to the Program implementation date, as indicated by the teacher upon enrollment, to confirm implementation timing and to provide answers to any questions the teacher may have about the Program at that time.

E. Providing a Program Status Report. The Contractor will inform BAWSCA of each school that decides to participate and the name of each school in which the Program will be presented. The format of such notification will be in the form of a monthly report to BAWSCA. The report will include a listing of all of the schools and classrooms that Contractor is attempting to enroll in the Program and a status for each that includes information as to how many participants have enrolled for each school and classroom. If Contractor is having difficulty enrolling a school or classroom in the Program, or if that school/classroom has not been enrolled by March 15, 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 5<sup>th</sup> grade classrooms as possible, within the sponsor's service territory, and shall not exceed the funding limits designated by the Program sponsor. Program sponsors will be billed by BAWSCA for the actual number of BAWSCA 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](mailto:JThrasher@resourceaction.com)**

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY**

**BOARD OF DIRECTORS MEETING**

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

**Board Policy Committee Action:**

The Committee voted unanimously to recommend the proposed Board action.

**Recommendation:**

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

- 1. Negotiate and execute a contract between BAWSCA and Tuolumne River Trust, subject to legal counsel’s final review, for implementation of this classroom education program in FY 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 OF DIRECTORS 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.

**Board Policy Committee Action:**

The Committee voted unanimously to recommend the proposed Board action.

**Recommendation:**

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

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

**Discussion:**

Fiscal Year 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.

**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.

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

<b>Program Description</b>	<b>FY 2002/03</b>	<b>FY 2003/04</b>	<b>FY 2004/05</b>	<b>FY 2005/06</b>	<b>FY 2006/07</b>	<b>FY 2007/08</b>	<b>FY 2008/09</b>	<b>FY 2009/10</b>	<b>FY 2010/11</b>	<b>FY 2011/12</b>	<b>FY 2012/13</b>	<b>FY 2013/14</b>
Number of Participating BAWSCA Members	4	5	4	5	6	9	11	12	9	9	9	8
Estimated Savings (acre-feet per year AFY) <sup>1</sup>	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	\$1,216 <sup>2</sup>

<sup>1</sup>Savings are calculated on a calendar year basis.

<sup>2</sup>Includes bond surcharge

**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.

**Board Policy Committee Action:**

The Committee voted unanimously to recommend the proposed Board action.

**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 provides a cost-effective means of achieving water conservation savings and customer engagement. In addition, this program provides 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:

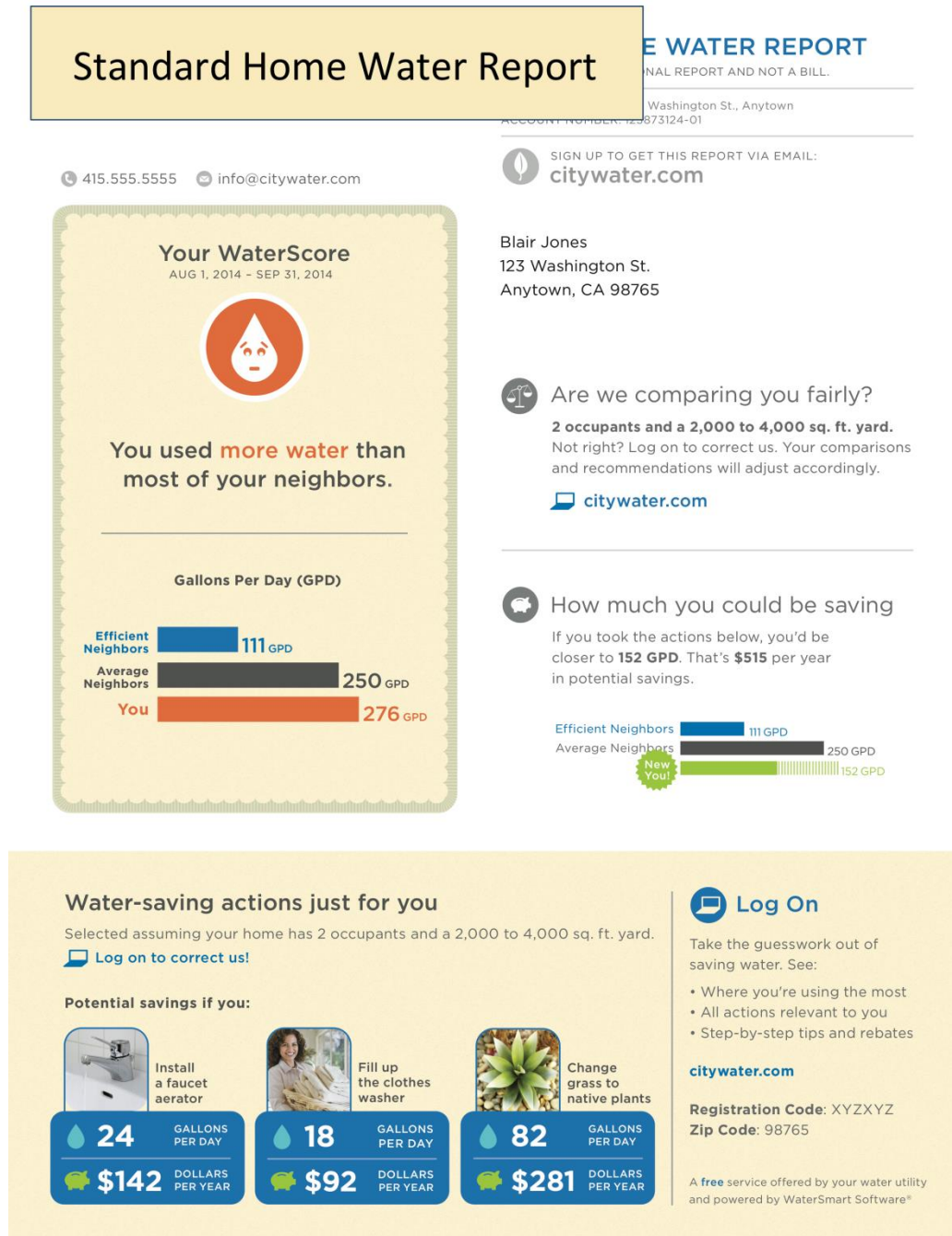
- Organize initial project kickoff meeting (remote or online)
- Monitor the status of all deliverables
- Provide regular project status report updates
- Prepare meeting agendas (including input from Participating Agency)
- Monitor engagement rates and message effectiveness
- Communicate project feature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

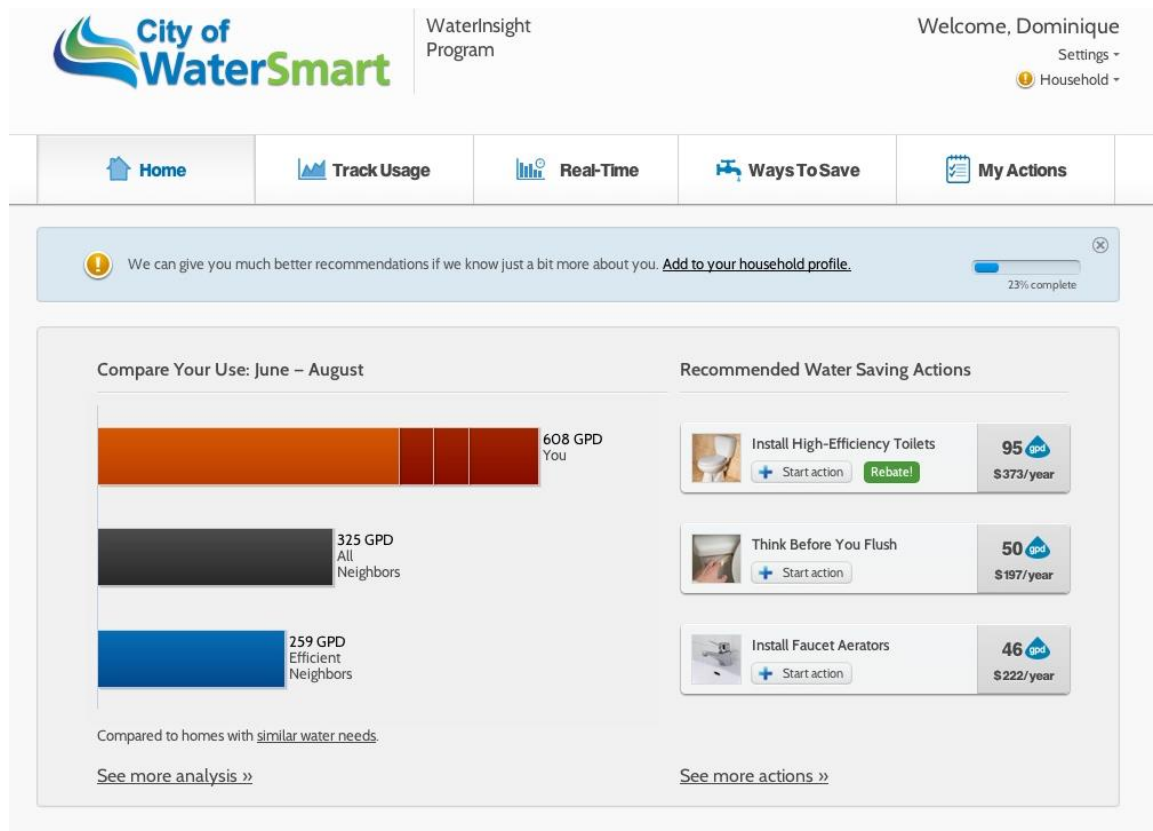
Figure 1: Standard Home Water Report Example





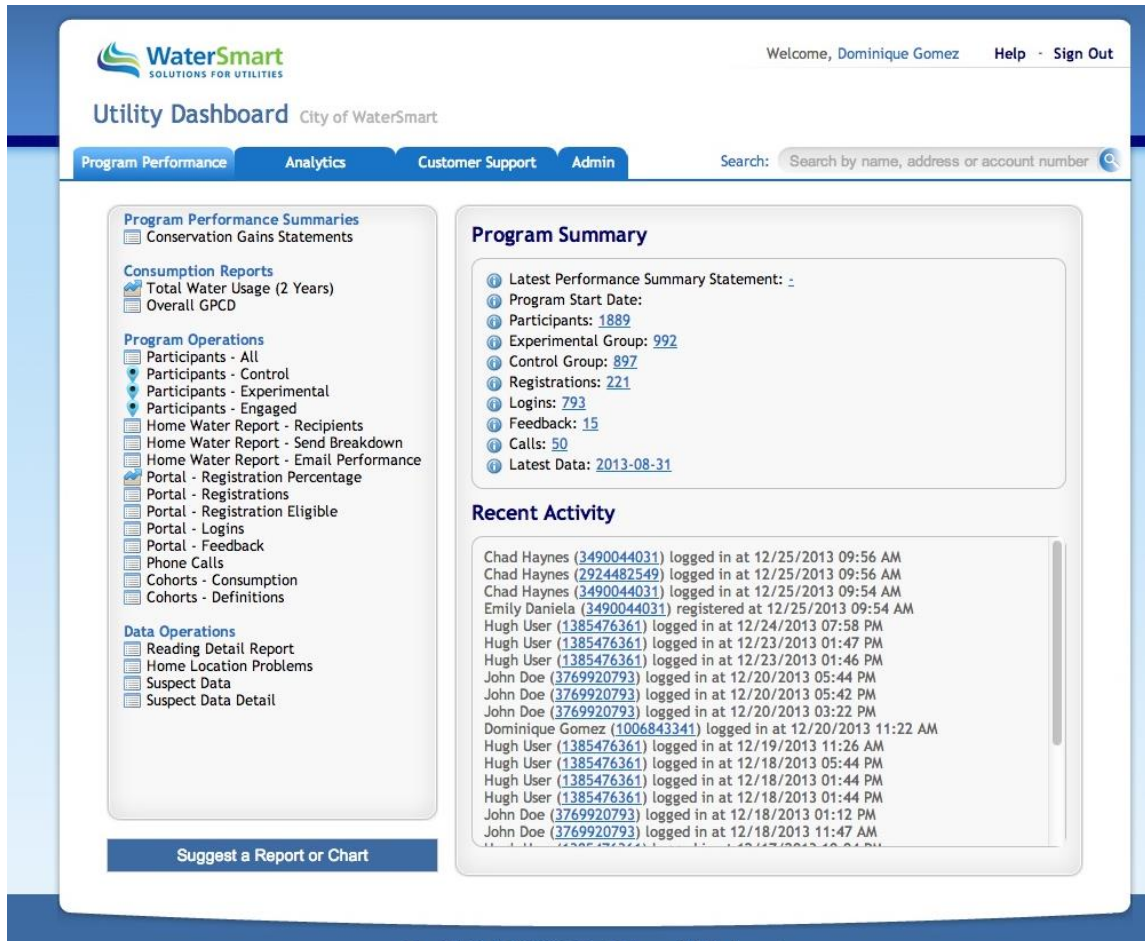
Appendix B — Customer Portal

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***

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

#### ***Lite***

<b>Week 0: Sign Agreement</b>	<ul style="list-style-type: none"> <li>✓ Participating Agency has signed all forms needed for enrollment. BAWSCA, staff from Participating Agencies and WaterSmart hold BAWSCA-wide kick off meeting.</li> </ul>
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<b>Week 1: Finalize Partnership</b>	<ul style="list-style-type: none"> <li>✓ WaterSmart and Participating Agency identify the staff involved in the partnership and clarify the role of each team member in the launch process.</li> <li>✓ WaterSmart and Participating Agency coordinate the schedule of our weekly status calls.</li> <li>✓ 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.</li> </ul>
<b>Week 2-3: Share Data</b>	<ul style="list-style-type: none"> <li>✓ Participating Agency transmits initial account data to WaterSmart.</li> <li>✓ WaterSmart works with Participating Agency staff and, if needed, vendors to set up ongoing transfer of meter data from all accounts.</li> </ul>
<b>Week 3-6: Train and Launch</b>	<ul style="list-style-type: none"> <li>✓ WaterSmart provides training link and materials via email.</li> </ul>

***AMI***

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

**Implementation Schedule**

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

**Standard**

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

**Lite**

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

<b>Month 4</b>	✓ WaterSmart mails and emails second round of Home Water Report.
<b>Month 5</b>	✓ WaterSmart finalizes content for third Home Water Report.
<b>Month 6</b>	✓ WaterSmart mails and emails third round of Home Water Report. ✓ WaterSmart provides program update via email.
<b>Month 7</b>	✓ WaterSmart finalizes content for fourth Home Water Report. ✓ WaterSmart shares initial results with Participating Agency and BAWSCA staff via email.
<b>Month 8</b>	✓ WaterSmart mails and emails fourth round of Home Water Report.
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***AMI***

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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.

**Board Policy Committee Action:**

The Committee voted unanimously to recommend the proposed Board action.

**Recommendation:**

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

**Goals for Web Site Update**

The Web Site Update Project has the following objectives:

- User-friendly navigation - BAWSCA seeks a website design that connects its audience with the wide range of information, effectively and effortlessly. In particular, the new website design should drive customer participation in BAWSCA's water conservation programs.
- Updated look - The website design should be visually appealing and include new graphics and images that are cohesively integrated across all of BAWSCA's collateral material and medium.
- Two-way communication - The website format should support online data entry and access (e.g. online registration for BAWSCA's landscape education classes).
- Data visualization - The current BAWSCA website is primarily written content. BAWSCA seeks a website with improved data visualization to communicate information on its water supplies, water demands, and other historical trends.
- Efficient content management - BAWSCA's website management is done by the agency's administrative staff and Water Resources Specialist, and therefore requires a content editor that is user-friendly and highly efficient for the content managers.

**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
- Content Editing
- Beta Testing
- Training
- Website Launch
- Customer Support and Site Analytics
- Ongoing As-Needed Support to BAWSCA

**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

June 5, 2015

Request for Proposals Released

Requests for Clarification Due

June 19, 2015  
July 6 – 10, 2015  
July 20, 2015  
August 3, 2015  
December 31, 2015  
January 2016  
February 2016

Proposals Due  
Interviews with Finalists  
Notify Vendors of Results of RFP  
Begin Website Redesign  
Website Design to Be Complete  
Staff Training of New Website  
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**

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

## **MEMORANDUM**

**TO:** BAWSCA Board of Directors  
**DATE:** May 15, 2015  
**FROM:** Nicole Sandkulla, CEO/General Manager  
**SUBJECT:** Chief Executive Officer/General Manager's Letter

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### **Mountain Tunnel**

In January, 2014, SFPUC General Manager Harlan Kelly notified BAWSCA that portions of the lining of the Mountain Tunnel had deteriorated to a point that the facility was subject to a catastrophic collapse, cutting off the supply of water from the Hetch Hetchy Reservoir to Bay Area customers for many months until it could be repaired.

Over the past year, BAWSCA staff and its consultants have participated in numerous meetings with the SFPUC and its consultants to discuss various options to address the tunnel's condition and recently met with the SFPUC staff ahead of the presentation to the Commission. BAWSCA has requested that the SFPUC adopt a comprehensive schedule and plan to address the Mountain Tunnel issue, develop and adopt an emergency restoration plan in the possible event of a tunnel failure, and identify the plan for ensuring water supply is available to all water customers of the Regional Water System following a failure of Mountain Tunnel.

On April 28th, SFPUC staff updated its Commission regarding its near and long-term activities to identify and implement a solution to address the deteriorated condition of the Mountain Tunnel, a 19-mile tunnel that is a vital link in San Francisco Regional Water System. A copy of my comments to the Commission at its April 28<sup>th</sup> meeting on Mountain Tunnel is attached to this memo.

The SFPUC provided BAWSCA with a draft schedule for both short and long-term activities to address the tunnel conditions, an Emergency Restoration Plan, and other supporting documents regarding the SFPUC's evaluation of options for a long-term fix for Mountain Tunnel. BAWSCA staff and its consultants are reviewing the materials and will be following up with SFPUC staff to address concerns and answer additional questions. An update on these activities will be provided to the BAWSCA Board as appropriate.

### **Pilot Water Transfer - Update**

BAWSCA is continuing development of a pilot water transfer in partnership with the East Bay Municipal Utilities District (EBMUD), San Francisco Public Utilities Commission (SFPUC), the City of Hayward (Hayward), and Yuba County Water Agency (YCWA).

On April 15, EBMUD declared a Stage 4 critical drought and began operation of its Freeport Facilities to deliver at least 65,000 acre-feet of supplemental supplies for their customers. As reported previously, execution of the pilot transfer is contingent on the actions of others including EBMUD's operation of its Freeport Facilities. Due to their current operational plan and

water supply situation, EBMUD will not have additional capacity in their system to wheel water for BAWSCA to complete a pilot water transfer for the balance of 2015. In addition, YCWA has stated that it does not anticipate having any supply to sell during the fall of 2015.

BAWSCA is continuing its work on finalizing the necessary agreements and environmental documentation required to execute a pilot water transfer during the spring of 2016.

### **San Francisco Regional Water System Water Quality Incident**

On March 3<sup>rd</sup> 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.

The Joint BAWSCA-SFPUC Water Quality Committee met on May 13<sup>th</sup> and discussed recommendations and potential future responses. As a part of the corrective action plan to the State Water Resources Control Board Division of Drinking Water, the SFPUC will be required to identify actions to (1) prevent incidents, (2) better respond to future incidents, and (3) improve online water quality monitoring capabilities in the Regional Water System. BAWSCA will continue to work with the Joint Water Quality Committee, the Wholesale Customers, and the SFPUC to address this incident.

In addition, BAWSCA confirmed that the costs that SFPUC has or will reimburse related to this incident are Retail costs and not Regional Water System Costs.

### **Regional Drought Campaign**

BAWSCA continues to work with SFPUC on the development and implementation of a regional drought messaging campaign. The regional campaign is scheduled to begin on June 15<sup>th</sup> and will continue through the summer. The purpose of the campaign is to provide a strong visual and attention-grabbing marketing campaign to support and reinforce continued water conservation in the BAWSCA service area. Campaign themes will include reduction to outdoor irrigation, turf removal, leak repair, and behavioral changes. The campaign composition will include outdoor billboards, newspaper ads, television, and YouTube. In addition to the regional media buys, all campaign materials will be made available to the BAWSCA member agencies for use in their individual outreach efforts.

Attachment:

1. Statement by Nicole Sandkulla at the SFPUC meeting about the Mountain Tunnel Threat, dated April 28, 2015



**Statement by Nicole Sandkulla, BAWSCA CEO/General Manager, at the San Francisco Public Utilities Commission Meeting about the Mountain Tunnel Threat**

**April 28, 2015**

As you know, BAWSCA is very concerned with the water-supply risk for its constituents by the condition of the Mountain Tunnel.

In March, I asked that this Commission and BAWSCA be provided a comprehensive plan and schedule to remove this threat.

While I welcome the presentation you have received today, it doesn't give you, BAWSCA or water users the plan, the schedule and the confidence that this will be fixed.

I have three specific comments about the information you have received today:

- **First**, the presentation references an "Emergency Restoration Plan", which I requested in January 2014 when the Mountain Tunnel risk was identified. But BAWSCA just received a copy of this plan, which was completed four months ago in December 2014.
- BAWSCA supports the "adit-access" improvements being suggested and believe they are a necessary first step.
- We will review this document to determine if it provides sufficient actions and urgency, with associated detail, to minimize the threat to our service area from water-supply disruptions due to failure of the Mountain Tunnel.
- An acceptable plan must address restoration of the facilities and include a detailed identification of the potential water-supply impact, and an assured alternative source and system to protect BAWSCA's water users if a Tunnel outage happens before it is repaired or bypassed with a new tunnel. What are the actions that must be taken and by when to avoid such a catastrophe?
- **Second**, based on conversations with General Manager Kelly and Ms. How, I have been told that no decision has been made to only repair the existing tunnel or build a new bypass tunnel. Unfortunately, this is not clear in the presentation materials for today, or the written materials that have been made available to the Commission and the public. This should be a very high priority.
- **Third**, the lack of meaningful progress on the Mountain Tunnel fix highlights the critical need for this project to have a schedule and budget that is adopted by the Commission. Such information would ordinarily be included in a project's comprehensive plan. This was a very successful step with the Water System Improvement Program

I understand that such a schedule and budget can be finished in a month. So, I ask the Commission to request that this information be presented to you for adoption in May so that you, your water customers – including the 1.7 million that are served by my member agencies – and the public, can be reassured that this project is underway and its progress can be measured.

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# Board of Directors Policy Calendar through Jan. 2016

Board Meeting	Purpose	Issue or Topic
May 2015	D&A D&A	Consideration of Proposed FY 15-16 Work Plan and Budget Consideration of Annual Contracts
July 2015	D&A D&A R&D	Bay Area Reliability Partnership - Feasibility Study Cost Share Agreement New Subscription Conservation Program – Conservation Mgmt. System BAWSCA Pilot Water Transfer Plan Report
Sept. 2015	R&D	Review of General Reserve Policy
Nov. 2015	R&D D&A	BAWSCA Mid-Year Review for FY 2015-16 Work Plan and Budget Review Water Supply Forecast & Decide if a Transfer Should be Pursued
January 2016	D&A D&A D	Review Water Supply Forecast & Decide if a Transfer Should be Pursued 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

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

**Meeting Schedule through June 2016**

<b>Schedule for BAWSCA Board Meetings (Meetings are held from approx. 7:00 – 9:00 p.m.)</b>	
<b><u>Date</u></b>	<b><u>Location</u></b>
Thursday – May 21, 2015	Wind Room, Foster City Community Center
Thursday – July 16, 2015	Wind Room, Foster City Community Center
Thursday – September 17, 2015	Wind Room, Foster City Community Center
Thursday – November 19, 2015	Wind Room, Foster City Community Center
Thursday – January 21, 2016	Wind Room, Foster City Community Center
Thursday – March 17, 2016	Wind Room, Foster City Community Center
Thursday – May 19, 2016	Wind Room, Foster City Community Center

<b>Schedule for RFA Board Meetings (Meeting time will be announced)</b>	
<b><u>Date</u></b>	<b><u>Location</u></b>
Thursday – July 16, 2015	Wind Room, Foster City Community Center
Thursday – January 21, 2016	Wind Room, Foster City Community Center

<b>Schedule for BAWSCA Board Policy Committee Meetings (Meetings held from 1:30-4:00 p.m.)</b>	
<b><u>Date</u></b>	<b><u>Location</u></b>
Wednesday – June 10, 2015	155 Bovet Rd., San Mateo – 1 <sup>st</sup> Floor Conf. Rm.
Wednesday – August 12, 2015	155 Bovet Rd., San Mateo – 1 <sup>st</sup> Floor Conf. Rm.
Wednesday – October 14, 2015	155 Bovet Rd., San Mateo – 1 <sup>st</sup> Floor Conf. Rm.
Wednesday – December 9, 2015	155 Bovet Rd., San Mateo – 1 <sup>st</sup> Floor Conf. Rm.
Wednesday – February 10, 2016	155 Bovet Rd., San Mateo – 1 <sup>st</sup> Floor Conf. Rm.
Wednesday – April 13, 2016	155 Bovet Rd., San Mateo – 1 <sup>st</sup> Floor Conf. Rm.
Wednesday – June 8, 2016	155 Bovet Rd., San Mateo – 1 <sup>st</sup> Floor Conf. Rm.