

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

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

(Directions on Page 2)

Thursday, July 16, 2015

7:00 P.M.

AGENDA

<u>Agenda Item</u>	<u>Presenter</u>	<u>Page</u>
1. Call to Order/Roll Call/Salute to Flag	(Mendall)	
2. Comments by the Vice Chair	(Mendall)	
3. Board Policy Committee Report <i>(Attachment)</i>	(Bronitsky)	Pg 3
4. Public Comments <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>	(Mendall)	
5. Consent Calendar <i>(Attachments)</i>	(Mendall)	
A. Approve Minutes of the May 21, 2015 Meeting		Pg 17
B. Receive and File Budget Status Report – As of May 31, 2015		Pg 21
C. Receive and File Investment Report – As of June 30, 2015		Pg 23
D. Receive and File Directors' Reimbursement Report – As of June 30, 2015		Pg 25
E. Professional Services Contract with Selected Consultant for a Conservation Management System <i>(Attachment)</i> <i>The Committee voted unanimously to recommend approval of the proposed Board action.</i>		Pg 27
F. Professional Services Contract with Global Sun Landscape to Provide Landscape Inspection Services for the Lawn Be Gone! Program <i>(Attachment)</i> <i>The Committee voted unanimously to recommend approval of the proposed Board action.</i>		Pg 31
6. Break for San Francisco Bay Area Regional Water System Financing Authority Board of Directors Meeting	(Mendall)	
7. Reconvene following San Francisco Bay Area Regional Water System Financing Authority Board of Directors Meeting	(Mendall)	
8. Action Items		
A. Memorandum of Agreement for the Bay Area Regional Reliability Plan and Authorization for BAWSCA's Cost Share Contribution <i>(Attachment)</i> <i>The Committee voted unanimously to recommend approval of the proposed Board action.</i>	(Sandkulla/Hurley)	Pg 35
B. Memorandum of Understanding between BAWSCA and the Western Municipal Water District for Participation in the Free Sprinkler Nozzles Program <i>(Attachment)</i> <i>The member agencies' interest in implementing the program immediately was</i>	(Sandkulla/Hurley)	Pg 39

identified after the June 10th BPC meeting, therefore, no Committee recommendation is provided.

- C. Process and Schedule for CEO Annual Evaluation (*Attachment*) (Mendall) Pg 51
The Committee voted unanimously to recommend approval of the proposed Board action.

9. SFPUC Report (Kelly)

10. Reports (Sandkulla/Hurley)

- A. Water Supply Conditions - Update
B. Water Conservation and Drought Response
C. Pilot Water Transfer Plan – Report (*Attachment*) Pg 57
D. CEO/General Manager’s Letter (*Attachment*) Pg 87
E. Board of Directors Policy Calendar (*Attachment*) Pg 93
F. Correspondence Packet ([*Under Separate Cover*](#))

11. Closed Session (Schutte)

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

12. Reconvene and Report from Closed Session (Mendall)

13. Directors’ Discussion: Comments, Questions and Agenda Requests (Mendall)

14. Date, Time and Location of Future Meetings (Mendall) Pg 95
(See attached schedule of meetings)

15. Adjourn to next meeting scheduled for September 17, 2015 at 7pm (Mendall)

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

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

BAWSCA

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MEMORANDUM

TO: BAWSCA Board Members

FROM: Nicole Sandkulla, Chief Executive Officer/General Manager

DATE: July 10, 2015

SUBJECT: Summary of Board Policy Committee meeting held June 10, 2015

1. **Call to Order:** Committee Chair Charlie Bronitsky called the meeting to order at 1:30 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. **Comments by the Chair:** Director Bronitsky was pleased to see the rain.
3. **Public Comments:** There were no public comments.
4. **Consent Calendar:** Approval of Minutes from the April 8, 2015 meeting

Director Keith made a motion, seconded by Director Marsalli, that the minutes from the April 8, 2015 Board Policy Committee meeting be approved.

The motion passed unanimously.

The Committee re-considered approval of the Minutes from the April 8, 2015 meeting to expand the seventh paragraph on page 12 of the draft minutes to say:

Director Keith agreed and reported that she participated in an ACWA event that visited the Santa Clara Valley Water District's new plant of indirect potable re-use. San Jose Mayor Sam Liccardo spoke at the event where he indicated that there has to be a big change, and that we have to go to direct potable.

Director Bronitsky made a motion, seconded by Director Keith, that the minutes from the April 8, 2015 Board Policy Committee meeting be re-considered and approved with the proposed changes.

The motion passed unanimously.

5. Action Items:

- A. Memorandum of Agreement for the Bay Area Regional Reliability Plan and Authorization for BAWSCA's Cost Share Contribution: Ms. Sandkulla reported that the BAWSCA Board adopted the Bay Area Regional Reliability (BARR) Guiding Principles in July 2014. The principles memorialize the willingness of the largest Bay Area water agencies to cooperatively address reliability concerns on a regional basis.

The effort is consistent with the work that has been completed for BAWSCA's Long-Term Reliable Water Supply Strategy (Strategy). However, it is distinct from the Strategy because it is going to the next level of obtaining regional partners.

Ms. Sandkulla reminded the Committee that BAWSCA's focus for the Strategy is to increase water supply reliability during dry years and to seek interested partners in the region. The BARR, therefore, is an effort that BAWSCA should be involved in to make connections with potential partners.

The BARR Plan will evaluate and identify joint projects that contribute to regional water supply reliability. The plan will take the agencies' individual efforts in reliability planning for evaluation, and pull them together to identify joint projects that can contribute most to regional water supply reliability.

The eight agencies that comprise the BARR group have developed a Memorandum of Agreement (MOA) to define their participation in the development of the BARR Plan, including cost sharing provisions to fund the development of the plan. Each agency will contribute \$50,000 as part of the local agency cost share for grant applications. The group is seeking US Bureau of Reclamation grant funds that would fund development of the BARR plan.

EBMUD has taken the lead in executing the contracts with outside agencies.

The scope for the plan is being developed and will be finalized to fit the Bureau grant being pursued. The grant the group is applying for is focused on drought resiliency and drought reliability. Ms. Sandkulla presented the list of tasks for developing the scope, and the potential projects for evaluation.

BAWSCA is seeking the Board's approval to authorize the CEO/General Manager to execute the MOA, including the \$50,000 cost share for subsequent grant proposals. The agencies' funds will serve as a local match to secure an equal or greater amount of grant funding. BAWSCA's participation with the BARR is included in the approved FY 2015-16 work plan and operating budget as part of the Strategy implementation.

In response to Director Pierce, Ms. Sandkulla stated that there are potential links between the individual projects (e.g. for local recycled water expansion) that BAWSCA is evaluating for the Strategy and the BARR plan.

Ms. Sandkulla reported that the State Board currently has some excellent recycled water funding opportunities. Depending on the results of the first grant application, BARR partners on a subset could consider submitting a regional application for recycled water. She added that the State and the Federal agencies prefer to award regional grants. Even though BAWSCA is a collection of 26 agencies, it is more efficient for the State and Federal agencies

to award a grant for the Bay Area region and assign the administrative tasks to one public agency.

Director Weed commented that there are potential interties that can be added to the list for consideration, including interties between the South Bay Aqueduct and the San Francisco system in Sunol.

Ms. Sandkulla stated that the group is open to new ideas. The two current regional interties in Hayward and Milpitas are a great example of the type of regional projects that would come out of the BARR and that would be highly qualified for grant funding.

Mr. Hurley added that in BAWSCA's discussions on the Pilot Water Transfer with EBMUD, one of the issues that came up is the capacity of EBMUD's pumps in their treatment plant and its ability to handle varying quantities. The pumps are sufficient to handle EBMUD's internal water supply needs, but they do not have the capacity to handle varying amounts of supply that might be introduced in a transfer.

Mr. Hurley noted that upgrading the pumps is an example of a small project that can have a regional benefit, and emphasizes that there are smaller projects out there that have not been thought of in a regional perspective.

Director Weed added that documenting the discussions and agreements that are currently taking place would be beneficial.

Ms. Sandkulla agreed and stated that the discussions are bigger than they ever have been before. The drought has highlighted the need for water supply reliability and pushed the agencies to engage in those conversations.

Director Mendall made a motion, seconded by Director Pierce, that the Committee recommend Board authorization of the CEO General Manager, subject to legal counsel review, to execute the Memorandum of Agreement to participate in the development of the BARR Plan, including authorization of BAWSCA's cost share contribution of \$50,000.

The motion carried unanimously.

- B. Professional Services Contract with Selected Consultant for Online Rebate Application System and New Subscription Water conservation management System: Water Resources Analyst, Andree Johnson, reported on a proposal to implement a new water conservation management system that would assist both BAWSCA and Member agencies in implementing the conservation programs more efficiently.

The system has two inter-related components. The first is an Online Rebate System that will enable customers to submit rebate applications online. The second is a Data Management System which would allow BAWSCA member agencies to track and report conservation programs that are administered by BAWSCA as well as their independent programs.

This effort was included in the approved FY 2015-16 work plan and operating budget as a specific drought action to assist the member agencies.

The overall goal for the rebate management system is to improve the rebate process for both the BAWSCA agencies and for their customers.

Ms. Johnson presented a comparison report between the existing process and the proposed data management system.

The existing process entails hard copy submissions of applications via snail mail, which then requires data entry of each application received. The new system will allow online application submittal, which provides a streamlined application review and program administration.

Currently, each program has a single application form for all participating agencies. While this is effective for maintaining consistency, it poses some issues when agencies have varying program terms. An example is the Lawn Be Gone! (LBG) program. Some agencies offer a rebate of \$1 per square foot, while others offer up to \$4. Ms. Johnson noted that a single application with various terms can be confusing for the customers in figuring out what terms apply to them. With the new system, agencies will have individual agency portals with their specific program information that applies to their customers.

The existing process has limitations in the ability to share information between BAWSCA and participating member agencies. The new system will provide the ability to log in activities and communication with customers associated with each rebate case.

Ms. Sandkulla added that BAWSCA receives the calls from the program applicants because BAWSCA's number is the most visible. The new system will be more effective in both processing the applications and handling the customer service information for both BAWSCA and the agencies.

Lastly, Ms. Johnson reported that the new system will allow a multi-step application process that will be most beneficial for the LBG program. The current process requires all information to be submitted in the program application at once. While this works well for simpler program such as the High Efficiency Toilet and Washing Machine rebate programs, this process is difficult for the LBG program applicants due to the amount of information they are required to submit, such as site plans and plant lists.

The multi-step process under the new system will be helpful for customers in figuring out if the program is right for them prior to completing a full application. Additionally, it provides agencies a tracking mechanism that shows the customers' progress and a way to identify opportunities to help customers along the way. For example, the system provides BAWSCA and the agency an automated means to communicate with a customer who may be able to benefit from a free landscape education class to complete their landscape project design.

With the new system, hard copy applications will still be accepted for customers who don't have online access.

The second component of the conservation management system is the data system. Its primary goal is to assist the member agencies in efficiently completing their drought response activities.

The key elements include a cloud-based system that water conservation staff can access while they are in the field with customers. The new system allows them to efficiently input

conservation actions taken for a specific customer, and to view customer data such as historical water use patterns. This can help water conservation staff identify ways to help the customer while they are on site. The system will automatically synchronize with the utility billing system so that the most current water use, as well as historical water use information is available.

The system will also have data export capabilities that agencies can utilize to comply with the various State, BAWSCA and California Urban Water Conservation Council (CUWCC) reporting requirements. Specifically, the recent state requirement for agencies to report water waste complaints and follow up actions is something that agencies have never had to report before. The new system will allow efficient exports for that purpose, as well as templates to help agencies complete their reporting for BAWSCA's Annual Survey and CUWCC's Best Management Practices Report.

Ms. Johnson reported that the management system was initially focused on the rebate programs. In response to member agencies' interests, BAWSCA investigated the addition of the data management system with the rebate system in a single platform. The benefits of having both components in one system include the economies of scale for developing features that are common among the member agencies and the ability for agencies to manage BAWSCA programs, as well as individual agency programs. The single system also has the potential for future expansion to replace BAWSCA's Water Conservation Database.

The implementation schedule for the water conservation management system is set up to align with BAWSCA's website re-design launch. The RFP was issued on the week of June 8th, with the goal to begin the system design by the end of July.

The online rebate management system will be offered to BAWSCA member agencies as a new subscription program. Consistent with new subscription programs, BAWSCA would fund the initial program set up costs that are common among all agencies. Subscription programs including the HET, WMRP, LBG and the Rain Barrel Rebate programs would all be managed through the rebate system. Participating agencies of these rebate programs would fund the set up costs of the rebate system associated for their agency, as well as any annual maintenance fees.

It is anticipated that the costs to the agencies after the first year of the conservation management system will be offset by the administrative cost savings from the current system.

The data system will also be offered to the BAWSCA member agencies as a new subscription program.

In response to Directors' questions, Ms. Johnson provided the following information.

One of the key elements in the vendor selection process and the set-up of the system is to work closely with member agencies to develop security protocols since the system will be connected with the agencies' accounting systems.

Agencies can choose to use the data portion of the system as a stand-alone.

Unlike BAWSCA's WCDB that was developed with a one-time set up costs and with very little ongoing maintenance costs, the new system will have a smaller up-front cost with annual maintenance fees for continual updates to the system.

Ms. Sandkulla added that technology continues to develop very rapidly in the Bay Area and having the maintenance fee for ongoing upgrades will prove cost-effective in the long-term.

Member agency staff were invited to participate in the scoping for the project and to review the RFPs. Agency staff members are also being invited to review the proposals and the selection process. BAWSCA's standing Water Resources Committee which is comprised of the agencies' conservation staff, has been working with BAWSCA in developing the project scope and in reaching out to different vendors to understand what would best meet the collective needs of the agencies.

The selected vendor will be required to offer three training sessions; one for BAWSCA and two for member agency staff.

Director Mendall made a motion, seconded by Director O'Connell, that the Committee recommend the Board to authorize the CEO/General Manager to:

- 1. Negotiate and execute a contract with the selected consultant, subject to legal counsel review, to develop and implement a) an Online Conservation Rebate Application System and b) a Member Agency Conservation Data Tracking System; and**
- 2. Offer participation in the Conservation Data Tracking System Program to interested BAWSCA agencies on a subscription basis in FY 2015-16.**

as amended from the staff memo with the addition of #2. The motion carried unanimously.

- C. Professional Services Contract with Global Sun Landscape to Provide Landscape Inspection Services for the Lawn Be Gone! (LBG) Program: Ms. Johnson presented a new subscription program to assist the member agencies in completing the pre and post inspection services for the LBG projects. The program is an add-on to the LBG program, and participation by member agencies is optional.

Ms. Johnson stated that participating agencies has historically performed the pre and post inspection for their customers applying for the LBG program. Agencies are seeking consultant support because of the increased interests in the LBG program resulting from the drought messaging and additional program outreach.

BAWSCA solicited the landscape inspection services at the request of member agencies. Ms. Johnson reported that there has been over a 1300 percent increase in LBG applications since FY 2012-13. The year-to date number of applications received is 275 which is in line with BAWSCA and the agencies' efforts for drought response. The significant increase in program participation has the agencies overwhelmed with completing the pre and post inspections required before and after the LBG projects.

Given the rapid increase in program participation and the high number of member agencies interested in using these services, staff is bringing this contract to the Board for action because its total value can potentially be much larger than originally anticipated.

Multiple vendor proposals were reviewed, and legal counsel was consulted to ensure that BAWSCA was in compliance with the procurement guidelines.

The program is offered as a subscription program with all costs paid for by participating member agencies. It is an add-on to the existing LBG program, however, participation is voluntary. Alternatively, agencies who have their independent turf replacement program can choose to participate in BAWSCA's inspection services program.

In response to Directors' questions, Ms. Johnson provided the following information.

The costs for the agencies will be based on a "per" pre and post inspection basis. The cost is approximately \$94 per inspection. For an additional cost, agencies can also choose to expand the vendor services to field customer calls or run a hotline. Agencies also have the flexibility to use the services strictly for their overflow, provided that the agency sign up to participate in the program with a certain budget.

To promote overall sustainability, BAWSCA references the Bay-Friendly Landscaping Guidelines as well as BAWSCA's BayAreaGardening.org on BAWSCA's website as resources.

Director Pierce made a motion, seconded by Director Keith, that the committee recommend the Board to authorize the CEO/General Manager to:

- 1. Negotiate and execute a contract with Global Sun Landscape, subject to legal counsel review, to implement the Lawn Be Gone! Inspection Services Program; and**
- 2. Offer participation in the program to interested BAWSCA agencies on a subscription basis in FY 2015-16.**

The motion carried unanimously.

- D. Process and Schedule for CEO Annual Evaluation: BAWSCA Chair Breault presented the schedule for the annual performance review for the CEO/General Manager. As Chair, he recommends the same process previously used. An evaluation packet will be provided to the Board with a completion timeline of 2-weeks. The evaluation form has one minor change which offers the directors the option to remain anonymous when their comments are shared with the CEO. Chair Breault asked for the committee's comments or changes on the evaluation process and form.

Director Pierce brought up Director Kasten's comments from last year's evaluation process to consider having specific benchmarks as opposed to general goals. This would be for the evaluation process in FY 2015-16.

Chair Breault and committee members concurred and agreed to discuss those benchmarks during the September 2015 Closed Session for the CEO Performance Review that is part of the current procedure in the evaluation process.

Director Pierce made a motion, seconded by Director Mendall, that the Committee provide input on the procedure and draft evaluation form for the CEO/GM performance evaluation and recommend that the Board review the revised form during its July meeting for subsequent use as part of the

CEO/General Manager performance evaluation, and discuss specific benchmarks, to include in the evaluation process for FY 2015-16, during Closed Session in the September 17th Board meeting.

The motion carried unanimously.

6. Reports:

- A. Water Supply Update: Ms. Sandkulla presented SFPUC's most recent water supply conditions report that were given to the Commission and at a Press Conference held on June 9th for the launch of the Drought campaign.

Ms. Sandkulla was pleased to report that almost half of the lowest per capita consumption in Bay Area's 9-County are made up of BAWSCA member agencies.

Chair Breault added that 50% of the list would be comprised of BAWSCA member agencies if the City of Brisbane and Guadalupe Valley Municipal Improvement District (GVMID) were required to report, and were included in the list. Brisbane and GVMID were not required to report their monthly consumption data to the State because they are both small agencies.

Ms. Sandkulla emphasized that SFPUC continues to capture any existing runoff at Hetch Hetchy, putting it at 92% of capacity as of June 7th. The SFPUC Water Bank is doing its job in fulfilling San Francisco's obligations with the irrigation districts. It is currently down to 13.5% of capacity from 24% back in mid-May. The Water Bank was full three years ago, and is doing what it was intended to do during dry years.

While there have been intermittent storms that provide some precipitation, and a little bit of snow in the past few weeks, Ms. Sandkulla pointed out that there was no rain in January, which is typically the biggest single water producing month in the water year. The year to date upcountry 6-station precipitation index as of June 7th is 18.47 inches, compared to an annual total of 36.6 inches from September through October.

The region is benefitting from the lack of heat during the last few months as evidenced by the total deliveries that remain well below the Governor's required water use reduction. Ms. Sandkulla reported that in a meeting with the Governor on June 5th, she expressed that BAWSCA is not concerned about San Francisco and the member agencies meeting their target reduction goal. Rather, she stated her concern about how long the drought will continue.

Ms. Sandkulla presented SFPUC's Total System Water Savings chart that has been updated to include the governor's required water use reduction for the region.

Mr. Hurley explained that San Francisco assumes that the wholesale customers will meet their specific target set by the State, and approximates the wholesale customers' conservation standards over their historical water use patterns to develop the graph.

In response to Director Guzzetta's question, Ms. Sandkulla stated that the average reduction for BAWSCA member agencies as a whole is 17% for the period of February 2015 – April 2015. Ms. Sandkulla noted that the agencies achieved a 14% savings last year in response to San Francisco's voluntary 10% water use reduction request.

Mr. Hurley added that if the drought continues and there is a need to refine the savings requirements, DWR will consider a regional approach as opposed to a per agency approach. ACWA is investigating this approach.

Ms. Sandkulla presented a chart that shows the regional water service area's water use relative to the population growth in the past 10 years. The Regional Water System is serving 4% more people with 17% less water.

Ms. Sandkulla noted that this is showing up on the region's demand hardening and is reflective of how difficult the next incremental conservation savings will be for some of the BAWSCA member agencies.

San Francisco's projected total water delivery for both wholesale and retail areas in FY 2014-15 is estimated at a 190 mgd, which is the lowest annual demand since the end of the last significant drought in 1977.

For the current water year, the Water Bank is expected to bottom out around 60 TAF, or down to 11% of capacity by the end of the water year in October. Storage at Hetch Hetchy is expected to peak at 350 TAF, or 97% of capacity.

Ms. Sandkulla reported that if the drought continues into water year 2015-16 to the extent it was in 1977, and if demand is in compliance with the State Water Board's reduction requirements, the projection is as follows:

- Hetch Hetchy storage will peak at about 274 TAF, or 76% of capacity, and drop to about 210 TAF, or 58% of capacity by October 2016.
- The water bank will grow and peak at 200 TAF, or 35% of capacity in April from precipitation during the winter months. It will then drop to zero by the end of summer, 2017.

Ms. Sandkulla stated that while the water bank would have done its job, it is critical to determine the next steps if the drought continues into a 5th year and the water bank is completely dry.

If the drought continues into 2015-16, greater water use reductions will be required, as well as rigorous demand management and investigation for alternative water supplies.

The SFPUC is continuing to monitor State Water Board actions on curtailments for pre-1914 water rights holders. If curtailment is issued, the oldest of water rights holders would no longer be able to divert water to storage or for use. DWR has not issued a curtailment that impacts the SFPUC's water rights yet, but the potential is there at any given moment.

Ms. Sandkulla explained that with the current dry conditions, curtailment do not present a significant impact to San Francisco water supplies, future impacts of a curtailment, if issued, can be significant once conditions change and the curtailment is not lifted.

Ms. Sandkulla noted that San Francisco's plan is to get 2 ½ years out of the current water supply by lowering demands, and aggressively looking at alternative supplies including indirect potable use of recycled water. Both San Francisco and BAWSCA are pushing for Santa Clara Valley Water District's water treatment plant project.

Director Guzzetta asked how much water is SCVWD planning to use for direct re-charge. Ms. Sandkulla stated that she will confirm that number and report back to the Board.

Committee discussions on alternative water supply options ensued.

Ms. Sandkulla stated that all of the options for alternative supplies to be developed immediately for use during this drought are in the early planning stages, and the potential yields are still unknown. BAWSCA will push for all the alternatives until the best option available for BAWSCA become evident.

- B. Mountain Tunnel - Update: Mr. Hurley reviewed the 3 key components of the near and long-term actions the SFPUC identified to address Mountain Tunnel. The components, which Mr. Ritchie presented to the BAWSCA Board at the May 21st Board meeting, include the addition of the adit and access road improvement project to the 10-year CIP, the development of an emergency response plan, and the continuing evaluation of the “fixes”, which include repairs to the current tunnel or a new by-pass tunnel. The board was also presented a schedule that identified the completion of adit and access road improvements by July 2017, and an evaluation and selection of a preferred “fix” by mid-2017.

Mr. Hurley reported that similar information were presented to the SFPUC Commission at their meeting on May 26th, where Nicole spoke and urged the Commission to direct SFPUC staff to develop a plan and schedule that can be adopted by the Commission.

BAWSCA believes that a firm schedule adopted by the Commission has proven to be effective for the SFPUC in completing the critical tasks of major projects such as the Mountain Tunnel. BAWSCA is reviewing a schedule that the SFPUC is expected to finalize by the end of June, for adoption by the Commission.

BAWSCA is also pushing the SFPUC to (1) develop an emergency response plan that address multiple-length tunnel outage scenarios, (2) determines the adequacy of local supplies to meet the water needs, and (3) identify sources of additional supplies, if those supplies are needed. BAWSCA has asked the SFPUC for a number of scenarios to be developed, and to identify where replacement supplies will come from under the various scenarios.

Ms. Sandkulla explained that BAWSCA’s push for a plan is to get a better understanding of what the realities will be if a tunnel outage occurred. For example, what are the series of actions, what are the decision points, will there be severe reductions, and if so, what can be expected under a 6 month versus a 9 month outage? A written plan provides the opportunity for discussions, and therefore, a better understanding of the potential scenarios and action plan.

Mr. Ritchie is in agreement with this approach and is working with his staff to write the plan in a form that effectively communicates information, and is appropriate for public distribution. Ms. Sandkulla reported that the written plan can be expected by the July Board meeting.

Director Weed cautioned the use of the word “Plan” as it implies an existing document, as opposed to the operational capabilities to respond.

He also noted that BAWSCA’s mission should include contingency issues as one of its major concerns given the San Antonio Raw Water incident in March that affected East Palo Alto, and SFPUC’s recent report that if the Mountain Tunnel fails, it would be for a period of 9-months with available supply for only a period of 3 months. Ms. Sandkulla replied that BAWSCA has not looked at investments to improve reliability beyond San Francisco’s adopted level of service goals including capabilities to supply water within 24-hours of an outage.

Ms. Sandkulla noted that the Board can choose to consider this effort for the next fiscal year’s work plan and operating budget.

She added that the water quality incident and its effects on East Palo Alto are under the purview of East Palo Alto and being addressed at this time. San Francisco, however, is

addressing their communications protocol, that is required of them as a supplier for the region, to avoid such occurrence from happening again.

Director Weed added that because the member agencies' system capabilities are very different, there is an opportunity for BAWSCA to play a role in the coordination of a disaster response among the 26 member agencies.

Director Mendall stated that San Francisco, as the water supplier, should confirm with BAWSCA and its wholesale customers their ability or inability to meet their level of service goals. Thereafter, should BAWSCA and the member agencies discuss what actions should be taken regionally to address what San Francisco does not meet to the agencies' satisfaction.

Director Guzzetta commented that San Francisco would be equally affected by the failure of Mountain Tunnel as BAWSCA member agencies are and should be taking the issue seriously.

Ms. Sandkulla stated that San Francisco is taking Mountain Tunnel seriously; however, BAWSCA's push is keeping it front and foremost. BAWSCA is concerned that the issue may get lost in the shuffle, which is what has happened in the past.

In response to Director Keith's question about demand projections, Ms. Sandkulla explained that fire flows are included in the as non-revenue water customer classification used by water suppliers. Fire flows, as part of non-revenue water, are accounted for in the annual estimated purchases, particularly for agencies that have the SFPUC as their sole source of supply.

Mr. Hurley concluded his report by stating that BAWSCA has clearly indicated to the SFPUC and the Commissioners its intent to continue to be directly involved with this effort. Nicole's comments at the May 26th meeting was well-received by the Commissioners and BAWSCA's continued presence on the issue is getting the Commissioners' attention.

- C. Pilot Water Transfer Plan - Update: Mr. Hurley reported that BAWSCA continues its efforts with the Pilot Water Transfer, and has started discussions with Alameda County Water District Contra Costa Water District to investigate additional transfer opportunities. At the July Board meeting, BAWSCA staff will be providing the Board a technical report on results of the work to date and a status report on the elements of each of the agreements required.
- D. Water Conservation and Drought Response: Ms. Johnson reported that the regional drought campaign was launched with a press conference hosted by the SFPUC. The June messaging in the BAWSCA service area will begin on June 15th with billboards and BART station ads. The campaign will continue through August with video messaging to be incorporated in mid-July.

Ms. Johnson was pleased to report that prime billboard locations along 101 were secured in the service area. A map of the billboard locations between Hayward and Daly City was presented to the Committee. BART station ads are at the Millbrae and Hayward stations.

All artwork has been made available to member agencies for their individual messaging purposes.

BAWSCA's campaign for the service area will focus on outdoor water savings. The key messages encourage the two-day per week irrigation schedule, and to give up lawns in exchange for a drought-tolerant landscaping.

In response to Director Pierce, Ms. Johnson stated that multi-language artworks are available if member agencies want them.

7. **Comments by Committee Members:** Director O'Connell reported that she has not seen the High Efficiency Toilet Rebate signs during her recent visits at the San Bruno and South City Lowe's, and San Bruno and Colma Home Depot.

Ms. Johnson reported that BAWSCA will be working with Kyle Ramey, BAWSCA's Fellow, to do another round of outreach in July to coordinate with the launch of the FY 2015-16 programs. As part of that effort, BAWSCA can look into providing signs.

Director Pierce and Director Keith thanked Mr. Hurley for his well-received report at SAMCEDA.

Director Guzzetta reported that San Francisco recently arranged a speaker at O'Shaughnessy Dam to talk about the system with its customers. He noted that the questions that came up from the attendees emphasized the importance of educating water customers of how the system works. Because the reservoir is full, many of the attendees questioned the need for rationing.

8. **Adjournment:** The meeting was adjourned at 3:05pm. The next meeting is August 12, 2015.

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD POLICY COMMITTEE – June 10, 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
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

Public Attendees:

Peter Drekmeier	Tuolumne River Trust
Marilyn Mosher	City of Hayward
Michele Novotny	San Francisco Public Utilities Commission

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

**May 21, 2015 – 7 p.m.
Foster City Community Building, Foster City CA**

MINUTES

1. Call to Order/Pledge of Allegiance/Roll Call – 7:13 pm

BAWSCA Chair, Randy Breault, called the meeting to order and led the salute to the flag. CEO/General Manager, Nicole Sandkulla called the roll. Twenty (21) members of the Board were present, constituting a quorum. A list of Directors present (21) and absent (5) is attached.

2. Comments by the Chair: Chair Breault welcomed newly appointed member of the Board, Greg Schmid, representing the City of Palo Alto. He takes the place of Larry Klein who resigned prior to his upcoming term expiration of June 30, 2015, so that Director Schmid could participate in the May 2015 meeting.

Chair Breault also announced the term expiration of Tom Kasten as of June 30, 2015, and expressed the Board's appreciation for his service. He requested Director Kasten to lead the pledge of allegiance.

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 April 8, 2015.**4. Public Comments:** Public comments were made by Wynn Gricich and Jim Drake.**5. Consent Calendar:** Director Mendall stated that BAWSCA's annual review of its Investment Policy will be coming up in the next few months. He informed the Board that he made a suggestion to the General Manager about looking into potentially increasing investment returns.

Director Kasperzak made a motion, seconded by Director Keith, to approve the Consent Calendar which includes the Minutes of the March 19, 2015 meeting, the Budget Status Report, Investment Report, Bond Surcharge Collection Report, and Directors' Reimbursement Report as of January 31, 2015, and the Board's acceptance of BAWSCA's amended Conflict of Interest Code.

The motion carried unanimously.

6. Action Calendar:

A. Amendment to Hanson Bridgett Professional Services Contract

Director Richardson made a motion, seconded by Director Bronitsky, 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.

The motion carried unanimously.

B. Proposed Fiscal Year 2015-16 Work Plan and Operating Budget

Following Ms. Sandkulla's presentation, Director Kasten commented that he supports the recommendation to increase assessments by 24% for FY 2015-16, and noted the reimbursement of assessments made to the member agencies in 2011.

Director O'Mahony made a motion, seconded by Director Pierce, that the Board approve the:

- 1. Proposed FY 2015-16 Work Plan and Results to be Achieved;**
- 2. Proposed Operating Budget of \$3,201,679; and**
- 3. 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.

C. Approval of Professional Services Contracts for FY 2015-16

Director Bronitsky made a motion, seconded by Director O'Connell, that the Board approve the 17 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

Director Kasperzak made a motion, seconded by Director Keith, that the Board authorize the CEO to negotiate and execute an agreement for a not-to-exceed amount of \$30,000 with a selected consultant, subject to legal counsel's final review, to update the BAWSCA website.

The motion carried unanimously.

- 7. SFPUC Report:** Steve Ritchie reported on the San Francisco Regional Water System's current water supply conditions, impacts of the State Water Resources Control Board Drought Regulations as adopted on May 5, 2015, and current status of Mountain Tunnel project.

Dave Briggs provided an update on the March 2015 Water Quality Incident.

- 8. Reports:** Staff reports were provided on the State Water Resources Control Board (SWRCB) adoption of new regulations to implement the Governor's orders on drought, BAWSCA's actions in responding to the state regulations, and BAWSCA's water conservation program efforts.
- 9. Closed Session:** The meeting adjourned to Closed Session at 8:35pm
- 10. Reconvene and Report from Closed Session:** The meeting reconvened from Closed Session at 9:10. No action was taken during Closed Session.
- 11. Directors' Discussion:** Ms. Sandkulla reminded Board Members of the Hetch Hetchy Tour on June 24th and 25th.
- 12. Date, Time and Location of Next Meeting:** The next meeting is scheduled on July 16, 2015 in the Wind Room, Foster City Community Center.
- 13. Adjournment:** The meeting adjourned at 9:11 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
May 21, 2015

Attendance Roster

Present:

Ruben Abrica	City of East Palo Alto
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
Mike Kasperzak	City of Mountain View
Tom Kasten	Town of Hillsborough
Kirsten Keith	City of Menlo Park
Gustav Larsson	City of Sunnyvale
Al Mendall	City of Hayward
Chris Mickelsen	Coastside County Water District
Irene O'Connell	City of San Bruno
Rosalie O'Mahony	City of Burlingame
Tom Piccolotti	North Coast County Water District
Barbara Pierce	City of Redwood City
Sepi Richardson	City of Brisbane
Greg Schmid	City of Palo Alto
Louis Vella	Mid-Peninsula Water District
John Weed	Alameda County Water District

Absent:

Armando Gomez	City of Milpitas
Marty Laporte	Stanford
Sam Liccardo	City of San Jose
Jerry Marsalli	City of Santa Clara
Dan Quigg	City of Millbrae

BAWSCA

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: July 7, 2015

SUBJECT: Budget Status Report as of May 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 eleven month period ending May 31, 2015, 92 percent into the fiscal year, total expenditures were \$2,566,616 or 87 percent of the total budget of \$2,939,286.

Table 1. Operating Budget Summary as of May 31, 2015

Cost Category	Year-To-Date		
	Budget	Expenses	Percent
Consultants /Direct Expenditures			
Reliability	591,162	450,905	59%
Fair Pricing	502,000	461,471	161%
Administration	109,300	102,024	120%
Subtotal	1,202,462	1,014,400	84%
Administration and General			
Salary & Benefits	1,439,324	1,321,009	92%
Other Expenses			
BAWSCA	295,000	230,557	78%
BAWUA	1,100	0	0%
Subtotal	2,937,886	2,565,966	87%
Capital Expenses	0	0	0%
Budgeted Contingency	0	0	0%
Regional Financing Authority	1,400	650	46%
Grand Total	2,939,286	2,566,616	87%

Overview:

Overall expenditures for FY 2014-15 are tracking within budget. To reflect the actual category of expenditures within the overall existing budget, funds were reallocated from the Operating Budget Contingency (as authorized by the board in May), Capital & Reliability, and are reflected in this report.

Consultants

The \$107,000 budget for technical review and tracking of the SFPUC's Water System Improvement Program was 92 percent expended. The Operating Budget allocation of \$150,000 for strategic counsel was 90 percent expended. Legal counsel's original budget of \$524,000 was 98 percent expended as of April 30th. At the May board meeting, the board approved a budget amendment of \$100,000. With a revised budget of \$624,000, legal counsel's expenses were 90% 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 \$138,662 budget for water management and conservation-related activities was 66 percent expended.

Administration and Other Expenses

Budgets for salaries and other expenses were 92 and 78 percent expended, respectively.

Use of CEO's Discretionary Spending Authority:

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

- Hanley Communications, in the amount of \$5,500 for services related to the development of a social media plan, use policy, and content guide.

Expenses related to this June action will be reflected in the budget status report period ending June 30, 2015. The total budget remains unchanged.

Use of Reserve and Reserve Fund Balance:

There have been no accretions or deletions to the General Reserve Fund for the period 03/31/15-05/31/15.

Table 2. General Reserve Fund Balance

Fund	Account Balance (As of 03/31/15)	Account Balance (As 05/31/15)
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. At its May 21, 2015 meeting, the board authorized the reimbursement to BAWSCA's General Reserve the previously expended costs associated with the development of the Long-Term Reliable Water Supply Strategy with surplus Water Management Charge Funds. This reimbursement will occur in the first quarter of FY 2015-16.



Bay Area Water Supply & Conservation Agency

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

MEMORANDUM

TO: Nicole Sandkulla, CEO/General Manager
FROM: Deborah Grimes, Office Manager
DATE: July 8, 2015
SUBJECT: Investment Report – As of June 30, 2015

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 September 17th 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>03/31/15</u>	<u>06/30/15</u>
\$1,415,761	\$1,326,722

Of the total in the BAWSCA LAIF account as of June 30, 2015, \$521,897 represents BAWSCA's General Reserve Fund, equivalent to approximately 18 percent of FY 2014-15 Operating Budget. The remaining amount consists of Subscription Conservation Program funds, Water Management funds and unrestricted funds.

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

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

The actual earned interest rate for the past quarter ending June 30, 2015 is not yet available and has not been applied to the LAIF account balance. This will be reported as part of the next quarterly Investment Report.

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Bay Area Water Supply & Conservation Agency

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

MEMORANDUM

TO: Nicole Sandkulla, CEO/General Manager

FROM: Deborah Grimes, Office Manager

DATE: July 2, 2015

SUBJECT: Directors' Reimbursement Quarterly Report for the Period Ending June 30, 2015

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.

Table 1 presents the reimbursed expenses for BAWSCA Directors during the quarter ending June 30, 2015.

Table 1. Director Reimbursement Expenses

BAWSCA Director	Expense Amount	Purpose
Randy Breault	\$114	Mileage and Bridge Tolls May 2015 - ACWA Conference Sacramento, CA

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Professional Services Contract with Selected Consultant for a Conservation Management System**

Summary:

Given the significant increase in conservation program activity, it is critical that BAWSCA and its member agencies have (1) user-friendly systems to facilitate water customer rebates and (2) effective management controls for tracking conservation programs and activities. One of the key drought response actions included in the adopted FY 2015-16 Work Plan and Operating Budget is the development and implementation of a Conservation Management System with the following two distinct, but related elements:

1. An online conservation rebate application system (Online Rebate System), and
2. A data management system (Data Management System) to track and manage individual member agency's water conservation programs.

BAWSCA initiated a competitive selection process for the selection and negotiation of a professional services contract with an outside consultant to develop these systems under BAWSCA's direction. A Request for Proposals (RFP) was distributed on June 8th with completion of the selection process scheduled for late July. The Online Rebate System and Data Management System development is scheduled to be complete by December 1, 2015, with the Online Rebate System launch to be coordinated with BAWSCA's new website.

Approval of this item would authorize the CEO/General Manager to negotiate and execute an agreement with the selected consultant, subject to legal counsel review, to (1) develop and implement (a) an Online Rebate System and (b) a Data Management System and (2) offer participation in the Data Management System to interested BAWSCA agencies on a subscription basis in FY 2015-16.

Fiscal Impact:

A contract for a not-to-exceed amount of \$30,000 is recommended to complete the initial development of the Online Rebate System and Data Management System. This is consistent with the budget amount included in the adopted FY 2015-16 Operating Budget. Consistent with other new subscription programs, BAWSCA will fund the initial program setup costs given that the both systems will provide long-term benefits to BAWSCA member agencies, and participation among individual agencies may vary from year to year.

Individual agency setup and annual maintenance costs for the Online Rebate System will be funded by BAWSCA member agencies participating in BAWSCA rebate programs. It is anticipated that these costs will be offset by the cost savings recognized from a reduction in administrative costs associated with rebate application data entry.

The Data Management System will be offered to all BAWSCA member agencies as a new subscription conservation program. Individual agency setup, customization, and maintenance costs for the Data System will be funded by those agencies that elect to obtain the system.

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 an agreement with the selected consultant, subject to legal counsel review, to (1) develop and implement (a) an Online Rebate System and (b) a Data Management System, and (2) offer participation in the Data Management System to interested BAWSCA agencies on a subscription basis in FY 2015-16.

Discussion:

The Conservation Management System Project has the following objectives:

- Enhance the efficiency of BAWSCA and member agency staff in the administration and implementation of conservation programs, and
- Improve the rebate process for customers.

BAWSCA and its member agencies are seeking to develop, implement, and maintain a “cloud-based” Conservation Management System with two distinct but related components:

- An online conservation rebate application system (Online Rebate System), to streamline the rebate application process for applicable BAWSCA rebate programs, and
- A conservation data management system (Data Management System), to enable BAWSCA member agencies to track and manage each individual agency’s conservation programs.

The Online Rebate System will be used by all BAWSCA member agencies that participate in at least one of BAWSCA’s Subscription Conservation Programs. The Data Management System will be used separately by individual BAWSCA member agencies to track and report on their water conservation programs, including both BAWSCA programs and other programs.

Consultant Selection Process

An RFP, developed by BAWSCA and reviewed by member agencies, was released on June 8, 2015. Proposals are due on July 8th. All BAWSCA member agencies have been invited to participate in the proposal review and consultant selection process.

Key Online Rebate System Elements

BAWSCA seeks an Online Rebate System with the following key capabilities and attributes:

- Improves the customer experience with the rebate application process;
- Provides for an online application submittal;
- Provides the customer with specific rebate and program information for their water provider in an accessible and comprehensible format;
- Streamlines the agency application review process to reduce staff time associated with each rebate application; and
- Improves the application completion rates and overall number of rebate applications, in particular for the Lawn Be Gone! program.

Key Data Management System Elements

BAWSCA seeks to offer its member agencies a Data Management System with the following key capabilities and attributes:

- Cloud based system that can be accessed in the field on a tablet computer or phone– both for viewing data and for inputting conservation actions;
- Ability to quickly and efficiently input conservation actions on an account level and for batch processes;
- Ability to quickly and easily view statistics in a user-friendly format. Statistics must include historical water use and conservation program implementation on a system-wide basis and for an individual customer;
- Ability to automatically synchronize key utility billing system data into the Data Management System for use by water conservation staff;
- Data import and export capabilities to Excel or CSV formats; and
- Ability to set process schedules and notifications.

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 requirements. Launch of the Online Rebate System will be coordinated with the new BAWSCA website, which is scheduled to launch in February 2016. Below is an estimated timeline of the process:

June 5, 2015	Request for Proposals Released
June 19, 2015	Requests for Clarification Due
July 8, 2015	Proposals Due
July 15, 2015	Vendor Interviews (if required)
July 20, 2015	Notify Vendors of Results of RFP
July 27, 2015	Begin Design of Systems
November 5, 2015	Complete Design of Systems
November 16-20, 2015	Staff Training on Systems
December 1, 2015	Data System to Go Live
February 1, 2016	Rebate System to Go Live

Background:

BAWSCA currently has two MS SharePoint databases supporting its conservation programs:

1. The Rebate Center, which stores rebate records for individual customer rebates issued through BAWSCA's rebate programs.
2. The Water Conservation Database (WCDB), which stores annual, summary data on conservation programs for each member agency (e.g., number of rebates issued in a year, number of audits performed, etc).

Currently, the Rebate Center serves the following functions for BAWSCA's High Efficiency Toilet, Rain Barrel, and Lawn Be Gone! rebate programs:

- Stores rebate application data input from hard copy applications received by BAWSCA;
- Stores (1) rebate approval/denial and (2) payment information input by BAWSCA member agencies;
- Data source for rebate payment information files exported to complete grant reporting and invoicing requirements for BAWSCA's monetary grants; and

- Data source for summary data files for each conservation program imported into BAWSCA's WCDB.

In addition to the BAWSCA system, BAWSCA member agencies have their own systems for tracking conservation program activity from BAWSCA, SCVWD, and their individual agency programs. Existing systems vary from agency to agency and may include MS Excel spreadsheets, MS Access databases, or other solutions.

Currently, customer applications for BAWSCA's conservation rebate programs are mailed to BAWSCA and the applicant information is manually entered into the Rebate Center. With the significant increase in rebate applications that has been observed over the past year, administrative effort associated with this data entry has also increased. In addition, the current Rebate Center provides limited ability for BAWSCA and member agencies to share information on rebate applications in process. The current system also provides for only a single step application process where customers must submit all information at one time. For more complex programs such as the Lawn Be Gone! Program, a multi-step application process to enable tracking and customer communication during the application process would be beneficial.

Alternatives to the Recommended Action:

The following alternatives to the recommended actions have been considered:

- Alternative #1: Support the Recommended Action. An immediate start on the project will provide BAWSCA and its member agencies with a more effective means of administering water conservation activities. The proposed schedule aligns with the BAWSCA website redesign to allow for a coordinated launch of both the new BAWSCA website and the Rebate System. Given the current water supply conditions, it is even more important for BAWSCA and its member agencies to provide an efficient and user-friendly format for member agencies' water customers seeking to participate in conservation rebate programs. It is also critical for BAWSCA member agencies to have an efficient conservation data management system in light of increased conservation activity and reporting requirements established by the State Water Resources Control Board (SWRCB). 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 implement the Rebate System only. 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 not to move forward with the Project and to keep the existing, manual rebate processing system. *This alternative is not recommended.*

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Professional Services Contract with Global Sun Landscape to Provide Landscape Inspection Services for the Lawn Be Gone! Program**

Summary:

The Lawn Be Gone! Site Inspection Program (Program) is an enhancement to the Lawn Be Gone! Program that will provide assistance to BAWSCA member agencies in conducting pre- and post-inspections of residential and commercial landscape sites seeking to participate in BAWSCA's Lawn Be Gone! Program or similar member agency turf replacement programs.

The Lawn Be Gone! Program, a voluntary subscription water conservation program offered to all BAWSCA agencies, provides rebates to customers of participating member agencies for replacing ornamental turf with water-efficient landscaping such as native plants and permeable hardscape. To ensure that sites participating in the program will achieve water savings, each location must meet certain program requirement. To ensure compliance, customer sites must undergo a pre-inspection and post-inspection to determine eligibility and compliance with the program terms.

To date, member agency conservation staff have performed the pre- and post-inspections for the Lawn Be Gone! Program. However, program participation has increased substantially in the past year. Since July 2014, 245 applications for Lawn Be Gone! have been received. By comparison, 121 applications were received in FY 2013-14 and 19 in FY 2012-13. As participation has increased, managing the workload associated with the site inspections has become increasingly time-consuming and member agencies have expressed interest in alternatives for completing the required inspections.

In response to this expressed interest, BAWSCA solicited proposals from three firms to conduct pre- and post-inspections for Lawn Be Gone! Projects; two firms submitted proposals. Based upon the proposals received and alternative options evaluated, contracting with Global Sun Landscape to provide as-needed inspection services to support the Lawn Be Gone! Program is recommended.

Fiscal Impact:

This program will be offered on a subscription basis. For FY 2015-16, only those agencies that elect to participate in the Lawn Be Gone! Site Inspection Program will pay the cost of the outside service provider.

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 with the selected consultant, subject to legal counsel review, to implement the Lawn Be Gone! Inspection Services Program; and,**
- 2. Offer participation in the Program to interested BAWSCA agencies on a subscription basis in FY 2015-16.**

Discussion:

At the request of the member agencies, BAWSCA solicited proposals for inspection services for the Lawn Be Gone! Program. The Lawn Be Gone! Site Inspection Program will provide as-needed pre- and post-inspections of residential and commercial landscape sites seeking to participate in BAWSCA's Lawn Be Gone! Program to evaluate each site's compliance with the Lawn Be Gone! Program terms.

Participation in the Lawn Be Gone! Program and in the Lawn Be Gone! Inspection Services Program is voluntary and will be offered to all BAWSCA agencies. As a subscription program, participating agencies will pay the entire cost for the program. BAWSCA member agencies that do not participate in the Lawn Be Gone! Program will also have the option to participate the Lawn Be Gone! Inspection Services Program to support their local turf replacement programs. Additionally, BAWSCA member agencies will also maintain the option to participate in the Lawn Be Gone! Program while completing pre- and post-inspections themselves.

Selection Process

BAWSCA solicited proposals from three firms to provide landscape inspection services. Two firms submitted proposals, which were then reviewed by BAWSCA and member agency staff. BAWSCA also considered alternative options, in particular, hiring temporary, part-time staff to assist member agencies with the inspections. Based upon the proposals received and alternative options evaluated, it is recommended that BAWSCA contract with Global Sun Landscape to provide as-needed inspection services to support the Lawn Be Gone! Program.

Scope of Work and Schedule

The proposed Scope of Work for this Project includes the following tasks, to be provided on an as-needed basis for participating BAWSCA member agencies:

- Scheduling of pre-inspections and post-inspections;
- Completion of pre-inspections, including pre-inspection paperwork and photo documentation;
- Completion of post-inspections, including post-inspection paperwork and photo documentation;
- Setup and maintenance of online database for storing program paperwork; and
- Optional hosting of member agencies hotline for program questions and customer service

Alternative to Recommended Action:

The alternative to the recommended action included herein is to not offer the Lawn Be Gone! Site Inspection Program in FY 2015-16. This alternative is not recommended given the strong request for additional support for this program from the participating member agencies. In addition, this new subscription program will provide an additional water conservation and outreach tool for participating agencies, particularly valuable under the current drought conditions.

Conclusion:

The Lawn Be Gone! Site Inspection Program will provide a valuable enhancement to the Lawn Be Gone! Program for the agencies that opt to participate. The Program can be provided by a qualified vendor at a reasonable cost. For these reasons, implementation of the Program is recommended.

Attachment:

The Scope of Work from the Global Sun Landscape proposal is shown in Exhibit A.

EXHIBIT A

Scope of Services for the Lawn Be Gone! Inspection Services Program

Provide pre- and post-inspection support for Bay Area Water Supply & Conservation Agency (BAWSCA) retailer's customers that participate in the Lawn Be Gone! rebate program.

The Lawn Be Gone! rebate program is advertised by BAWSCA and its member agencies for participation by water customers. Member agencies will field calls from interested customers. Member agencies will also get customers to apply for the program by completing the appropriate paperwork, collecting all information needed in order for Global Sun Landscape (GSL) to initiate contact with customer for the pre-inspection for their Lawn Be Gone! project. GSL will then be responsible for completing the necessary pre-inspection paperwork and photos, and qualify the water customer for participation in the program by sending out a notice to proceed.

After field data and photos have been collected by GSL, this information will be entered into an online databased hosted by GSL. The online database will allow for member agencies and GSL to store customer information for all parties to view if there are questions regarding a specific retailer's customer's paperwork. The same processes will occur for the pre- and post-inspections.

Once the customer has completed their Lawn Be Gone! project, they will contact either their water supplier or GSL to set up the post-inspection, at which GLS will collect field data and photos to confirm that the customer's Lawn Be Gone! project qualifies for a rebate based on the guidelines created by BAWSCA and its member agencies.

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Memorandum of Agreement for the Bay Area Regional Reliability Plan and Authorization for BAWSCA's Cost Share Contribution**

Summary:

In July 2014, the Board adopted the *Guiding Principles (Principles) for the Bay Area Regional Reliability (BARR) Partnership Development* to memorialize BAWSCA's intention to work cooperatively with the other signatory agencies to address water supply reliability concerns on a regionally focused basis. The eight agencies that comprise the BARR Partnership have now developed a Memorandum of Agreement (MOA) to define their participation in the development of the Bay Area Regional Reliability Plan (BARR Plan).

The BARR Plan will evaluate and identify near- and long-term joint projects that are mutually beneficial and regionally focused to help achieve greater water supply reliability and drought preparedness in the Bay Area. This effort is consistent with, but distinct from, BAWSCA's recently completed Long-term Reliable Water Supply (Strategy) and will further the implementation of the projects and programs identified through that effort.

The MOA sets forth the roles and responsibilities of each agency for their participation in the development of the BARR Plan. The MOA includes cost sharing provisions to fund the development of the plan with each agency contributing \$50,000. These funds will also serve as a local match to secure an equal or greater amount of grant funding.

Fiscal Impact:

Each agency in the BARR Partnership is contributing \$50,000 towards the preparation of the BARR Plan. BAWSCA's participation in the BARR Plan is included in the adopted Fiscal Year (FY) 2015-16 Work Plan, and funds are available for BAWSCA's cost-share of the BARR Plan development as part of the adopted 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/General Manager, subject to legal counsel review, to execute the Memorandum of Agreement to participate in the development of the BARR Plan, including authorization of BAWSCA's cost share contribution of \$50,000.

Discussion:

In July 2014, the BAWSCA Board, along with the Bay Area's largest water suppliers, took action to adopt the Guiding Principles for the Bay Area Regional Reliability (BARR) Partnership Development for the purpose of memorializing each agency's willingness to work cooperatively to address regional water supply reliability concerns through an equitable cost, risk, and benefit sharing approach.

The following agencies are the other signatories to the BARR Principles: Alameda County Water District (ACWD), Contra Costa Water District (CCWD), East Bay Municipal Utility District (EBMUD), Marin Municipal Water District (MMWD), San Francisco Public Utilities Commission (SFPUC), Santa Clara Valley Water District (SCVWD), and Zone 7 Water Agency (Zone 7).

Collectively, these agencies have developed an MOA to define their roles and responsibilities, including cost share obligations, in the development of the BARR Plan. The BARR Plan will evaluate and identify mutually beneficial and regionally focused projects that improve regional water supply reliability and drought preparedness. The scope of work for the development of the BARR Plan is being finalized, but specific tasks to be completed as part of the BARR Plan will include:

- Assessment of regional water supply reliability needs, identifying water shortage scenarios;
- Calculation of available capacity in existing facilities to support regional needs;
- Evaluation of agency-specific water supply projects (and/or programs);
- Identification of a mutually preferred BARR program alternative;
- Development of an implementation plan for the preferred alternatives; and
- Identification of opportunities for community and regional stakeholder input.

The BARR Plan will seek to maximize the use of existing assets of the partner agencies, and if needed, construct new ones to benefit near- and long-term regional reliability projects. Projects to be evaluated include: reoperation of existing facilities, new interconnections, recycled water, water conservation, expanded treatment, regional desalination, water transfers and exchanges, and other projects or institutional arrangements.

This effort is consistent with, but distinct from, BAWSCA's recently completed Strategy and will further the implementation of the projects and programs identified through that effort. Further, execution of the MOA does not commit BAWSCA to participate in the projects and/or programs identified through the BARR Plan.

Each agency in the BARR partnership is contributing \$50,000 towards the preparation of the BARR Plan. Participation in BARR is included in the adopted FY 2015-16 Work Plan and funds are allocated and available for BAWSCA's cost-share of the BARR Plan development as part of the adopted FY 2015-16 Operating Budget.

Staff from CCWD and EBMUD are taking the lead on applying for multiple grants to obtain funding for BARR Plan development. The CCWD and EBMUD submitted a grant application requesting funding for development of the BARR Plan from the United States Bureau of Reclamation (USBR) Water Smart Drought Contingency Planning Grants for FY

2015. EBMUD will submit the grant application and assume responsibility for administering the grant if the BARR Plan is selected for funding. The scope of work of the BARR Plan will be consistent with the Principles and with grant funding requirements as applicable.

Alternatives to the Recommended Action:

Alternative #1: Support the Recommended Action: Direct participation in BARR and the BARR Plan provide BAWSCA the independent opportunity to work with other regional water agencies to identify possible projects that increase regional reliability consistent with the Strategy findings and recommendations. **This alternative is recommended.**

Alternative #2: Pursue Regional Partnerships and Projects Only with BAWSCA Agencies. BAWSCA could continue to pursue development of regional water supply reliability projects and/or programs identified in the Strategy only in partnership with its member agencies and not with other water agencies in the Bay Area region. This alternative is not recommended as it limits BAWSCA's potential access to regional projects that could benefit the member agencies and their water customers.

Alternative #3: Rely on SFPUC to Represent BAWSCA in BARR Partnership. BAWSCA could rely solely on the SFPUC to participate in BARR and represent the BAWSCA member agency interests in regional projects that could potentially provide additional water supplies to increase the water supply reliability within the BAWSCA service area. This alternative is not recommended as the SFPUC has clearly stated its intention to not provide additional normal year supply or dry year supply reliability to the BAWSCA member agencies at this time.

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD POLICY COMMITTEE MEETING

Agenda Title: **Memorandum of Understanding between BAWSCA and the Western Municipal Water District for Participation in the Free Sprinkler Nozzles Program**

Summary:

The Free Sprinkler Nozzles Program (Program) is an existing statewide water conservation program that provides customers of participating water agencies with vouchers for free, high-efficiency sprinkler nozzles to replace the existing pop-up spray heads in the customer's outdoor irrigation systems. The objective of the program is to reduce outdoor water use by improving the efficiency of the customer's existing irrigation systems. The Program is a collaboration of 28 water agencies throughout California and is administered over the internet by Western Municipal Water District (WMWD) in Riverside County. BAWSCA's member agencies have requested that BAWSCA join the Program and offer the sprinkler nozzles as a new subscription water conservation program.

The need for customer incentive programs to improve outdoor irrigation efficiency was initially identified in BAWSCA's 2014 Regional Demand and Conservation Projections Report. The need for this program has become more urgent as a result of the drought and the member agencies' efforts to reduce outdoor water use to meet the State Water Resources Control Board (SWRCB) mandatory water use reduction targets.

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

Fiscal Impact:

The Program will be offered on a subscription basis. For FY 2015-16, only those agencies that elect to participate in the Program will pay the cost of the outside service provider.

Board Policy Committee Action:

The BAWSCA member agencies' interest in implementing the Program immediately was identified after the June Board Policy Committee meeting, therefore, no Committee recommendation is provided.

Recommendation:

That the Board authorize the CEO/General Manager, subject to legal counsel review, to (1) execute the MOU with WMWD for participation in the Program and (2) offer participation in the Program to interested BAWSCA agencies on a subscription basis in FY 2015-16.

Discussion:

As part of the Regional Demand and Conservation Projections Report completed in September 2014, BAWSCA member agencies identified a need for water conservation programs aimed at reducing outdoor irrigation through improvements to irrigation system efficiency. The need for a conservation program specifically targeted to irrigation system efficiency has become more critical as a result of the drought conditions and the State Water Resources Control Board (SWRCB) mandatory water use reduction targets. BAWSCA member agencies have identified an immediate need for water conservation programs involving small irrigation hardware incentives.

The Free Sprinkler Nozzles Program (Program) is an existing statewide water conservation program that provides customers of participating water agencies with vouchers for free, high efficiency sprinkler nozzles to replace the existing sprinkler nozzles in their outdoor irrigation systems. The Program is a collaboration of 28 water agencies throughout California and is administered by the Western Municipal Water District (WMWD) in Riverside County.

Compared to conventional fixed spray nozzles, the high-efficiency sprinkler nozzles provided through the Program reduce outdoor water use by improving the efficiency of an existing irrigation system. Customers can easily replace most existing pop-up spray heads with the high-efficiency sprinkler nozzles and no specialized tools for adjustment are required. Compared to conventional fixed spray nozzles, the high-efficiency nozzles improve:

- Distribution Uniformity (water is applied in a more even manner);
- Precipitation Rate Reduction (reducing the amount of water put out by a sprinkler); and
- Run-off Reduction (multiple sizes are available so the proper nozzle can be selected to reduce over-spray).

The Program is administered via the FreeSprinklerNozzles.com website. To receive a voucher, customers must log in to the website using their water agency account information. Single family customers then watch a sequence of videos on 1) how the nozzles work, 2) how to identify the appropriate nozzles for their irrigation system, and 3) proper nozzle installation. Vouchers are issued for standard amounts of 25 nozzles per single family customer or 100 nozzles per commercial or multi-family customers. In addition, customers can request special vouchers for as many nozzles as needed for a site, to be considered by the local water agency. Customers redeem vouchers at participating distributors in their area.

For every water-efficient sprinkler nozzle for which a voucher is redeemed at a participating irrigation store, WMWD will invoice BAWSCA, and BAWSCA will invoice the participating member agency. Each participating agency will determine its maximum not-to-exceed budget for the program. The per-nozzle price to be paid by participating water agencies will range from \$3.60 to \$5.00 per nozzle, depending on the type of nozzle required for a particular customer site. By comparison, these nozzles retail for \$5.00 to \$12.00 each. Program setup and administration costs are included in the per-nozzle pricing.

Alternatives to the Recommended Action:

The alternatives to the recommended action included herein are to (1) not offer the Free Sprinkler Nozzles Subscription Program in FY 2015-16, or (2) offer a potentially different type of high-efficiency sprinkler nozzle rebate or incentive program.

BAWSCA does not recommend the above alternatives for FY 2015-16. The Free Sprinkler Nozzles Program provides a turn-key program which has been successful in reducing outdoor water use for water agencies throughout California. The agencies have expressed a desire to participate in the Program in FY 2015-16. In addition, this program will provide a valuable water conservation tool for participating agencies with near-term water savings potential, particularly valuable under the State Water Resources Control Board mandatory water use reductions.

Conclusion:

The Free Sprinkler Nozzles Program provides a simple, cost-effective means of achieving water conservation savings. In particular, this program provides a valuable tool for reducing outdoor water user, which is critical to achieve the SWRCB water use reduction targets. For these reasons, entering into an MOU with WMWB to offer this water conservation program is recommended.

Attachment:

The Draft MOU between BAWSCA and WMWD is shown in Exhibit A.

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EXHIBIT A

Memorandum of Understanding

**Between the Western Municipal Water District (“WESTERN”),
Bay Area Water Supply & Conservation Agency (“PROGRAM
PARTICIPANT”)**

**Participation in Free Sprinkler Nozzles Program
and
Reimbursement Payments Associated Therewith**

Background:

1. WESTERN and PROGRAM PARTICIPANT herby enter into this Memorandum of Understanding (“MOU”) in order to partner for the sole purpose of extending Western’s FreeSprinklerNozzles.com Program to the residential, commercial and irrigation customers within the PROGRAM PARTICIPANT’s member agencies’ (Member Agencies) service areas. In the event the parties have not previously entered into a memorandum of understanding, then this MOU shall be deemed to be the contractual arrangement between the parties on the matters addressed herein.
2. The FreeSprinklerNozzles.com Program budget within the PROGRAM PARTICIPANT’s Member Agencies’ service areas, funded by the PROGRAM PARTICIPANT will seek to incentivize the installation of water-efficient sprinkler nozzles for residential customers and Commercial/Irrigation customers (collectively referred to as “Nozzles”) during the program offering period of _____ to June 30, 2016.
3. The maximum Program budget shall be based on (1) the number of BAWSCA Member Agencies that return a Program Participation Agreement , and (2) the maximum budget identified by each Member Agency in the Participation Agreement. A sample Participation Agreement is attached hereto as **Exhibit A**. PROGRAM PARTICIPANT shall notify WESTERN by **[date TBD]** as to the maximum budget, provided, however, that if a Member Agency modifies its Participation Agreement’s budget after **[date TBD]**, PROGRAM PARTICIPANT shall follow the process to increase or decrease budget set forth in **Section 9 (b)**. PROGRAM PARTICIPANT shall notify WESTERN promptly in writing of any change in the maximum budget. In the event that a Member Agency exercises its right to terminate its participation in the Program, WESTERN will be compensated for costs incurred up to the effective date of such termination. PROGRAM PARTICIPANT’s Member Agencies shall each decide their eligible

EXHIBIT A

customer categories, which information PROGRAM PARTICIPANT will provide to WESTERN.

4. WESTERN and PROGRAM PARTICIPANT have agreed to work together and coordinate the implementation of the FreeSprinklerNozzles.com Program as set forth in this MOU and as further described at the FreeSprinklerNozzles.com website.
5. Nothing in this MOU shall be deemed to be the provision of any service or other activity outside of each party's respective service area, and to the extent the performance of any aspect of this MOU can be considered a "service," California Government Code Section 54981 permits a local agency to contract with another local agency for performance by the latter of municipal services or functions within the territory of the former. The purpose of this MOU is to facilitate implementation of the FreeSprinklerNozzles.com Program in order to further each party's conservation goals. In addition, WESTERN desires to enter into this MOU in order to obtain funding and other operational support toward the cost and requirements for implementation of the FreeSprinklerNozzles.com Program.

Understandings and Agreements:

1. WESTERN has developed and currently administers a customer self-service website, FreeSprinklerNozzles.com, for the dissemination of product vouchers within its service area. Under the FreeSprinklerNozzles.com Program, the Commercial/Irrigation customer is responsible for selecting the nozzle type and manufacturer prior to being eligible to receive a voucher. Residential customers are offered a voucher for fixed spray nozzles only. Neither WESTERN nor PROGRAM PARTICIPANT shall be responsible for making, or assisting in making, the selection of a Nozzle and shall not be liable in connection with the results, or lack thereof, from the use of such Nozzles.
2. WESTERN has agreed to extend the use of the FreeSprinklerNozzles.com website to the PROGRAM PARTICIPANT, for the purpose of extending the Program the PROGRAM PARTICIPANT's Member Agencies' service areas.
3. Customers, within the PROGRAM PARTICIPANT's Member Agencies' service areas, will, when participating on the FreeSprinklerNozzles.com website, be issued a voucher that is redeemable at participating landscape irrigation equipment suppliers.
4. For every water-efficient sprinkler Nozzle for which a voucher is redeemed at a participating irrigation store, WESTERN will invoice PROGRAM PARTICIPANT,

EXHIBIT A

and PROGRAM PARTICIPANT shall pay the amounts shown below or any other amounts which may be in effect as of the date of the applicable invoice as determined by WESTERN under the FreeSprinklerNozzles.com Program, provided, however that the maximum amount payable by PROGRAM PARTICIPANT pursuant to this MOU shall not exceed the Maximum Amount set forth in paragraph 7 of this Agreement. The Maximum Amount shall apply to all Nozzles regardless of whether Nozzles are for residential, commercial or irrigation customers. PROGRAM PARTICIPANT shall ensure that its Member Agencies are not be permitted to allocate a certain portion of the Maximum Amount for certain types of customers, Nozzles or manufacturers.

Unless different amounts are in effect as of the date of the applicable invoice, as determined by WESTERN, the per unit price for each Nozzle shall be as follows:

Toro Precision Series Spray Nozzle: \$3.60
Toro Precision Series Rotating Nozzle: \$5.00
Hunter MP Rotator Nozzle: \$5.00
Rain Bird Rotating Nozzle: \$4.00
Rain Bird Rotating Variable Arc Nozzle: \$5.00

_____ By initializing this paragraph, PROGRAM PARTICIPANT is hereby opting to allow and fund both the fixed spray and rotating Commercial/Irrigation Nozzles in connection with requests from Member Agencies' Commercial/Irrigation customers. The refusal or failure to initial this paragraph shall indicate that PROGRAM PARTICIPANT will only allow and fund fixed spray Commercial/Irrigation Nozzles in connection with requests from Commercial/Irrigation customers.

5. Additionally, WESTERN will, on a monthly or quarterly basis, as determined by WESTERN, prepare a fully documented invoice, for the amounts due as set forth above stating the amount due for the number of water-efficient sprinkler Nozzles processed during the previous period, that were distributed by way of the voucher program within the PROGRAM PARTICIPANT' Member Agencies' service areas. Each invoice shall be accompanied by back up documentation that shall include at least the following: Member Agency name, participant account number, participant address and number of Nozzles distributed to each individual participant. PROGRAM PARTICIPANT shall pay each invoice within thirty (30) days from the date of PROGRAM PARTICIPANT's receipt of the applicable invoice.
6. PROGRAM PARTICIPANT, if it elects to do so, will have the responsibility to audit and verify the installation of the water-efficient sprinkler Nozzles distributed by the FreeSprinklerNozzles.com Program, within its Member Agencies' respective

EXHIBIT A

service areas. PROGRAM PARTICIPANT shall be solely responsible, at its sole cost and expense, to enter into the applicable arrangements, if applicable, and take any action which may be required, in order to enforce the requirements of its Member Agencies as set forth herein.

7. PROGRAM PARTICIPANT has an approved budget, as specified in Section 3, to support the implementation of the FreeSprinklerNozzles.com Program within the PROGRAM PARTICIPANT's Member Agencies' service areas ("Maximum Amount"). Notwithstanding anything to the contrary in this MOU, PROGRAM PARTICIPANT shall have no obligation to spend funds in excess of the Maximum Amount without further written authorization in the form of a written amendment to this MOU, signed by each party's authorized signatory.
8. PROGRAM PARTICIPANT will coordinate and participate in the overall administrative oversight of, and foster the multiple-agency participation in, the FreeSprinklerNozzles.com Program within the PROGRAM PARTICIPANT's Member Agencies' service areas as applicable. Specifically, PROGRAM PARTICIPANT will be responsible for providing the Member Agencies' customer information as requested.
9. The term of this MOU shall extend from the date of full execution until June 30, 2016. This Agreement shall remain in effect during the term unless earlier terminated under the following procedures:
 - (a) If either party to this MOU believes that the other party has failed to perform any obligation of that party in accordance with the terms of this MOU ("Default"), the party alleging the Default shall provide written notice ("Default Notice") to the other party, setting forth the nature of the alleged Default. Unless otherwise provided by a specific term of this MOU, the party claimed to be in Default shall have (i) with respect to a Default involving the payment of money, ten (10) days after its receipt of the Default Notice to completely cure such Default, and (ii) with respect to any other type of Default, thirty (30) days from the receipt of the Default Notice to completely cure such Default or, if such Default cannot reasonably be cured within such thirty (30) day period, to commence the cure of such Default within the thirty (30) day period and diligently prosecute the cure to completion thereafter. If the party claimed to be in Default does not cure such Default within the time periods and procedures as set forth herein, the party alleging Default may then pursue the applicable legal and equitable remedies.
 - (b) In the event either party determines it is not feasible or permissible to continue to perform this MOU due to issues regarding whether a service or activity is being performed outside of a party's service area, either party may

EXHIBIT A

terminate this agreement upon ten (10) days prior written notice to the other party. In the event of any such termination, the parties will remain obligated to perform and pay for any obligation incurred prior to the effective date of said termination unless otherwise prohibited by law or regulation.

(c) Either party may terminate this MOU for convenience at any time upon thirty (30) days written notice. In the event of any such termination, the parties will remain obligated to perform and pay for any obligation incurred prior to the effective date of said termination unless otherwise prohibited by law or regulation.

(d) Upon termination of the Agreement, WESTERN shall immediately stop using any data (including the Confidential Data) provided by PROGRAM PARTICIPANT to WESTERN and shall, as directed by PROGRAM PARTICIPANT, return or destroy the Confidential Data and certify the destruction of the same.

(e) **Surviving Obligations.** Obligations with respect to confidentiality, use, and destruction of the Confidential Data, indemnification, and payment shall survive the termination of this Agreement.

10. Confidentiality and Usage of Data.

(a) PROGRAM PARTICIPANT agrees to provide WESTERN with PROGRAM PARTICIPANT's Member Agencies' customer names, addresses and account numbers ("Confidential Data") solely for the purpose of allowing PROGRAM PARTICIPANT's Member Agencies' customers to participate in the FreeSprinklerNozzles.com Program (the "Authorized Use"). The Confidential Data will remain the property of PROGRAM PARTICIPANT's Member Agencies and their customers. WESTERN shall use the Confidential Data solely for the Authorized Use. WESTERN shall not use the Confidential Data for commercial purposes or for any other use other than the Authorized Use.

(b) The Confidential Data or any confidential information disclosed by the disclosing party to the receiving party shall be treated as confidential and maintained in confidence by the receiving party. The receiving party shall not disclose any confidential information of the disclosing party except to its own personnel who have a need to know. Without limiting the foregoing, the receiving party shall take at least the same steps and use the same methods to prevent the unauthorized use or disclosure of Confidential Data of the disclosing party as it takes to protect its own confidential or proprietary information.

EXHIBIT A

(c) Public Records Act. In the event a public records request is made to either party (“Receiving Party”) for information regarding customers or other information from the other party (“Subject Party”), the Receiving Party shall provide notice to the Subject Party in order to provide the Subject Party with the opportunity to pursue the applicable action for withholding any such records from disclosure.

(d) Data Security and Distribution. WESTERN will ensure that any Confidential Information included in the Data is stored on computers and storage media accessible only by those WESTERN personnel with a need to use those portions of the Data, and that only the minimum number of copies reasonably necessary to accomplish the Authorized Use will be made. Confidential Data stored in an electronic format will be stored using industry-standard encryption and security features. (e) WESTERN shall not, and will inform all users that they may not:

- (i) Disclose any portions of the Data that are individually identifiable or that otherwise identifies persons, directly or indirectly, except as permitted under this MOU;
- (ii) Use the Data to learn the identity of any person or entity included in the Data or to contact any such person or entity for any purpose, except as permitted under this MOU;
- (iii) Distribute or publish the Data to anyone other than as expressly permitted under this MOU;

11. General Provisions

(a) Indemnification Each party hereby agrees to defend, indemnify and hold free and harmless the other party from and against any and all liability, expense, including defense costs and legal fees, and claims for damages of any nature whatsoever, including, but not limited to, breaches of confidentiality or misuse of any data provided by PROGRAM PARTICIPANT or obtained by WESTERN in connection with this MOU; bodily injury, personal injury, death or property damage, arising from or connected with Indemnitor’s activities under this MOU, including any Worker’s Compensation suits, liability, or expense, arising from or connected with services performed on behalf of Indemnitor by any person pursuant to this MOU, whether such claims, damages, liabilities, costs and/or judgments are based upon alleged negligence, a dangerous condition of public property, or any other theory of liability. Indemnitor’s duty to indemnify the Indemnitee shall survive the expiration or other termination of this

EXHIBIT A

MOU as to any injuries, occurrences or claims occurring or alleged to have occurred prior to its expiration or termination.

(b) Relationship of the Parties Nothing contained in this MOU shall be deemed or construed by the parties or by any third person to create the relationship of principal and agent, or partnership or joint venture, or any association between the parties, and none of the provisions contained in this MOU or any act of the parties shall be deemed to create any relationship other than as specified herein, nor shall this MOU be construed, except as expressly provided herein, to authorize any of the parties to act as the agent for the other.

(c) Notices

All notices or other communications to either party by the other will be deemed given when made in writing and delivered or mailed to such party at their respective addresses as follows:

To WESTERN:

To BAWSCA: Nicole Sandkulla
155 Bovet Road, Suite 650
San Mateo, California 94402

(d) Incorporation of Recitals The Recitals set forth above are incorporated herein and made an operative part of this MOU.

(e) Complete Agreement This MOU constitutes the entire agreement between the parties, both written and oral, with respect to the subject matter hereof. Any prior agreements respecting the subject matter hereof, written or oral, express or implied, between the Parties, are hereby canceled.

BAWSCA

WESTERN MUNICIPAL WATER DISTRICT

Nicole Sandkulla
Chief Executive Officer

(Date)

John V. Rossi
General Manager

(Date)

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

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

Summary:

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

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

At the July 16th Board meeting, Vice-Chair Mendall (who will be chairing the meeting in the absence of Chair Breault) will present the procedure and evaluation form to the Board of Directors for input. The CEO's performance report and the evaluation form will be mailed to each Director by July 23rd. Completed evaluation forms are to be returned to Chair Breault by August 7th. The closed session performance evaluation will take place at the September 17th Board meeting.

Board Policy Committee Action:

The Committee voted unanimously to recommend the proposed Board action.

Recommendation:

That the Board review the revised form during its July meeting for subsequent use as part of the CEO/GM performance evaluation, which shall include a discussion of specific benchmarks to include in the evaluation process for FY 2015-16, during Closed Session at the September 17th Board meeting.

Attachments:

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

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CHIEF EXECUTIVE OFFICER ANNUAL PERFORMANCE REVIEW: EVALUATION PROCEDURE July 2015

Evaluation procedure design

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

Evaluation steps

1. CEO Activities

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

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

2. Preliminary Board Chair activities

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

3. Directors submit forms and written comments

Board members to return completed forms and written comments to BAWSCA Chair by August 7th.

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

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

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

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

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

Board Chair produces a written draft consisting of:

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

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

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

5. The Board meets in closed session

Board Chair presents the written materials for discussion:

1. Board Chair notes any comments deleted or revised, and the reasons for doing so.
2. Board Chair discusses with the Board other potential quantifiable benchmarks that could be included in evaluation process for FY 2016-17.
3. Board Chair may ask that any significant new information be put in writing, perhaps as an amendment to the director's original input, so as to ensure the input is accurately reproduced.
4. The Chair may ask the CEO to join the closed session for clarification or discussion of matters.
5. The Chair may ask legal counsel to join the closed session for legal guidance.

6. Board Chair activities following closed session

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

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

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

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

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

7. Board Chair activities for subsequent year's evaluation

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

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

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

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

Employee: _____ Date of Evaluation: _____ Evaluator: _____

Instructions:

Please return to the Chair of the Board by August 7, 2015.

☐ Please mark here if you would like your name as associated with your comments to not be shared by Chair with CEO/GM at conclusion of review

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

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

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

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

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

What does the CEO do very well?

What could the CEO do better?

Other comments?

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

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

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Pilot Water Transfer Plan - Progress Report**

Summary:

The following is a detailed summary of BAWSCA's efforts to develop a pilot water transfer plan 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). The attached technical report provides a comprehensive review of BAWSCA's efforts to develop a pilot water transfer plan.

Fiscal Impact:

None at this time. Implementation of a pilot water transfer is not included in the adopted FY 2015-16 budget and would need to be funded through a separate, future Board action.

Recommendation:

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

Discussion:

BAWSCA and EBMUD signed a second Memorandum of Understanding (MOU) in January 2014 to implement the second phase of work on a pilot water transfer plan ("Memorandum of Understanding between East Bay Municipal Utility District and the Bay Area Water Supply and Conservation Agency for the Development of the Second Phase of a Short-Term Pilot Water Transfer Plan"). This second phase of work on the pilot water transfer plan (Phase II) has included drafting, revising and finalizing necessary agreements between BAWSCA, YCWA, EBMUD, Hayward, and the SFPUC; preparing environmental compliance documentation; and ongoing coordination between BAWSCA and each of the other agencies involved in a potential pilot water transfer.

BAWSCA has learned a considerable amount about the implementation of water transfers during Phase II process. The main conclusions from Phase II are the following:

- The timing of the use of EBMUD's Freeport Regional Water Project (FRWP) operations is not as predictable as thought during Phase I of the Pilot Plan.
- Access to capacity is a serious issue in drought years, as EBMUD may need to use the entire capacity of the FRWP to deliver their own supplies.
- During the extreme drought conditions, sellers may have less supply to sell, increasing the competition for purchase of transfer water and increasing the price of transfer water.
- Transfer water is only available at certain times of the year, and the availability of transfer water changes with type of water year (i.e., wet or dry), adding complexity to scheduling a water transfer to BAWSCA.

- Access to storage would greatly improve the viability of water transfers to BAWSCA.
- The historic drought conditions created difficulty for agencies in getting Warren Act contracts for use of the Folsom South Canal and have increased the requirements for both State and Federal environmental compliance analysis.
- Wheeling costs through the EBMUD system have turned out to be higher than anticipated during Phase I of the Pilot Plan.
- Improving the regular maintenance of Hayward Intertie and upgrading the intertie infrastructure for emergency use would provide benefits for a water transfer program.
- BAWSCA and Hayward agree that both parties would benefit from the information gained during implementation of a pilot water transfer.
- Negotiations between BAWSCA and Hayward about the pilot water transfer have proceeded slower than were anticipated at the outset of Phase II.
- Hayward has significant concerns about a pilot water transfer that are currently being investigated by Hayward and BAWSCA.
- BAWSCA and SFPUC have developed a framework for accounting for water supply within the San Francisco Regional Water System (SFRWS) that BAWSCA obtains independent of the SFPUC.

Next Steps:

BAWSCA is continuing to pursue a pilot water transfer with EBMUD for implementation in spring 2016, at the earliest. Due to the continuing drought conditions, EBMUD started operation of its FRWP facilities in April 2015 to deliver (1) its dry-year only Central Valley Project contract supplies and (2) water transfers to meet dry year demands. EBMUD expects to deliver at least 65,000 AF of water through the FRWP in calendar year 2015. This operation by EBMUD is anticipated to fully utilize the capacity of the FRWP facilities through the balance of 2015. EBMUD has informed BAWSCA that the FRWP facilities could be available for BAWSCA's use in the spring of 2016, in which case the pilot transfer, pending BAWSCA Board authorization, could occur in the spring depending upon many factors, including the availability of water from YCWA.

Background:

BAWSCA has been investigating water transfers as one alternative to improve the future water supply reliability of its member agencies as part of BAWSCA's Long-Term Reliable Water Supply Strategy (Strategy) planning process. Since 2012, BAWSCA has partnered with EBMUD to investigate water transfer projects to improve the future water supply reliability of each agency including the development of a short-term, one year pilot water transfer.

The following details of a pilot water transfer are presented in BAWSCA's Long-Term Reliable Water Supply Strategy – Strategy Phase II Final Report (February 2015).

Elements of the Pilot Water Transfer

A pilot water transfer would have the following key elements:

- **Water Transfer Amount:** 1,000 AF (0.89 MGD) delivered over approximately 22 days
- **Source of Supply:** BAWSCA is in negotiations with YCWA
- **Type of Water Right:** Pre-1914 Water Right or other
- **Initial Point of Diversion:** North of Delta at Freeport Facilities diversion location on

Sacramento River

- **Timing of Deliveries:** Both spring and fall windows exist (e.g., March-May or October-November)

Agreements Necessary to Implement the Pilot Water Transfer

The following five key agreements necessary to conduct a pilot water transfer:

- **Water Purchase Agreement:** Agreement for the purchase of water from willing seller;
- **BAWSCA-EBMUD Wheeling Agreement:** Agreement outlines the terms and conditions for EBMUD to wheel the transfer water, secured and purchased by BAWSCA, through EBMUD and US Bureau of Reclamation facilities to the Hayward Intertie;
- **Hayward Intertie Pilot Transfer Agreement:** Three-party agreement that defines the terms for the use of Hayward Intertie for a pilot water transfer among EBMUD, SFPUC, Hayward, and BAWSCA;
- **BAWSCA-Hayward Agreement:** Agreement outlines the procedures for documenting and reimbursing Hayward for appropriate costs incurred to implement the transfer and identifies terms of use for Hayward's system beyond the EBMUD point of delivery;
- **BAWSCA-SFPUC Agreement:** Agreement outlines the operational and water accounting guidelines between BAWSCA and SFPUC for conveying purchased transfer water to member agencies through the San Francisco Regional Water System (RWS).

Pilot Water Transfer Costs

Phase 1 identified estimated costs for a pilot water transfer including water purchase, wheeling, operations and maintenance, and administrative cost associated with a potential transfer. BAWSCA continues to work with the pilot water transfer partners to refine the cost estimates, which are presented in Table 1 below. All costs remain preliminary at this time.

Table 1: Estimated Preliminary Pilot Water Transfer Costs			
Type of Cost	Recipient	Est. Cost (\$/AF)	Est. Total Costs
Water Purchase	Water Seller	\$50-\$350	\$50,000 - \$350,000
Wheeling	EBMUD, USBR	\$360 - \$550	\$360,000 - \$550,000
Hayward Facilities ⁽¹⁾	Hayward	\$100 - \$200	\$100,000 - \$200,000
SF RWS	SFPUC	\$420-\$620	\$420,000 - \$620,000
Total Estimated Costs		\$930-\$1720 / AF	\$930,000-\$1,720,000

(1) Costs for the Hayward are not final at this time.

Attachment:

- Technical Memorandum: BAWSCA-EBMUD Pilot Water Transfer Phase II Pilot Plan (July 2015)

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Technical Memorandum: BAWSCA-EBMUD Pilot Water Transfer Phase II Pilot Plan

Background and Introduction

The *Long-Term Reliable Water Supply Strategy Phase IIA Report* (Strategy Phase IIA Report) (BAWSCA, 2012) identified water transfers from sources (sellers) outside the BAWSCA service area as a promising option to address the dry year reliability needs of the BAWSCA member agencies. The initial analysis done in the Strategy Phase IIA Report estimated that the costs of pilot water transfer are lower compared to other alternative supplies, resulting from the fact that a water transfer utilizes existing infrastructure and is a supply that is obtained only in dry years. A key recommendation presented in the Strategy Phase IIA Report was that the Bay Area Water Supply and Conservation Agency (BAWSCA) develop a plan for a pilot water transfer with either the East Bay Municipal Utility District (EBMUD) or the Santa Clara Valley Water District (SCVWD).

In May 2012, EBMUD identified water projects to meet its future dry year water supply needs including the newly completed Freeport Regional Water Project (FRWP) that diverts water from the Sacramento River and conveys it to EBMUD's service area. As shown on Figure 1, a water transfer involving EBMUD and BAWSCA would involve purchasing water from a willing seller, diverting the water using the FRWP intake, conveying the water through the FRWP facilities, the US Bureau of Reclamation's (USBR) Folsom South Canal, and EBMUD's raw water and treated water distribution systems, and delivering the transfer water to the BAWSCA service area via the San Francisco Public Utilities Commission-EBMUD-City of Hayward Intertie (Hayward Intertie), located in the City of Hayward (Hayward), which is jointly owned by EBMUD and the San Francisco Public Utilities Commission (SFPUC). Transfer water delivered from EBMUD through the Hayward Intertie would be directly used by Hayward in lieu of taking delivery of a like amount of water from the San Francisco Regional Water System (SFRWS) (EBMUD and BAWSCA 2013). BAWSCA staff met with potential sellers north of the Delta in 2013, 2014, and 2015, which has led to detailed discussion of a 1,000-AF pilot transfer with Yuba County Water Agency (YCWA).

The Pilot Plan

In September 2012, EBMUD and BAWSCA entered into a Memorandum of Understanding to prepare the *BAWSCA-EBMUD Short-Term Pilot Water Transfer Plan* (Pilot Plan; EBMUD and BAWSCA, 2013). The purpose of the Pilot Plan was to evaluate the feasibility of partnering as buyers on long-term water transfer projects to improve future water supply reliability for the respective agencies. The Pilot Plan, published in September 2013, studied the potential to conduct a one-year pilot water transfer of 1,000 AF in a future dry-year when EBMUD is planning to operate the Freeport Regional Water Project (FRWP). The Pilot Plan concluded that a short-term pilot water transfer would be both feasible and beneficial for BAWSCA and EBMUD. Conducting a one-year pilot water transfer with a willing seller would provide important information needed to evaluate the costs and benefits of a long-term water transfer partnership. The Pilot Plan develops the basics of the pilot water transfer timing, rate, duration, potential costs, necessary agreements and approvals, and next steps. The Pilot Plan also evaluated the

feasibility of partnering on long-term water transfer projects to improve future water supply reliability for both agencies.

The Pilot Plan (EBMUD and BAWSCA 2013) identified the following five key agreements necessary to conduct the Pilot Water Transfer:

- **Water Purchase Agreement:** Agreement for the purchase of water from willing seller;
- **BAWSCA-EBMUD Wheeling Agreement:** Agreement outlines the terms and conditions for EBMUD to wheel the transfer water, secured and purchased by BAWSCA, through EBMUD and USBR facilities to the Hayward Intertie;
- **Hayward Intertie Pilot Transfer Agreement:** Three-party agreement that defines the terms for the use of Hayward Intertie for the Pilot Water Transfer among EBMUD, SFPUC, Hayward, and BAWSCA;
- **BAWSCA-Hayward Agreement:** Agreement outlines the procedures for documenting and reimbursing Hayward for appropriate costs incurred to implement the transfer and identifies terms of use for Hayward's system beyond the EBMUD point of delivery;
- **BAWSCA-SFPUC Agreement:** Agreement outlines the operational and water accounting guidelines between BAWSCA and SFPUC for conveying purchased water to member agencies by in-lieu means through the San Francisco Regional Water System (RWS).

Each of the agreements above will be discussed in detail throughout this Memorandum.

Phase II of the Pilot Plan

In January 2014, BAWSCA and EBMUD signed the *Memorandum of Understanding between East Bay Municipal Utility District and the Bay Area Water Supply and Conservation Agency for the Development of the Second Phase of a Short-Term Pilot Water Transfer Plan* (Phase II MOU) to implement the second phase (Phase II) of the Pilot Plan. Phase II of the Pilot Plan has included drafting, revising and finalizing necessary agreements between BAWSCA, YCWA, EBMUD, Hayward, and the SFPUC; preparing environmental compliance documentation; and ongoing coordination between BAWSCA and each of the other agencies involved in the pilot.

As presented in the Pilot Plan (EBMUD and BAWSCA 2013), the three key components of Phase II were to be:

- 1) Identify a willing seller to participate in the pilot water transfer;
- 2) Engage the other key stakeholders in the planning process for the pilot water transfer, including Hayward, SFPUC, and regulatory agencies; and
- 3) Develop a plan a schedule and plan to pursue the necessary agreements and prepare documentation for environmental approvals necessary to engage in a pilot water transfer.

BAWSCA and EBMUD began these tasks shortly after publication of the Pilot Plan in 2013, and anticipated that it would take approximately one year to complete the agreements between (1) BAWSCA and SFPUC and (2) BAWSCA and Hayward. Concurrently, it was anticipated that the Hayward Intertie Agreement could be amended to accommodate the pilot water transfer.

The Pilot Plan anticipated that finalizing a water purchase agreement and the BAWSCA-EBMUD wheeling agreement and preparing documentation necessary for environmental review and regulatory agency

approvals would be pursued in a drought year, when it was anticipated that EBMUD would operate the FRWP (EBMUD and BAWSCA 2013). Instead, right after the start of Phase II, it became clear that drought conditions were worsening such that EBMUD would be initiating the use of the FRWP immediately. As such, all of the documentation needed to implement the pilot transfer has been pursued concurrently.

The drought has changed the course of work during Phase II: it has motivated progress towards completing agreements and environmental compliance, but it has also highlighted some further challenges for water transfer implementation. This Technical Memorandum presents the progress and the results achieved to date towards the implementation of a pilot transfer during Phase II of the Pilot Plan.

Overview of Agreements and Environmental Compliance

Table 1 provides a list of the required agreements, environmental compliance, and regulatory approvals that are required for implementation of the pilot water transfer. Progress on each of these items during Phase II is presented in the subsequent sections.

Table 1. Summary of Key Institutional Agreements, Environmental Compliance, and Regulatory Approvals Needed to Implement a BAWSCA-EBMUD Pilot Water Transfer.

	Action Needed for Pilot Transfer Implementation	Primary Responsible Party
Transfer Agreements		
Water Transfer Agreement with Seller	Required	BAWSCA / Seller
EBMUD- BAWSCA Wheeling Agreement	Required	EBMUD / BAWSCA
BAWSCA-SFPUC Pilot Transfer Agreement	Required	BAWSCA / SFPUC
Internal Agreements and Arrangements to Distribute Water to BAWSCA Agencies	Required	BAWSCA
BAWSCA- Hayward Pilot Transfer Agreement	Required	BAWSCA / Hayward

	Action Needed for Pilot Transfer Implementation	Primary Responsible Party
Hayward Intertie		
Hayward Intertie Operating Agreement (2007)	Amendment required to allow for one-year pilot test ⁽⁴⁾	EBMUD / SFPUC / Hayward
Updated Intertie Operations Plan	May be needed to define operations specific to the pilot	EBMUD / SFPUC / Hayward
Environmental Compliance		
State Resource Laws	CEQA exemption(s)	Seller / BAWSCA
Federal Resource Laws	Compliance with NEPA, ESA ⁽²⁾	USBR / BAWSCA / EBMUD
Regulatory Agency Approvals		
State Water Resources Control Board (SWRCB) – Temporary Change in Place of Use Order	Required ⁽³⁾	Seller / BAWSCA
SWRCB – DDW Permit	Required	EBMUD / BAWSCA
United States Bureau of Reclamation (USBR)	Required for Warren Act contract	USBR / BAWSCA

Water Transfer Agreement with Yuba County Water Agency

The Pilot Plan (EBMUD and BAWSCA 2013) reviewed a number of potential water transfer partners with water supplies available for potential transfer and recommended that BAWSCA and EBMUD meet with both Yuba County Water Agency and the Placer County Water Agency to discuss potential participation in the pilot water transfer. EBMUD had preliminary discussions with both agencies related to their own interests in acquiring transfer supplies. In the course of those discussions, EBMUD determined that YCWA was interested in participating in a pilot water transfer with BAWSCA by selling BAWSCA a small quantity of transfer water. In December 2013, BAWSCA met with representatives of YCWA in a joint meeting with EBMUD. Both YCWA and BAWSCA confirmed their interest in partnering on a pilot water transfer and agreed to continue discussions about the potential for a pilot transfer in 2014.

The Pilot Plan (EBMUD and BAWSCA 2013) provides a detailed description of the Lower Yuba River Accord (Yuba Accord), but some background is included here for context. The Yuba Accord is a 17-party agreement that resolves decades of disputes over instream flow issues associated with operation of the Yuba Project in a way that protects and enhances lower Yuba River fisheries, improves water supply reliability and provides revenues for local flood control and water supply projects. The Yuba Accord was implemented in 2008 and corresponded with the addition of the State Water Project (SWP) and Central Valley Project (CVP) service areas as approved places of use to YCWA's water rights through the year 2025. The Yuba Accord originally included the Delta export pumps as the approved points of

rediversion, but in March 2014, YCWA added the FRWP intake as a point of rediversion for the YCWA water rights.

The Yuba Accord includes a fisheries agreement and seven conjunctive use agreements, together which establish an integrated surface water and groundwater management program for the districts served by YCWA. The Yuba Accord also included a water purchase agreement that creates a long-term water transfer program, under which water can be transferred to the environment and a group of SWP and CVP contractors during drought conditions. This water purchase agreement specified the timing and pricing of YCWA water transfer supplies through 2016. In December 2014, YCWA entered into a new agreement with a group of SWP and CVP contractors to stipulate timing and pricing of YCWA water transfer supplies through 2025.

After YCWA added the FRWP intake as a point of rediversion, BAWSCA conferenced with EBMUD and YCWA. BAWSCA met with YCWA again in May 2014, December 2014, and May 2015 and confirmed continued interest by both parties to continue to partner on a pilot water transfer.

A draft Temporary Transfer Petition (TTP) to the State Water Resources Control Board (SWRCB) and associated forms for the pilot water transfer has been prepared and reviewed by YCWA and BAWSCA. A draft water transfer agreement prepared in June 2014 included terms proposed by YCWA for the purchase and delivery of pilot water transfer supplies.

In March 2015, YCWA entered into a water transfer agreement with Dublin San Ramon Water Services District (DSRSD). DSRSD proposed to purchase water from YCWA in the spring of 2015, wheel the water through the EBMUD service area, store the water in EBMUD's local reservoirs, and have the water delivered during the late summer and early fall. Because this was the first time that YCWA had entered into a water transfer agreement for water that would travel through the FRWP, the agreement built upon the draft that YCWA and BAWSCA were working from in 2014 and also made some significant progress and changes in terms. YCWA sent the signed YCWA-DSRSD water transfer agreement to BAWSCA for reference in moving forward on a water transfer agreement between YCWA and BAWSCA.

In the spring of 2015, YCWA revised the draft TTP for the BAWSCA pilot water transfer to reflect changed conditions in the Yuba Accord over the past year. The progress on the Temporary Transfer Petition puts BAWSCA and YCWA in a good position to submit this paperwork when both parties are ready to sign a water transfer agreement. An overview of the terms of the TTP and the draft water transfer agreement is provide below. Figure 2 shows the dates of key meetings between BAWSCA and YCWA.

[Overview of Terms of the Temporary Transfer Petition and the Water Transfer Agreement with Yuba County Water Agency](#)

The draft TTP and water transfer agreement that BAWSCA and YCWA are currently negotiating contain specific information and terms related to the following elements:

- Water rights,
- Timing,
- Roles and responsibilities for required regulatory approvals and environmental documentation,
- Cost reimbursement agreements,
- Notification requirements,

- The point of delivery, and
- Other details of implementation.

The draft water transfer agreement specifies that YCWA, as the seller of water, is the agency responsible for obtaining regulatory approvals and environmental documentation from the origin of the transfer water to the point of delivery. BAWSCA is responsible for all regulatory approvals and environmental documentation from the point of delivery to the place of use, the BAWSCA service area. In addition, the draft water transfer agreement specifies that BAWSCA must pay a reimbursement cost to YCWA for the work on obtaining regulatory approvals and environmental documentation for the pilot water transfer. As described in the Pilot Plan (EBMUD and BAWSCA 2013), the reimbursement cost is a normal term of a water transfer agreement.

The Yuba Accord supplies that YCWA proposes to sell to BAWSCA currently only have an authorized place of use in the service areas of the SWP and CVP. While some BAWSCA member agencies do have rights to use SWP and/or CVP supplies, the SWRCB would need to issue a Temporary Transfer Order (TTO) to temporarily change the place of use of the YCWA transfer supplies to incorporate the entire BAWSCA service area to enable the rest of the member agencies to access the transfer supplies. The draft water transfer agreement contains terms that stipulate that YCWA would submit the TTP to the SWRCB requesting the TTO. Both agencies would have the opportunity to review the TTO before moving forward with a pilot water transfer.

The draft water transfer agreement anticipates that the TTP would be valid for up to one year to allow more flexibility in implementing a pilot. In addition, the parties could potentially request this timeframe to start at some point in the future rather than upon submittal of the TTP, further extending the timeframe.

Lessons Learned and Outstanding Issues

The following list presents a summary of the lessons and outstanding issues for the water transfer agreement:

- The price of transfer supplies has increased, with asking prices from YCWA as high as \$500 per acre-foot during times of extreme drought.
- Recent changes to the Yuba Accord are requiring additional work by BAWSCA and YCWA to ensure that all BAWSCA member agencies can access transfer supplies.
- Due to scheduling constraints regarding the availability of YCWA supplies, allowing for a broad window for scheduling delivery of pilot transfers supplies would increase the likelihood of success of a transfer.

Under the terms of both the original and recently renegotiated water transfer agreements with SWP and CVP contractors under the Yuba Accord, the price of water transfer supplies would fluctuate depending on the type of water year (i.e., wet or dry) and thus the value of these supplies to potential purchasers. The Pilot Plan (EBMUD and BAWSCA 2013) recognized this variability in price and estimated that the cost of transfer water would range between \$75 and \$275 per acre-foot, depending on water supply conditions. With the unprecedented drought conditions, prices for transfer water have increased significantly and the recently renegotiated transfer agreement under the Yuba Accord included changes to the price schedule. While the pilot transfer under discussion would not be subject to the new terms,

the prices proposed by YCWA in 2014 and 2015 reflect the unprecedented demand for transfer supplies with asking prices from YCWA as high as \$500 per acre-foot during times of extreme drought.

One other change to the transfer agreements under the Yuba Accord was to specify who had rights to purchase Yuba Accord transfer water during different months of the year. This change specifies that agencies with SWP and CVP rights that participate in the Yuba Accord are only allowed to purchase transfer water from July 1 through September 31, and other agencies would be allowed to purchase during other times of the year when Yuba Accord water was available to transfer. BAWSCA has some member agencies in each of these categories, and thus special arrangements would need to be made for some of the member agencies to receive the Yuba Accord transfer water at any time of the year. This issue still needs to be resolved, but BAWSCA and YCWA are committed to coming up with solutions to facilitate a pilot water transfer to all of the BAWSCA member agencies.

Work done during Phase II has identified many potential scheduling constraints regarding the availability of YCWA supplies that add complexity to the transfer. The broader window to schedule supplies afforded by both a one-year TTP and a potentially delayed submittal of the TTP would increase the likelihood of success for a pilot water transfer.

The work done during Phase II has put BAWSCA in the position to enter into a water purchase agreement with YCWA when conditions for pilot water transfer implementation are right.

EBMUD-BAWSCA Wheeling Agreement

In October 2013 EBMUD and BAWSCA began drafting a Scope of Work for Phase II of the Pilot Plan. BAWSCA and EBMUD confirmed in a meeting in November 2013 that both parties intended to continue devoting effort to the implementation of a pilot water transfer. In January 2014 BAWSCA and EBMUD signed a second MOU to implement the Phase II of the Pilot Plan, which has included preparation of the draft wheeling agreement between EBMUD and BAWSCA. Meetings between BAWSCA and EBMUD about key aspects of the wheeling agreement have taken place in Phase II as shown in Figure 3.

Overview of Terms of the Draft Wheeling Agreement with EBMUD

During the pilot water transfer, EBMUD would transport (or wheel) BAWSCA-purchased transfer water through the EBMUD transmission and water treatment system. A wheeling agreement between BAWSCA and EBMUD is needed to define:

- The quantity of the transfer,
- The timing,
- Notification requirements,
- Roles and responsibilities for required regulatory approvals and environmental documentation,
- Cost reimbursement agreements,
- The point of delivery, and
- Key operational considerations of the pilot water transfer.

EBMUD and BAWSCA drafted a draft wheeling agreement for the Pilot Plan, and the agencies have worked to refine the terms of this agreement during Phase II. A wheeling agreement between EBMUD and DSRSD, signed in March 2015, has informed the EBMUD-BAWSCA wheeling agreement, as EBMUD dedicated significant technical, operational and legal staff resources towards the completion of that

agreement with DSRSD. BAWSCA and EBMUD are still in negotiations on the terms of the draft wheeling agreement, but a general description of the terms is provided herein.

The draft wheeling agreement includes the following components:

- Specifies the quantity of transfer water to be wheeled through the EBMUD system for BAWSCA,
- Details the route that the water will travel through the EBMUD system,
- Specifies the treatment that the water will receive before delivery to the Hayward Intertie,
- Names the point of delivery as the Hayward Intertie,
- Specifies procedures for notification by both parties, and
- Sets out the terms by which either party can modify, adjust, suspend or terminate the wheeling operations.

The draft wheeling agreement also specifies roles and responsibilities of both parties related to the environmental compliance and regulatory approvals needed to complete the pilot water transfer. In addition to specifying which party would be responsible for securing and preparing documentation, the wheeling agreement discusses cost reimbursement for environmental compliance and regulatory approval activities.

The estimated costs of wheeling water through the EBMUD system are also included in the draft wheeling agreement. After actual implementation of a pilot water transfer, BAWSCA would be responsible for reimbursing actual costs expended by EBMUD to transfer water to the BAWSCA service area. The wheeling agreement will specify what types of costs are reimbursable by BAWSCA to EBMUD and will specify estimated ranges for these costs. BAWSCA intends to implement the pilot water transfer during a time that EBMUD is already operating the FWRP to deliver their own supplemental supplies, so the significant costs for FWRP startup and shutdown would be shared between the two agencies.

[Lessons Learned and Outstanding Issues](#)

The following list presents a summary of the lessons learned and outstanding issues for the wheeling agreement:

- The timing of the use of EBMUD's FWRP operations has been variable and not as anticipated during Phase I of the Pilot Plan process.
- EBMUD water treatment plants need to be upgraded to be able to treat water at a rate to more closely match demands to prevent local reservoirs from filling too quickly.
- Access to storage would greatly improve the viability of water transfers to BAWSCA, but it is uncertain that BAWSCA could use EBMUD facilities for water storage.
- The historic drought conditions created difficulty for agencies in getting Warren Act contracts for use of the Folsom South Canal.
- Access to capacity in EBMUD's system is a serious issue in drought years, as EBMUD may need to use the entire capacity of the FWRP to deliver their own supplies.
- During the extreme drought conditions, BAWSCA and EBMUD could be competing for the purchase of the same water supplies.

The timing of EBMUD's FWRP operations has turned out to be different than originally assumed when putting together the Pilot Plan. The Pilot Plan (EBMUD and BAWSCA 2013) had stated that the FWRP

operations would be timed to begin in October of a dry year, with planning beginning in approximately April of the same year, after a water year had been determined to be dry. However, after the Pilot Plan was released, EBMUD realized that the FRWP would need to operate in April every three years, beginning in April 2014, to test the fish screens on the FRWP and meet regulatory compliance obligations. This mandate provides a regular opportunity for FRWP operations and a potential water transfer between EBMUD and BAWSCA.

For the mandated testing in April 2014, EBMUD took the opportunity to combine the fish screen testing with the delivery of drought supplies from the CVP and some additional transfer water through the FRWP to the EBMUD service area.

EBMUD identified challenges during this initial operation of FRWP that have provided key information for both their future operation and the pilot water transfer. EBMUD is required to treat all water that passes through the FRWP in a conventional water treatment plant. Currently, EBMUD only has two of these facilities, which are located at the EBMUD terminal reservoirs. During EBMUD's spring-summer 2014 operation of FRWP, they experienced some operational difficulty due to the treatment plants' abilities to only treat at two specific flow rates. EBMUD found that the local reservoirs where the FRWP supplies must be delivered were filling too fast due to this inflexibility in water treatment rate, thus prompting EBMUD slow down the diversion from the FRWP. EBMUD has proposed upgrading these facilities to add operational flexibility and address this issue. It should be noted that EBMUD did not receive any taste or odor complaints from customers during the period that FRWP water was being delivered.

To move water to the EBMUD service area from the FRWP, EBMUD must move Sacramento River water through a portion of the USBR's Folsom South Canal. A Warren Act Contract with the USBR is required to move non-CVP/USBR water through the Folsom South Canal. In 2014 and 2015, EBMUD obtained Warren Act contracts to move non-CVP/USBR transfer water into the EBMUD service area, in addition to EBMUD's CVP contract drought-year supplies. A Warren Act Contract between BAWSCA and the USBR is necessary to implement this pilot water transfer. According to EBMUD, due to the historic drought conditions, the environmental compliance requirements have increased substantially, increasing costs of environmental review and analysis for these contracts.

EBMUD and BAWSCA contemplated implementing the pilot water transfer in the spring of 2014, but the timeframe for completing all of the agreements, gaining all of the regulatory approvals, and fulfilling all environmental compliance obligations was too short. At the end of Phase I of the Pilot Plan, BAWSCA and EBMUD forecasted that the Phase II work of working on agreements would take at least six months to one year, or more.

On April 15, 2015, EBMUD began operation of the FRWP with the intention of delivering at least 65,000 acre feet of supplemental supplies to the EBMUD service area. EBMUD has declared a Stage IV drought, their most critical category. EBMUD intends to operate the FRWP to deliver their own supplemental supplies through the balance of 2015. As they started their FRWP operation, EBMUD informed BAWSCA that it would not have any additional capacity to wheel water for BAWSCA for the rest of calendar year 2015. In addition, EBMUD was looking to purchase available supplies north of the delta on the Sacramento River, including any available YCWA supplies.

EBMUD and BAWSCA have made much progress during Phase II on a draft wheeling agreement to define the operational and cost reimbursement terms. Issues remaining to be resolved include potential capacity issues, prioritization and availability of supply.

Hayward Intertie Pilot Transfer Agreement

The Hayward Intertie is a set of pipeline and pump station facilities that connects the water systems of EBMUD and SFPUC in the City of Hayward. Use of the Hayward Intertie is governed by the *"First Amended Joint Exercise of Powers Agreement Between the City and County of San Francisco Public Utilities Commission, East Bay Municipal Utility District, and City of Hayward for Long Term Operation and Maintenance of the Emergency/Maintenance Water System Intertie Project"* (Hayward Intertie Agreement). The three party agreement between EBMUD, SFPUC and Hayward currently only covers the use of the intertie for "emergencies" and planned outages, thus would need to be amended to enable use of the Hayward Intertie to convey transfer water to BAWSCA for the pilot water transfer. The definition of emergency does not provide for the use of the Hayward Intertie to transfer or exchange water to address water shortages. The proposed action by EBMUD, SFPUC, Hayward, and BAWSCA is to create a new agreement specifically for the pilot water transfer, in addition to the Hayward Intertie Agreement.

The meetings to exclusively discuss the Hayward Intertie pilot transfer agreement during Phase II of the Pilot Plan are shown in Figure 4. It should be noted that updates on and discussion about the Hayward Intertie pilot transfer agreement also took place at meetings between BAWSCA and each of the other parties, and those meetings are captured in the other sections of this document.

In October 2013, EBMUD, SFPUC and Hayward met to discuss the issues related to the use of the Hayward Intertie for the pilot transfer. During that initial meeting, the three parties agreed to draft principles for an agreement that will allow BAWSCA's use of the Hayward Intertie for the BAWSCA/EBMUD pilot water transfer. EBMUD asked each agency to draft a set of intertie principles that would then be used to construct the Hayward Intertie pilot transfer agreement. In early January 2014, EBMUD and SFPUC compiled their principles and sent them to BAWSCA. BAWSCA compiled additional principles and transmitted them to the group in mid-January. Hayward compiled additional principles in early February 2014 and sent them to the group.

At the first meeting between all four parties on March 3, 2014, the group discussed the full set of intertie principles drafted by all parties and agreed to modifying and consolidating some of the principles. During this meeting, EBMUD agreed to use the principles to prepare a three-party intertie agreement specifically to authorize and conduct the pilot water transfer. The parties also agreed that the intertie agreement would be between EBMUD, SFPUC and Hayward and would reference the other agreements that BAWSCA had with EBMUD, SFPUC, and Hayward. In addition, the parties agreed that an operations plan for the intertie would need to be developed for the pilot water transfer. Subsequent meetings focused mainly on operational aspects of the Hayward Intertie pilot transfer agreement and included mostly operational staff from the agencies.

The meetings of the four parties also included some discussion of the California Environmental Quality Act (CEQA) compliance. A full summary of the CEQA discussions is provided below in the Regulatory Agency Approvals and Environmental Compliance section.

EBMUD has stated that the Hayward Intertie pilot transfer agreement will be completed after all the other agreements that BAWSCA has to complete with EBMUD, SFPUC and Hayward are completed. The Hayward Intertie pilot transfer agreement will reference each of these agreements and also contain the revised intertie operations plan.

Overview of Terms of the Draft Hayward Intertie Pilot Transfer Agreement

The Hayward Intertie Operating Agreement specifies the following terms:

- Limits the use of the Hayward Intertie to emergency situations and planned outages,
- Prohibits use of the Hayward Intertie to supply water during drought conditions,
- Defines the roles and responsibilities of each party,
- Specifies cost share allocations and ownership of the facilities between SFPUC and EBMUD, and
- Governs the operations and maintenance of the Hayward Intertie.

The draft Hayward Intertie pilot transfer agreement will be written to allow a one-time use of the Hayward Intertie for delivering the pilot transfer water, and includes the following list of selected principles:

- SFPUC, EBMUD, and Hayward shall remain the sole parties in the intertie operating agreement (JPA) and the terms and conditions of JPA shall remain in full force and effect notwithstanding the project specific stand-alone agreement.
- The project specific stand-alone operating agreement shall be limited to the proposed pilot transfer for a limited duration and for purposes of the pilot only.
- The project specific pilot transfer operating plan (or agreement) should be prepared and outline the roles and responsibilities of the partners who will operate, including the chain of command and authorities.

The Hayward Intertie pilot transfer agreement will reflect these and the other terms as agreed to by the three parties to the Hayward Intertie.

Lessons Learned and Outstanding Issues

The following list presents a summary of the lessons and outstanding issues for the Hayward Intertie pilot transfer agreement:

- Because BAWSCA is not a party to the Hayward Intertie Agreement, BAWSCA will not be a party to the Hayward Intertie pilot transfer agreement.
- The Hayward Intertie facilities receives regular maintenance to be able to be used in an emergency, but requires several days to prepare for use, once an emergency occurs.
- Flushing of the intertie pipeline prior to the pilot may be needed to scour sediments that have settled in the little-used portions of the pipe.
- The intertie facilities may require an upgrade to facilitate flushing of sediments prior to the pilot water transfer.
- The need for flushing may be able to be avoided if scouring velocities in the pipeline are not reached. This could be achieved by slowly ramping up flows during the pilot water transfer operation, but the maximum flow velocity could result in scour.

- Cost for flushing and reimbursement parameters for flushing are still under discussion by the parties.
- Discussions about use of the Hayward Intertie for the pilot water transfer have spurred conversations about the adequacy of the current maintenance plan for the intertie.

Prior to Phase II of the Pilot Plan, it was unclear whether BAWSCA would be a party to the Hayward Intertie pilot transfer agreement. Because BAWSCA is not a party to the existing Hayward Intertie Agreement, and BAWSCA does not own or operate the Hayward Intertie, it was decided that the Hayward Intertie pilot transfer agreement should not include BAWSCA. Instead, the Hayward Intertie pilot transfer agreement will reference the other agreements that will govern the implementation of the pilot water transfer that BAWSCA will have with the owners and operators of the Hayward Intertie.

Many of the discussions regarding the use of the Hayward intertie for the pilot water transfer have focused on the state of the Hayward Intertie facilities when not in use and the potential need for flushing the intertie pipelines that connect EBMUD and Hayward. Discussions about flushing the intertie pipeline, located in the northern part of Hayward, have been ongoing throughout Phase I and Phase II of the Pilot Plan process. During Phase II, technical staff from the agencies that own and operate the intertie engaged in dialogue about the potential need for flushing prior to the pilot water transfer, how that flushing could occur, how to operate the intertie during the pilot water transfer in a manner that would potentially avoid the need for flushing, potential infrastructure changes needed on the intertie pipeline to facilitate proper flushing, how much of the pipeline would need flushing, and potential changes to regular maintenance of the intertie. Technical staff involved in the discussions included the staff at Hayward that is responsible for operating the intertie and the EBMUD and SFPUC operational staff who have experience with previous uses of the intertie.

The water in the large, 42-inch intertie pipeline currently only has a small amount of flow in it traveling at a low velocity, which allows for settling of any sediments to the bottom of the pipe. When the pilot water transfer occurs, the flow in the pipe would be increased to a level such that scouring could occur along the pipes edges, loosening any sediments that have accumulated along the bottom of the pipe. These sediments could then be suspended in the water delivered to water customers in Hayward.

To prevent sediments from being introduced into the water delivered to Hayward's water customers, a couple of strategies have been suggested. The first strategy, and the solution originally preferred by Hayward, is to flush the intertie pipelines prior to the water transfer. The second strategy would be to run the pilot water transfer at a flow that would be small enough to not scour the walls of the pipelines and avoid loosening any sediments deposited on the edges. To do this, the operators would need to (1) slowly ramp up the flow rate in the intertie pipeline and (2) keep the flow rate low enough that the sediments would not become suspended into the flow. Operators have expressed some concerns about the ramp-up method, citing that the flow necessary to meet the demands in Hayward during the pilot water transfer could necessitate a flow rate in the intertie pipeline that is high enough to suspend sediments that are in the bottom of the pipe.

If flushing is to occur prior to the pilot water transfer, Hayward staff has pointed out that the current design of the intertie pipeline does not allow for adequate draining of water from the pipe to achieve the desired scour and flushing of sediments from the pipe. Hayward staff has suggested some infrastructure improvements to the pipe to accommodate the flushing. In addition, Hayward staff has

also designed a plan to discharge the flushing water into a creek that drains to the San Francisco Bay, to avoid any flooding of the Hayward stormwater discharge system. A prior attempt to flush the intertie pipeline resulted in flooding in Hayward that should be avoided in the future.

During Phase II of the Pilot Plan, BAWSCA and the other pilot water transfer partners have been investigating the costs of flushing the intertie pipeline including the cost of the water that would be flushed into the Bay, the cost of labor to perform the flushing, the cost of the electricity for pumping, and any costs associated with upgraded infrastructure for flushing and related discharge into a creek. BAWSCA has been working with the other parties to both correctly determine the costs of flushing and also to determine who should be responsible for paying the costs for flushing and intertie pipeline infrastructure upgrades. These flushing-related costs and responsibilities for reimbursement are still under discussion by the parties at this time.

During Phase II, BAWSCA has gained much understanding of how the Hayward Intertie functions and how it is maintained. As the owners of the intertie, EBMUD and SFPUC pay to maintain the intertie on an annual basis, according to the current agreement and maintenance plan. As the operator of the intertie, Hayward performs the maintenance activities, as required, and is then reimbursed by EBMUD and SFPUC. The intertie operations discussion that has occurred as a part of Phase II has been beneficial in identifying potential areas of improvement in the annual maintenance of the intertie. EBMUD, SFPUC and Hayward are currently in discussion about what changes in maintenance could be done on the intertie to assure that it is ready in the event there is an emergency. These changes would also likely benefit the planned operation of the intertie for the pilot water transfer.

BAWSCA - Hayward Pilot Transfer Agreement

BAWSCA and Hayward will enter into a cost allocation and operations agreement to conduct the pilot water transfer that specifies the terms of the use of Hayward's facilities, the operation of those facilities and the associated cost reimbursement during the pilot. BAWSCA has been meeting with Hayward throughout Phase II of the Pilot Plan to discuss these terms. A list of meetings between BAWSCA and Hayward during Phase II is presented in Figure 5.

Early in the Phase II process, Hayward expressed their major concerns to BAWSCA about the pilot water transfer, including:

- Pilot water transfer water will be of a different quality than the San Francisco Regional Water System supplies that Hayward normally receives during certain times of year.
 - Concerns related to customer complaints and public relations issues about this different water quality for both residential and commercial customers.
- Hayward will rely solely on pumped water during the pilot water transfer, which is different than the normal case of water being delivered almost completely by gravity.
 - Concerns related to costs to keep water pressures up in Hayward during the pilot water transfer.
 - Concerns related to Hayward water system pressures being different than usual.
- Liability issues in the event that something happens during the pilot water transfer.
- The potential that additional environmental documentation could be required to use the intertie to execute a pilot water transfer.

BAWSCA has taken steps to address each of these concerns with Hayward. To review these issues, and others, BAWSCA and Hayward drafted a cooperative agreement in June 2014 to examine issues of concern related to the pilot water transfer. BAWSCA and Hayward formally signed the Cooperative Agreement between Hayward and BAWSCA for Preliminary Planning and Analysis for Development of a Short-Term Pilot Water Transfer Plan (Cooperative Agreement) in February 2015.

To examine potential water quality issues related to the pilot water transfer water, BAWSCA worked with EBMUD to identify the anticipated water quality of the supply delivered through the Hayward Intertie during the pilot water transfer. The water quality has been found to be very similar to the supplies from the SFPUC local reservoirs, which (1) is delivered to BAWSCA member agencies periodically throughout any given year and (2) meets all water quality regulatory guidelines. As stated in the Cooperative Agreement, BAWSCA is committed to helping Hayward identify and assess the impacts of water quality changes on the Hayward water customers, particularly the industrial sector.

The Cooperative Agreement also specifies that BAWSCA and Hayward will work together on a public communications plan. This public communications plan will establish effective communications to Hayward's residential, commercial, and industrial water customers regarding the use of the Hayward Intertie and potential changes in water quality, including potential impacts and benefits to all Hayward water customers.

In regards to the concerns about impacts to Hayward's water system operations during the pilot water transfer, including potential changes to the existing water pressures and resultant fire flow capacity in Hayward, BAWSCA and Hayward have partnered on an investigation of hydraulic pressures in the Hayward system during the pilot water transfer. The goal of this analysis is to identify areas in the water system that could be vulnerable to lower pressures and that might need to be monitored during the pilot water transfer. Hayward's consultant, West Yost and Associates, finished their preliminary analysis in April of 2015 and Hayward and BAWSCA are still reviewing the results.

In regards to Hayward's concern that potential additional environmental compliance documentation could be required to use the Hayward Intertie for the pilot water transfer, BAWSCA and EBMUD organized meetings and distributed information about the California Environmental Quality Act (CEQA) compliance for the pilot water transfer and the relationship with the Hayward Intertie Operating Agreement. Further description of the CEQA discussions and activities during Phase II is provided below in the Environmental Compliance and Regulatory Approvals section.

Lessons Learned and Outstanding Issues

A key lesson learned in the process of developing an understanding of the implementation of water transfers is that sometimes the process unfolds slowly. In June 2014, BAWSCA started engaging Hayward in weekly meetings to increase the frequency of the discussions and allow the time for getting all of the issues identified and fully discussed. Entering into the Cooperative Agreement has focused the discussions between BAWSCA and Hayward and has highlighted the areas that need to be worked through prior to the implementation of a pilot water transfer that involves Hayward.

Early on, BAWSCA and Hayward came to agreement on the operational costs during the pilot water transfer that BAWSCA will reimburse Hayward for after the pilot water transfer has been implemented. However, BAWSCA and Hayward have spent time in over 10 different in-person meetings discussing the potential terms of wheeling cost reimbursement and are currently still in discussion on these terms for

implementation of the pilot. BAWSCA and Hayward are continuing to work on this issue to come to agreement on acceptable terms for both parties.

BAWSCA - SFPUC Pilot Transfer Agreement

To execute the pilot water transfer, BAWSCA and the SFPUC need an agreement in place to specify how costs will be allocated under the 2009 Water Supply Agreement (WSA) between San Francisco and the Wholesale Customers. The WSA provides for a detailed cost allocation methodology whereby all costs of the SFRWS are allocated between the San Francisco Retail Customers and the Wholesale Customers, primarily based on proportionate annual water use. Because the pilot water transfer will introduce new water into the SFRWS, an agreement needs to be put in place to specify how this water will be treated with respect to the WSA. Meetings between BAWSCA and SFPUC about key aspects of the BAWSCA – SFPUC pilot transfer agreement have taken place in Phase II as shown in Figure 6. In person meetings between the SFPUC and BAWSCA have been few, as the staff for both agencies came to agreement on most of the terms quickly.

Overview of Terms of the Draft BAWSCA - SFPUC Pilot Transfer Agreement

The draft BAWSCA-SFPUC pilot transfer agreement formalizes:

- The allocation of SFRWS costs,
- Outlines notification procedures,
- Specifies the water accounting procedures in the case of both voluntary water use reductions and mandatory water use reduction on the SFRWS, and
- Identifies the responsibilities of each agency.

SFPUC and BAWSCA have agreed that during voluntary water use reductions declared by the SFPUC, the transfer water would be considered SFRWS water and would be considered part of the total volume of water delivered to the Wholesale Customers in a year. During mandatory water use reductions declared by the SFPUC, the share of pilot transfer water allocated to each Wholesale Customer would be added to each Wholesale Customers monthly budgets. During the month of the pilot water transfer, the transfer water would be the first water used by each Wholesale Customer for the purposes of water accounting as described in the WSA.

BAWSCA would provide to the SFPUC the allocated amounts of transfer water that will be delivered to each Wholesale Customer during the pilot water transfer. The Wholesale Customers would be billed, as usual, for the total SFRWS water that was used during that month, including the pilot transfer supplies. BAWSCA staff have proposed to split pilot transfer supplemental supplies and costs among all of the member agencies in proportion to the water each agency used during that time.

The J Table from the WSA that is used to calculate total water used in the SFRWS for each year would include the transfer supplies for the year in which the pilot water transfer occurred. The transfer supplies would be included in the calculation of the Wholesale Revenue Requirement, as well. The draft BAWSCA-SFPUC pilot transfer agreement contains examples of how both the J Table and the Wholesale Revenue Requirement would be calculated during the pilot water transfer.

Lessons Learned and Outstanding Issues

BAWSCA and SFPUC were able to come to agreement on most of the terms related to the pilot water transfer after only a couple of meetings. Both the SFPUC and BAWSCA were committed to resolving the details of accounting and cost allocation for both voluntary and mandatory water use reduction scenarios. Further work would need to be done to implement a pilot water transfer when the SFRWS was not in a water use reduction condition. In addition, BAWSCA will continue the discussion of water storage with San Francisco, for potential longer term water transfer agreements.

Regulatory Agency Approvals and Environmental Compliance

As presented in Table 1 and described throughout this memorandum, BAWSCA will need to (1) obtain several regulatory agency approvals to implement the pilot water transfer, and (2) ensure that the proper environmental compliance analysis and documentation is submitted. The Pilot Plan (EBMUD and BAWSCA 2013) provides a very detailed explanation of each of the following.

Regulatory Agency Approvals

State Water Resources Control Board

The SWRCB will need to issue a Temporary Transfer Order (TTO) to add portions of the BAWSCA service area to the authorized place of use for YCWA transfer supplies. BAWSCA has worked with YCWA to draft the required documentation for the Temporary Transfer Petition (TTP) to the SWRCB. Typically, the TTP would be submitted when a water transfer was being scheduled. BAWSCA and YCWA may submit the TTP prior to the scheduling of the pilot water transfer, asking the SWRCB to approve the TTP for some time in the future, when the pilot transfer would be more likely to occur. BAWSCA and YCWA intend to ask that the SWRCB issue a TTO that is valid for up to one year to provide a flexible window for implementation of the pilot water transfer.

The SWRCB Division of Drinking Water (DDW) also needs to issue a permit that allows the conveyance path of the source water to be changed and allow the source water to be used in a different area. The CVP supplies diverted at FRWP are approved for use in EBMUD's service area through a permit from the DDW. For any other transfer water that EBMUD purchases, EBMUD needs to obtain a DDW permit for use of that source water in the EBMUD service area. Discussions during Phase II indicate that the language in a DDW permit issued to EBMUD could be broad enough to cover BAWSCA's transfer, as well.

Bureau of Reclamation

Use of the FRWP to convey any non-CVP transfer water from the Sacramento River Valley through EBMUD facilities and USBR's Folsom South Canal to the BAWSCA service area will require a Warren Act contract. The USBR enters into Warren Act contracts when entities desire to use CVP facilities to transfer non-CVP water. The USBR must also perform or approve National Environmental Policy Act (NEPA) analysis to support these contracts.

Throughout Phase II of the Pilot Plan, BAWSCA and EBMUD had ongoing discussions about the process of obtaining a Warren Act contract to move YCWA supplies into the BAWSCA service area. In 2014 and 2015, EBMUD obtained Warren Act contracts to move transfer water into the EBMUD service area, in addition to EBMUD's CVP contract drought-year supplies. According to EBMUD, due to the historic drought conditions, the environmental compliance requirements have increased substantially, increasing costs of environmental review and analysis.

Because EBMUD has an existing relationship with the USBR through their CVP contract, EBMUD has been the sole point of contact to the USBR about the pilot water transfer during Phase II. BAWSCA intends to engage directly with the USBR once the pilot water transfer is scheduled for implementation to pursue the Warren Act contract or start NEPA documentation.

Environmental Compliance

State Resource Laws

The California Environmental Quality Act (CEQA) is a statute that requires state and local agencies to identify and analyze the significant environmental impacts of their actions and to avoid or mitigate those impacts, if feasible. A public agency must comply with CEQA when it undertakes a “project.” A project is a discretionary activity undertaken by the public agency, which may cause either a direct physical change in the environment or a reasonably foreseeable indirect change in the environment. A public agency is required to comply with CEQA to complete a water transfer, but a temporary one-year water transfer involving post-1914 surface water rights is exempt from this requirement.

CEQA compliance strategies have been discussed by BAWSCA and the other parties throughout the Phase II process. At the first meeting of the four parties to discuss the Hayward Intertie pilot transfer agreement on March 3, 2014, the parties first discussed together the strategy for CEQA compliance. The Pilot Plan (EBMUD and BAWSCA 2013) presented a list of potential exemptions that could be used for implementation of the pilot water transfer. In particular, Water Code Section 1729 provides that temporary changes in the point of diversion, place of use, or purpose of use due to a transfer or exchange of water or water rights pursuant to Water Code Section 1725 are exempt from the requirements of CEQA. There are also other reasons that the pilot water transfer would be exempt from environmental review under CEQA.

The four parties discussed these exemptions on March 3, 2014, and BAWSCA agreed to perform further research into which exemptions would be the most applicable and then share the findings with the group. Subsequently, BAWSCA sent out an email to all of the parties in June 2014 listing the most applicable exemptions for the pilot water transfer. On November 21, 2014, BAWSCA convened a conference call of all of the parties and associated legal counsel to discuss these exemptions and the strategy for implementation. The parties are poised to move forward when the pilot water transfer is implemented.

Federal Resource Laws

The pilot water transfer must also comply with federal resource laws, including National Environmental Policy Act (NEPA) and the Endangered Species Act (ESA). NEPA environmental review and analysis is required to obtain a Warren Act Contract from the USBR as described above. Some consultation with other resource agencies may need to occur to comply with the Endangered Species Act. BAWSCA and EBMUD have had discussions about NEPA compliance throughout Phase II. Due to the historic drought conditions, NEPA and ESA compliance have required additional effort.

Summary and Conclusions

BAWSCA has learned a considerable amount about the implementation of water transfers during Phase II process. The conclusions from Phase II are the following:

- The timing of the use of EBMUD's Freeport Regional Water Project (FRWP) operations is not as predictable as thought during Phase I of the Pilot Plan.
- Access to capacity is a serious issue in drought years, as EBMUD may need to use the entire capacity of the FRWP to deliver their own supplies.
- During the extreme drought conditions, sellers may have less supply to sell, increasing the competition for purchase of transfer water and increasing the price of transfer water.
- Transfer water is only available at certain times of the year, and the availability of transfer water changes with type of water year (i.e., wet or dry), adding complexity to scheduling a water transfer to BAWSCA.
- Access to storage would greatly improve the viability of water transfers to BAWSCA.
- The historic drought conditions created difficulty for agencies in getting Warren Act contracts for use of the Folsom South Canal and have increased the requirements for both state and federal environmental compliance analysis.
- Improving the regular maintenance of Hayward Intertie and upgrading the intertie infrastructure for emergency use would provide benefits for a water transfer program.
- BAWSCA and Hayward agree that both parties would benefit from the information gained during implementation of a pilot water transfer.
- Negotiations between BAWSCA and Hayward about the pilot water transfer have proceeded slower than were anticipated at the outset of Phase II.
- Hayward has significant concerns about a pilot water transfer that are currently being investigated by Hayward and BAWSCA.
- BAWSCA and SFPUC have developed a framework for accounting for water supply within the SFRWS that BAWSCA obtains independent of the SFPUC.

BAWSCA is continuing to pursue a pilot water transfer with EBMUD for implementation in spring 2016, at the earliest.

BAWSCA has also been continuing discussions with the Santa Clara Valley Water District (SCVWD) on pursuing a pilot water transfer. In July 2014, BAWSCA and SCVWD finalized the *Memorandum of Understanding Agreement A3754M between the Santa Clara Valley Water District and the Bay Area Water Supply and Conservation Agency*, which lays out the tasks, roles, and responsibilities for the development of a short-term pilot water transfer plan. This plan would provide vital information on partnering for future long-term and/or dry year transfers. Staffing issues at SCVWD have delayed the progress of the work on a pilot water transfer between BAWSCA and SCVWD. However, BAWSCA has been checking in regularly with SCVWD staff so that both parties can remain updated as to the status. In particular, BAWSCA has been in discussion about options for storing transfer water in the SCVWD groundwater aquifers, for use at a later date.

BAWSCA has also been meeting with Contra Costa Water District about the potential for partnering with them on water transfers and storage in Los Vaqueros Reservoir.

Lastly, BAWSCA has been meeting with ACWD to discuss potential water transfers, water storage, and water exchange concepts that would take advantage of ACWD's existing facilities and its access to Delta supplies through the South Bay Aqueduct.

References

BAWSCA, 2012. Long-Term Reliable Water Supply Strategy Phase II A Final Report, July 2012.

EBMUD and BAWSCA, 2013. BAWSCA-EBMUD Short-Term Pilot Water Transfer Plan, September 2013.

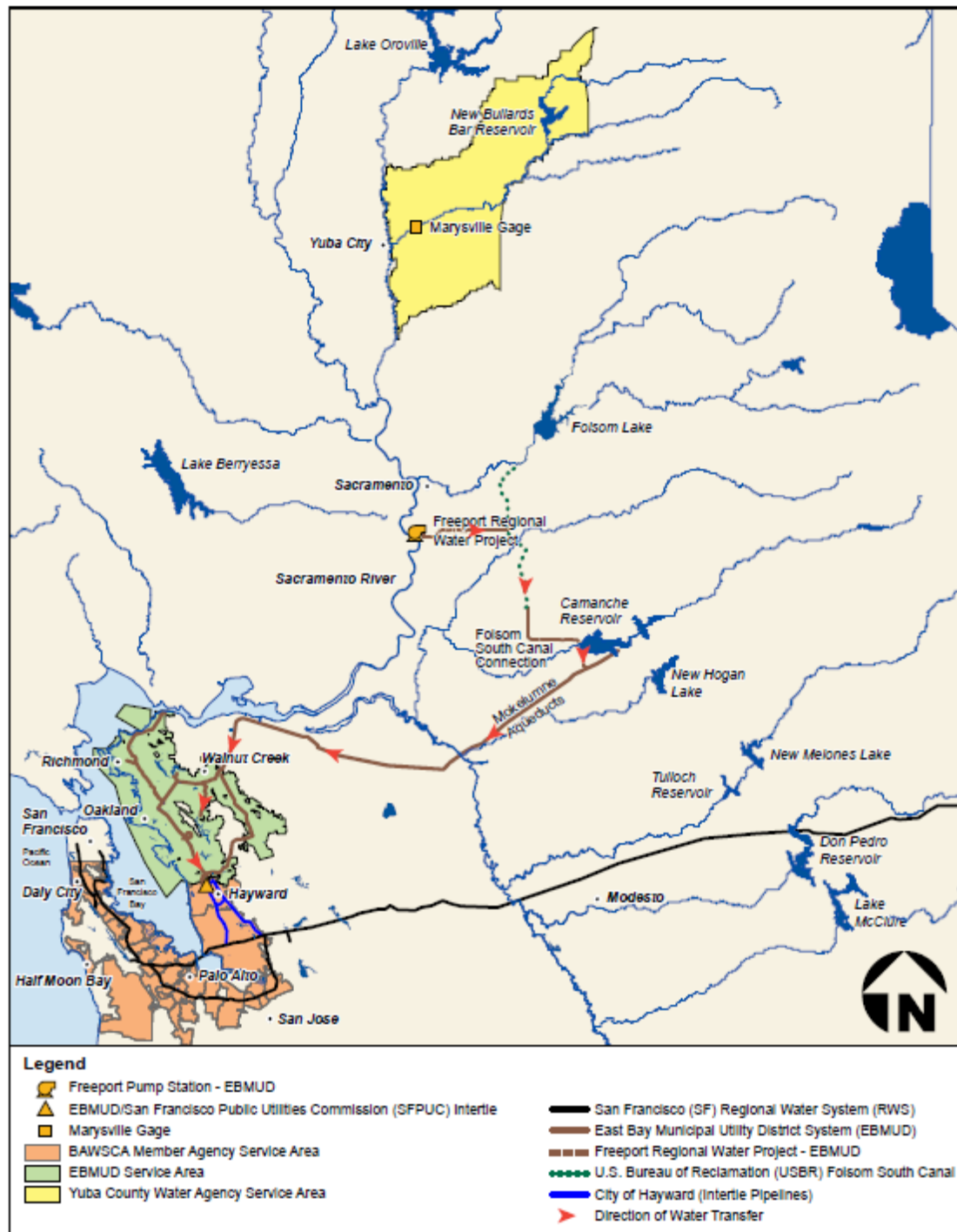


Figure 1. Map Showing the Existing Infrastructure that to Support a Pilot Water Transfer and the Direction of the Water Movement through EBMUD's System.

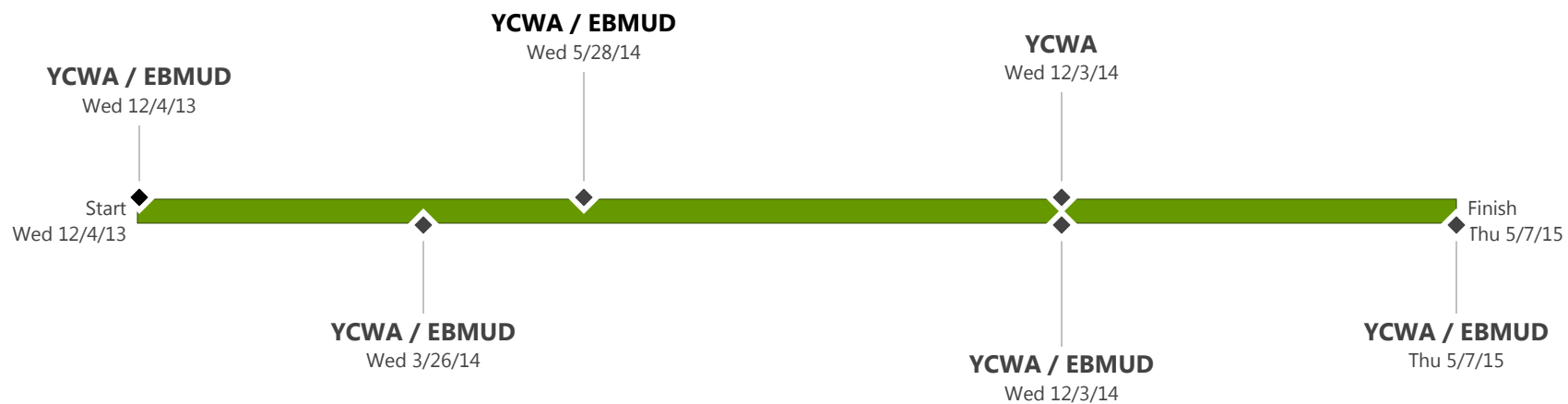


Figure 2. BAWSCA Meetings with YCWA and YCWA and EBMUD during Phase II of the Pilot Plan.

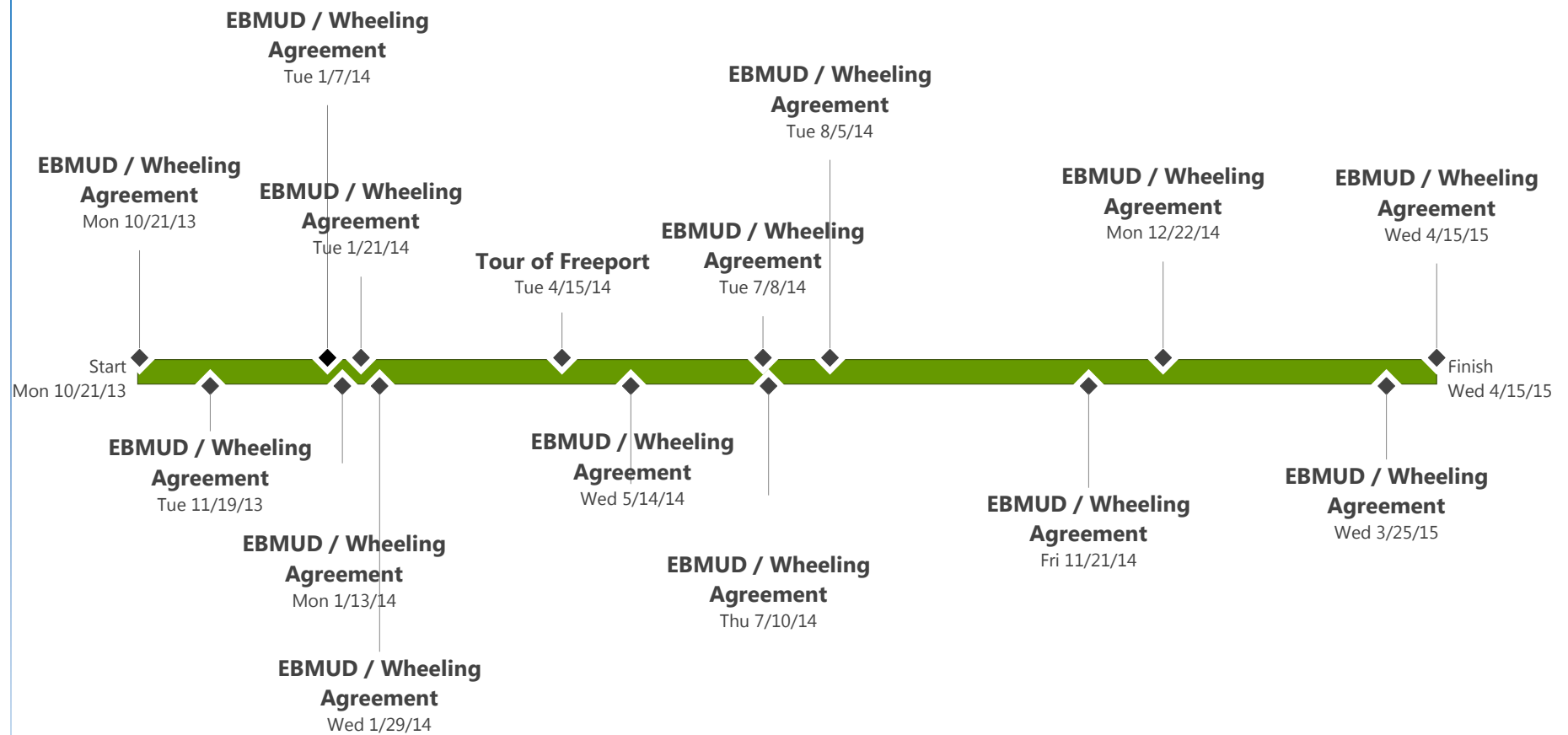


Figure 3. Meetings on the EBMUD-BAWSCA Wheeling Agreement during Phase II of the Pilot Plan.

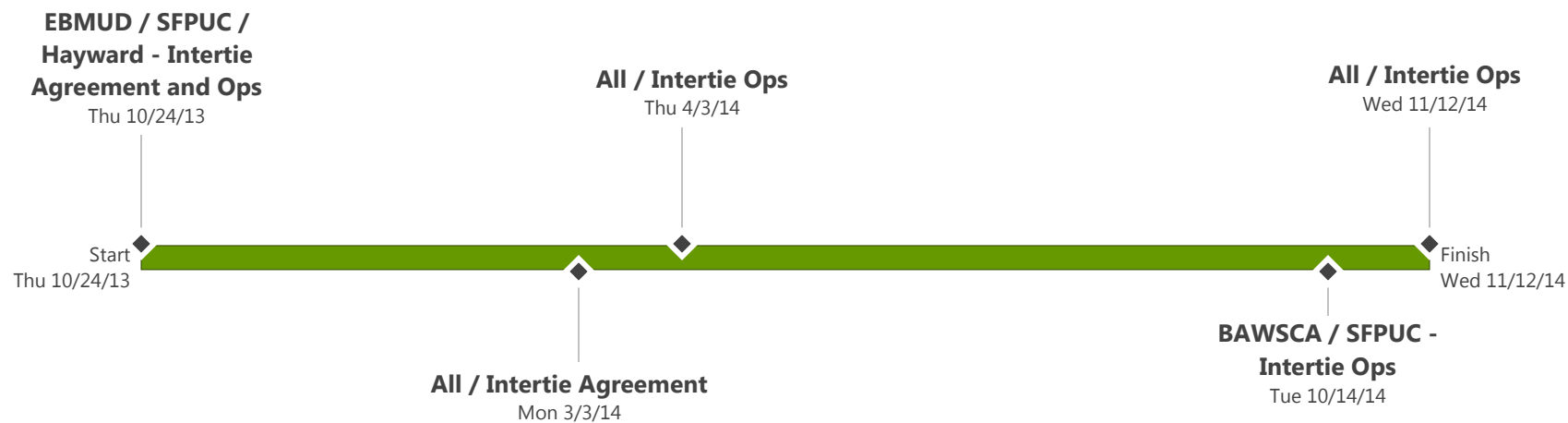


Figure 4. Meetings on the Hayward Intertie Agreement and Operations Plan during Phase II of the Pilot Plan.

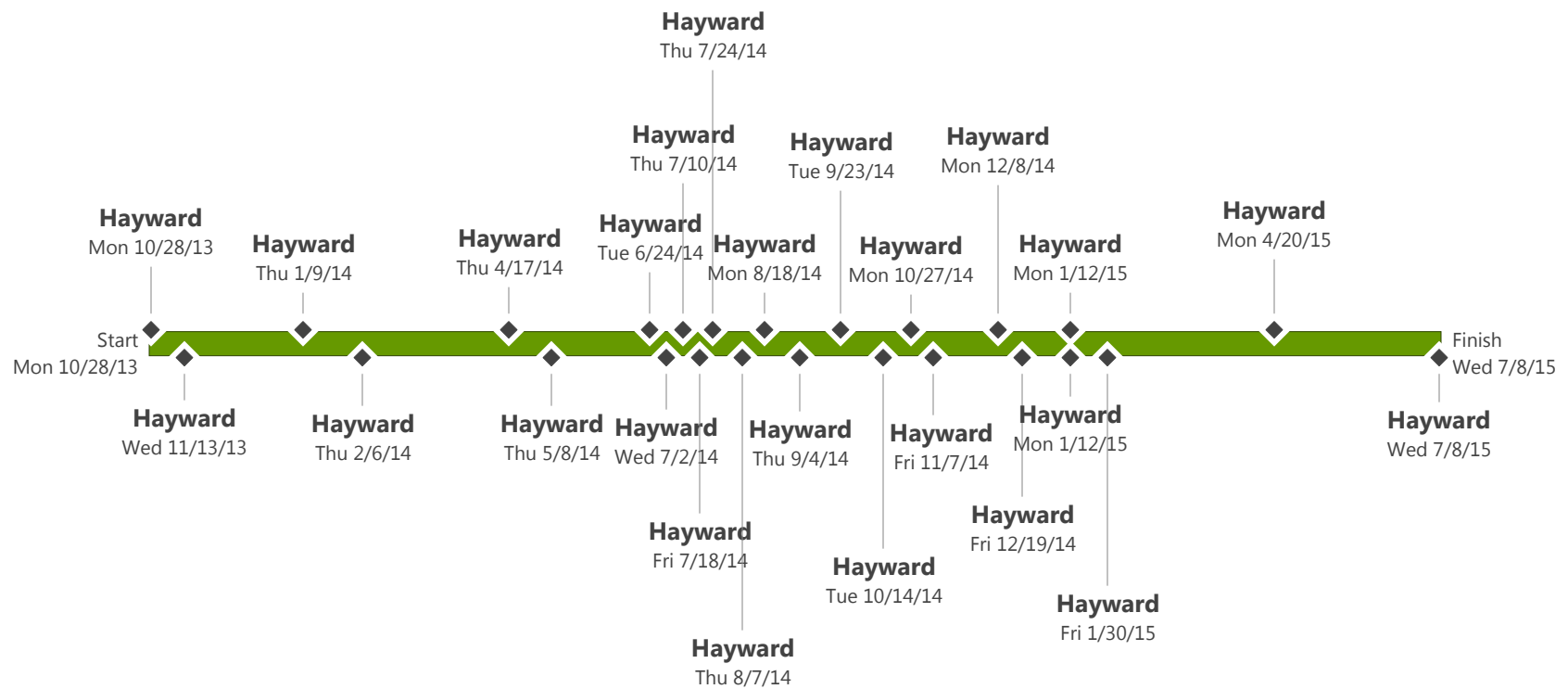


Figure 5. Meetings between BAWSCA and Hayward during Phase II of the Pilot Plan.

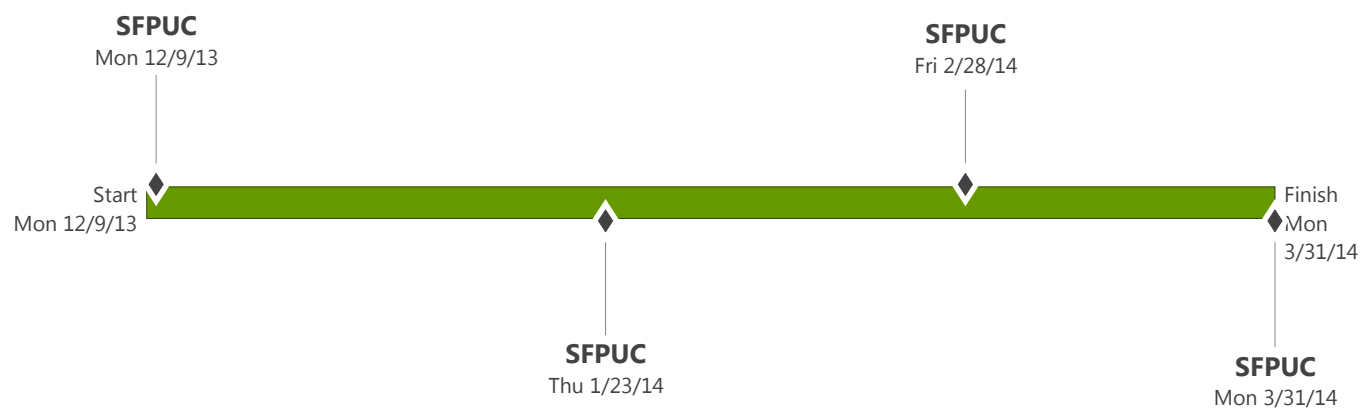


Figure 6. Meetings between BAWSCA and SFPUC on the BAWSCA-SFPUC Agreement during Phase II of the Pilot Plan.

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BAWSCA

Bay Area Water Supply & Conservation Agency

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MEMORANDUM

TO: BAWSCA Board of Directors
DATE: July 10, 2015
FROM: Nicole Sandkulla, CEO/General Manager
SUBJECT: Chief Executive Officer/General Manager's Letter

BAWSCA Drought Response - Update

The regional drought messaging campaign launched on June 8th and is scheduled to continue through August. Billboards and BART station advertisements launched on June 15th throughout San Mateo County and Hayward. Cable television and online video public service announcements will begin on July 20th and continue for six weeks. BAWSCA continues to work closely with the member agencies and SFPUC in monitoring water use and progress toward the State Water Resources Control Board (State Board) conservation targets. BAWSCA stands ready to add additional messaging if needed.

BAWSCA's new Water Conservation 101 Public Education Program has been successfully launched, with two classes held to date and 11 additional classes scheduled through the summer. The classes are free of charge to residents within the BAWSCA service area and provide attendees with information on water supplies, drought conditions, water use restrictions, and steps to conserve. Participants learn how to reduce their water use, achieve local water savings targets, and save money. Similar to the Landscape Education Program, the Water Conservation 101 Program is offered in partnership with BAWSCA member agencies. A complete schedule of the upcoming classes can be found at the BAWSCA website at <http://bawasca.org/classes/>.

BAWSCA Website Design

BAWSCA's website design project has begun, a month ahead of the initial project schedule. Following Board authorization of the project in May, BAWSCA issued a Request for Proposals and received proposals from five qualified firms. BAWSCA has contracted with the top-ranked firm, Immersiv Media, Inc. to perform the website design services. The new website is anticipated to launch by February 2016.

Update on Bay Area Desalination Projects and State Regulations

Critical actions to implement the recommendations of the Long-Term Reliable Water Supply Strategy Phase II Final Report (Strategy) recommendations continue including (1) development of potential desalination partnerships and (2) pursuit of the brackish groundwater desalination aquifer testing.

Soon after release of the Strategy, BAWSCA began discussions with Cal Water about potentially partnering on the aquifer testing to investigate the potential yield of water in the brackish aquifer. Cal Water expressed interest in pursuing the investigation. As a result, BAWSCA prepared and submitted a preproposal grant application to the final round of Prop 84 funding to the Bay Area Integrated Regional Water Management Plan (BAIRWMP). Due to many factors, including the BAIRWMP focus on “shovel ready” and environmental projects for this round of Prop 84 funding, the project was not selected to go into the upcoming grant application that the BAIRWMP is submitting to the California Department of Water Resources (DWR). BAWSCA is poised to submit the project under future grant funding opportunities at the State level.

BAWSCA continues to meet with Cal Water to discuss a potential brackish groundwater desalination project. Cal Water included the aquifer conductivity testing investigation in their recently-submitted rate case to the California Public Utilities Commission (CPUC). In addition, Cal Water has been meeting with staff from the San Mateo/Foster City Wastewater Treatment Plant, who have agreed to the concept of Cal Water locating a groundwater test well at the site of the plant. If the CPUC approves the investigation, Cal Water would likely move forward with drilling a test well to evaluate site conditions for producing brackish groundwater at that location.

On a regional level, BAWSCA is tracking the status of the Bay Area Regional Desalination Project (BARDP), which is the exploration of an open-bay intake desalination plant that would be located on the Bay in eastern Contra Costa County. One outgrowth of the previous work on the BARDP is the establishment of the Bay Area Regional Reliability (BARR) Partnership by the Bay Area water agencies that participated in the BARDP process.

The BARR Partnership is moving forward with a BARR Plan to evaluate near- and long-term projects that contribute to a regional approach toward water supply reliability. The goal is to identify projects, individually or in combination with other projects, that would enhance the Bay Area’s response to emergency and long-term water supply issues. The BARR Plan will evaluate projects that will enhance water supply reliability, including BARDP, expanded groundwater and surface water storage, new interconnections among the agencies, expanded treatment, and reoperation of existing facilities.

The State Water Resources Control Board (State Board) finalized new regulations on May 6th, 2015 that create a consistent permitting process for desalination facilities. Work on the Desalination Amendment to the Ocean Plan began in 2007 and involved stakeholder outreach and review, convening of three expert panels, and external scientific review. There are four main components of the Desalination Amendment including: clarifying the State Board’s authority, providing directions to Regional Water Quality Control Boards throughout the State, setting a salinity limit in marine discharge areas, and specifying monitoring and reporting requirements.

Update on Potable Reuse Projects

The Silicon Valley Advanced Water Purification Center (Center), operated by Santa Clara Valley Water District (SCVWD), currently produces 8 million gallons per day (mgd) of advanced purified recycled water that could potentially be used for potable purposes. SCVWD is also investigating the expansion of the Center, which would enable it to produce an additional 14.6 mgd within 6 years. The SCVWD has the goal of using this advance purified recycled water to replenish its groundwater basins, which have been heavily impacted during the current drought. A new state law has recently been passed that will enable the California Environmental Quality Act requirements to be streamlined for recycled water projects, and this is anticipated to

accelerate development of infrastructure to facilitate groundwater replenishment with advance purified recycled water and establish a program of indirect potable reuse in the region.

SCVWD is expediting implementation of both non-potable and potable reuse projects in response to the drought. In total, SCVWD staff have identified five projects for a total of 40.2 mgd of additional recycled water projects that are being proposed by the SCVWD.

Initiation of Annual Audit of BAWSCA Financial Statements

BAWSCA's auditor, Chavan and Associates, has initiated the required annual audit of BAWSCA's financial statements. In accordance with BAWSCA's engagement of the auditor for these purposes, the attached July 8, 2015 letter to the Board of Directors outlines the auditor's responsibilities under generally accepted auditing standards and presents the audit's scope and timing.

Attachment:

- Chavan and Associates' Letter to the Board of Directors, dated July 8, 2015

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Chavan & Associates, LLP
Certified Public Accountants

July 8, 2015

To the Board of Directors
Bay Area Water Supply & Conservation Agency

This letter is provided in connection with our engagement to audit the financial statements of the Agency as of and for the year ended June 30, 2015. Professional standards require that we communicate with you certain items including our responsibilities with regard to the financial statement audit and the planned scope and timing of our audit. Our contact information is noted below if you would like to discuss this information further.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, we are responsible for conducting our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States for the purpose of forming and expressing an opinion about whether the financial statements that have been prepared by management, with your oversight, are prepared, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Planned Scope and Timing of the Audit

Our audit will include examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. Our audit is designed to provide reasonable, but not absolute, assurance about whether the financial statements as a whole are free of material misstatement, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations. Because of this concept of reasonable assurance and because we will not examine all transactions, there is a risk that material misstatements may exist and not be detected by us.

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Our audit is not designed to express an opinion or provide assurance on internal control over financial reporting. However, we will communicate to you at the conclusion of our audit, significant matters that are relevant to your responsibilities in overseeing the financial reporting process, including any material weaknesses, significant deficiencies, and violation of laws or regulations that come to our attention.



Chavan & Associates, LLP
Certified Public Accountants

We expect to begin our audit in July and issue our report in September.

This information is intended solely for the use of the Board of Directors and management of the Agency and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

C & A LLP

Sheldon Chavan, Partner
Chavan & Associates, LLP

Board of Directors Policy Calendar through Jan. 2016

Board Meeting	Purpose	Issue or Topic
July 2015	D&A D&A D&A D&A R&D	Bay Area Reliability Partnership - Feasibility Study Cost Share Agreement New Subscription Conservation Program – Conservation Mgmt. System New Subscription Conservation Program – Free Sprinkler Nozzles New Subscription Conservation Program – Landscape Inspection Services BAWSCA Pilot Water Transfer Plan Report
Sept. 2015	D&A D&A D&A	Review of General Reserve Policy Review of Investment Policy CEO/GM Evaluation
Nov. 2015	D&A R&D	Review Water Supply Forecast & Decide if a Transfer Should be Pursued BAWSCA Mid-Year Review for FY 2015-16 Work Plan and Budget
Jan. 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 December 2016

Schedule for BAWSCA Board Meetings (Meetings are held from approx. 7:00 – 9:00 p.m.)	
<u>Date</u>	<u>Location</u>
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
Thursday – July 21, 2016	Wind Room, Foster City Community Center
Thursday – September 15, 2016	Wind Room, Foster City Community Center
Thursday – November 17, 2016	Wind Room, Foster City Community Center

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

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

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