

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

**San Mateo Main Library – 55 W. 3rd Ave., San Mateo
Oak Room**

(Directions on Page 2)

**Thursday, March 16, 2017
6:30 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 Chair	(Mendall)	
3. Board Policy Committee Report <i>(Attachment)</i>	(Larsson)	<i>Pg 3</i>
4. SFPUC Report	(Wade)	
5. 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)	
6. Consent Calendar <i>(Attachments)</i>	(Mendall)	
A. Approve Minutes of the January 19, 2017 Meeting		<i>Pg 17</i>
B. Receive and File Budget Status Report – As of January 31, 2017		<i>Pg 23</i>
C. Receive and File Bond Surcharge Collection, Account Balance and Payment Report – As of December 31, 2016		<i>Pg 25</i>
7. Reports and Discussions	(Sandkulla)	
A. Governor’s Executive Order B-37-16 on “Making Water Conservation a Way of Life” Framework <i>(Attachment)</i>		<i>Pg 27</i>
B. Preliminary Fiscal Year 2017-18 Work Plan and Results to be Achieved <i>(Attachment)</i>		<i>Pg 31</i>
8. Reports	(Sandkulla/Tang)	
A. Results of the FY 2014-15 Wholesale Revenue Requirement Review <i>(Attachment)</i>		<i>Pg 55</i>
B. Water Supply Conditions		
C. CEO/General Manager’s Letter <i>(Attachment)</i>		<i>Pg 57</i>
D. Board Policy Calendar <i>(Attachment)</i>		<i>Pg 61</i>
E. Correspondence Packet <u>Under Separate Cover</u>		

9. Closed Session

- A. 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, et al.* Case Number: F074107 **(Schutte)**

- B. Conference with Legal Counsel – Anticipated Litigation Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Government Code 54956.9 (One potential case) **(Schutte)**

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

11. Date, Time and Location of Future Meetings **(Mendall)** *Pg 63*
(See attached schedule of meetings)

12. Adjourn to next meeting scheduled for May 18, 2017 at 6:30pm **(Mendall)**
in the Oak Room of San Mateo Main Library, 55 W. 3rd Avenue

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Directions to San Mateo Main Library San Mateo – 55 W. 3rd Avenue

From San Jose via Hwy. 280 Northbound, Exit Hwy-92 East towards San Mateo/Hayward. Exit 12B onto Ca-82 N/S El Camino Real. Turn Left on 3rd Ave. The Library is on your left. Street parking and underground parking are available. The Oak Room is on the main floor to the left of the main Library entrance.

From San Francisco via Hwy 280 Southbound, Exit Hwy-92 East towards San Mateo/Hayward. Exit 12B onto CA-82 N/S El Camino Real. Merge onto CA-82, turn Left on W. 3rd Ave. The Library is on your left. Street parking and underground parking are available. The Oak Room is on the main floor to the left of the main Library entrance.

BAWSCA

Bay Area Water Supply & Conservation Agency

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

MEMORANDUM

TO: BAWSCA Board Members
FROM: Nicole Sandkulla, Chief Executive Officer/General Manager
DATE: March 10, 2017
SUBJECT: Summary of Board Policy Committee meeting held February 8, 2017

1. **Call to Order:** Committee Chair Gustav Larsson called the meeting to order at 1:30 pm. A list of Committee members who were present (8) and other attendees is attached.

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

2. **Comments by Committee Chair and Board Chair:** Committee Chair Larsson welcomed the members of the Committee for calendar year 2017. A new member is Director Zigterman from Stanford, and a returning member is Director Pierce from Redwood City. With the new composition of the Committee, Director Larsson reiterated the value the Committee provides BAWSCA. The committee reviews critical policy and non-policy matters before they go to the full Board. It provides the opportunity for both staff and members of the Committee to validate and provide feedback on the direction the agency is taking.

As a new member of the Board in 2014, Director Larsson noted that the Board Policy Committee Summary Report was a helpful way to get additional information beyond the staff report. He added that Committee discussions allow for a more thorough review of matters, which serve the BAWSCA staff, the Board, member agencies, and ultimately the water customers well.

BAWSCA Chair Mendall thanked Director Quigg for Chairing the Committee in 2016, and Directors Larsson and Zigterman for accepting the leadership roles in 2017. He stated the importance of having a mix of both new and long-standing members of the Board to compose the Committee. He believes the Committee can benefit from the new members' perspectives, and serve as the means for new Directors to learn about BAWSCA's purpose, as it did for him. He anticipates further changes to the composition of the Committee as new Directors are appointed to the Board in the coming months. Additionally, members can expect to serve up to a 2-year term.

3. **Public Comments:** There were no comments received from the public.
4. **Consent Calendar:** Approval of Minutes from the December 14, 2016 meeting.

Director Breault made a motion, seconded by Director Benton, that the minutes of the December 14, 2016 Board Policy Committee meeting be approved.

The motion passed by roll call vote.

6. Report and Discussion:

- A. Governor’s Executive Order B-37-16 on “Making Water Conservation a California Way of Life”: Andree Johnson, BAWSCA Sr. Water Resources Specialist reported on the State’s proposed new Long-Term Water Conservation requirements, its impacts to BAWSCA member agencies, and BAWSCA’s proposed plan to assist member agencies in their compliance with the requirements.

The Governor issued Executive Order B-37-16 in May 2016 which, in addition to several short-term drought-related directives, included several long-term water conservation objectives. The State Water Resources Control Board (SWRCB) and the Department of Water Resources (DWR) are the Executive Order (EO) Agencies tasked to implement these objectives. In January 2017, the EO Agencies issued the “Making Water Conservation a California Way of Life” report (Report), which lays out the framework for implementing the long-term water conservation objectives of EO B-37-16.

The Report provides the framework to establish new water use targets for urban water suppliers that go beyond the existing requirements. Many of the BAWSCA agencies are subject to the 20x2020 conservation requirements adopted in 2009. The new targets require higher levels of conservation compared to the existing standards. The new targets are also designed to account for unique characteristics of each service area. In particular, BAWSCA’s unique climate and land use characteristics.

The new requirements will require expanded statutory authority to implement, and legislative action is anticipated over the next several months.

Ms. Johnson went over key terminology in the Report to clearly convey the new requirements’ potential impact to the agencies. **Water Use Target** is the overall maximum volume of water an agency is expected to use annually. The Water Use Target is developed from **Water Use Budgets**, which are the maximum volume of water use for specific water use sector. The 3 water use sectors with budgets are Indoor Residential, Outdoor Irrigation, and System Water Losses. The **Water Efficiency Standard** is the State’s metric for defining efficient water use as needed to calculate the budget.

For the indoor residential sector, the Water Efficiency Standard would be expressed in gallons per capita per day (gpcd). An agency’s Water Efficiency Standard multiplied by population establishes the Budget.

Ultimately, an agency’s water use target would be calculated by adding the volumes from each sector.

Commercial Industrial and Institutional (CII) use was deliberately excluded in the budgets because the diversity of uses within this sector makes it very challenging to establish targets that are of equal comparison among the agencies.

Instead, the state is proposing to require water suppliers to implement specific performance measures such as water audits for accounts over a certain size, requiring standardized classification of CII accounts across the State, and requiring dedicated metering for irrigated area that exceeds a certain size.

Water suppliers' compliance with the long-term requirements would be based on achieving the overall water use target, and implementing required actions to target CII water use.

An agency does not have to meet the individual budget for each sector if it meets the overall total water use target.

Because the process for calculating the targets is extremely data intensive, the State is proposing a multi-year timeline that extends to 2020, with a set task for each year starting in 2017, to establish the targets.

Ms. Johnson reported that the most complex target is the calculation of the outdoor irrigation target. While the State's proposal requires agencies to look at parcel level landscape area data, there are a lot of questions in the industry surrounding the methodologies used to obtain this data, and the validity of the data obtained. To address these concerns, the State will conduct pilot projects in 2017 on the methods for landscape area measurements.

Also in 2017, each agency is required to submit their first validated water audits that are required as part of the separate SB 555 process. The information from these water audits will be used to inform the development of the water loss standards.

In 2018, the state is proposing to provide the provisional indoor and outdoor water use standards so agencies can set their interim targets, while the necessary work to develop the final indoor and outdoor water use standards is being completed.

The state will provide landscape area data, at the service area level, for the outdoor irrigation calculations, as well as the regulations and guidelines for the CII performance measure. The State is not expected to provide landscape area data at a parcel level.

In 2019, the State will provide guidance and methodologies for calculating the targets and would require agencies to submit their first limited annual progress report on their progress towards their targets.

The final standards will be subject to a separate rule making process, and would be finalized and adopted in 2019 or 2020.

In 2021 agencies would need to report, as part of their 2020 Urban Water Management Plan (UWMP), their final 2025 conservation targets and plan for meeting those targets. Urban Water Management Plans are required every five years to document each urban water supplier's water supply and demands for a 25 year period.

Starting in 2022, water suppliers are required to submit annual progress reports for their 2025 targets. As currently proposed in the Report, the State can adopt new lower water efficiency standards in 2025 for water supplier compliance by 2030.

In 2026, water suppliers would submit their final annual compliance reports as part of their UWMP.

To assist member agencies with their compliance with the State requirements, BAWSCA developed its 2017-18 work plan to include specific efforts that align with the State requirements and timeline.

There are three categories in BAWSCA's work plan to specifically address the long-term water conservation requirements.

First is BAWSCA's representation of the member agencies' interests by participating in the state level discussions regarding the development and implementation of the water efficiency standards.

The second is an assessment of the agencies' data and technical capabilities to comply with the state requirements, identifying the gaps in the capabilities, and determining the respective roles for BAWSCA and the member agencies in developing the information needed to fill those gaps. This effort will be implemented as a BAWSCA core conservation program, which is an effort on behalf of all BAWSCA member agencies.

The third is BAWSCA's implementation of two subscription water conservation programs. One program is a 3rd party verification of the water audits agencies are required to submit to the State in October 2017. Another program is a verification of the landscape area measurements provided by the State. The measurements would be broken down on a parcel by parcel level, if necessary, to assist agencies in calculating their outdoor water budgets. Both programs will be implemented by BAWSCA, and offered to each member agency who would have the option to participate and fund their respective level of participation.

The State's multi-year timeline will require a multi-year effort by BAWSCA to support the member agencies in establishing and meeting their water use targets. The proposed result to be achieved in FY 2017-18 is the development of a plan that identifies BAWSCA's and the member agencies' respective roles in developing the necessary information.

The subsequent phases of work are expected to include the development of an implementation plan for the CII performance measures, developing a model for agencies to use in calculating individual sector budgets and overall annual water use targets, continuation of the 3rd party support to develop parcel-level landscape data, and updating the water demand projections through 2045.

Ms. Johnson explained that the efforts to update the water demand projections will look at how the new water efficiency targets impact the projections, identify what additional conservation activities will be needed for agencies to comply with the long-term requirements, and examine how to further push conservation.

The benefits gained from the data intensive effort is the acquisition of information that may be helpful in developing more accurate demand projections. BAWSCA's work plan schedule will be based on the State schedule. BAWSCA will adjust accordingly while maintaining the ultimate goal of assisting agencies with developing necessary information to calculate water use targets and a plan to achieve them.

In response to Director Benton, Ms. Sandkulla explained that unlike 20x2020, which imposed one target across nine hydrological regions, the new requirements will better reflect the various conditions of the individual service areas such as hydrological and land-use conditions. Each water supplier will develop their own water use targets based on the new efficiency standards. The standards will come through the state board process, and BAWSCA's involvement in the discussions to develop the standards will be critical. While BAWSCA cannot change the direction in which the State is going, BAWSCA can protect the interest of the agencies that already use very little water. As a region, BAWSCA is unique in having the lowest number of agencies with the lowest per capita in the State. BAWSCA will bring that perspective to the Statewide discussions.

The indoor gpcpd will be uniform across the State, which is 55mgd for the interim target, and will be lowered for the 2025 target. Ms. Sandkulla explained that BAWSCA member agencies should be able to achieve their targets. However, it is the required process of obtaining the data to develop the targets that is going to be complex for the agencies. The State wants the calculations from each water supplier. There are no regional compliance options.

Director Guzzetta asked if water loss will be a function of system size. Ms. Johnson stated that the water loss standards are being developed through the parallel process associated with SB 555. Not much information has been released by the State.

Director Guzzetta commented that the technology of satellite imagery to identify water requirements in landscape irrigation is improving rapidly. It will be an interesting calculation because the landscape area is difficult to measure and it varies significantly from region to region

Ms. Sandkulla stated that the technology will be applied to pilot projects because other regions are denser with tree canopies than others, and it can be difficult to know what occurs under the tree canopies. She noted that the base data is critically important in developing the final water budget, and must be accurate or it can have serious consequences for the agency.

Director Schmid noted the distinction between single family homes and dense apartment buildings, and their different impacts to outdoor irrigation. He commented that each city should think about what direction they want to move toward in terms of new residences.

He also noted the danger of commercial use impinging on residential use, and asked if there is a favorable bias toward CII, which might influence cities' abilities to build housing.

In terms of Plan Bay Area's projection of 28% more jobs in 2040, Director Schmid noted the conservation guidelines' potential impacts on cities' decisions about future growth. He commented that when agencies develop their budgets for each sector and CII, it would be important to keep in mind the implications on their plan for commercial growth.

Ms. Sandkulla explained that CII will have conservation measures instead of targets. Additionally, the long-term conservation requirements are not a question of having enough water, but rather a question of what is the allowable use for each sector.

In response to Director Schmid's question, Ms. Sandkulla explained that even though the SFPUC's WaterMAP is driven by the decisions SFPUC must make by 2018, and the water use efficiency guidelines and methodologies finalization is not until 2019, the development of the water use efficiency guidelines will inform the WaterMAP instead of the other way around.

Going through the multi-year process to develop new efficiency targets on a per capita basis and to update the population and commercial projections will provide a new demand forecast that reflect the higher level of efficiency and new population projections. This will inform decisions about future water supply planning.

Ms. Sandkulla added that while the WaterMAP's purpose is to inform SFPUC's 2018 decision about the 184mgd limited supply assurance and the status of San Jose and Santa Clara, San Francisco can potentially choose to make a decision in 2018 to defer that final decision until further information is available given that the water use is at record low.

The WaterMAP is informed by the current demand projections for the current projected population.

In response to Director Mendall, Ms. Johnson explained that the State's current proposal has no specific percentage required for CII usage. If a CII user in Hayward reduces its water use by 1mgd, the savings will not be included in Hayward's overall target, because CII is not included. This applies to all member agencies, except for smaller agencies such as GVMID, Brisbane, Stanford and Purissima Hills, all of which are under a different category that will have less extensive requirements.

Ms. Johnson explained that the State intends to look at account classifications to gather more uniform data across the State to develop requirements on CII.

Director Mendall commented that agencies which are below the residential indoor component of 50-55mgd should not be subject to the data-intensive calculations to develop efficiency targets it is already achieving. He encouraged BAWSCA to continue to emphasize this case to the State to save BAWSCA the cost and time for the effort.

Ms. Sandkulla stated that the SWRCB remains unconvinced about this argument, and is determined to have an equivalent level of data for everyone across the state.

In response to Director Mendall's request for a sense of how much the multi-year cost will be over the next few years for BAWSCA and the member agencies, Ms. Sandkulla stated that she may be able to provide an estimate for BAWSCA's efforts, but it will be difficult to provide an estimate for the agencies.

She explained that the assessment planned for FY 2017-18 will look at the agencies' data capabilities to create the infrastructure needed to develop water use targets. She stated that the agencies' data capability is a critical part of the effort. Many agencies do not have connectivity between their GIS data and their billing systems, nor do they have parcel level data. This effort will be complicated because billing systems have historically remained separate from water utility systems.

In response to Director Quigg, Ms. Johnson clarified that CII include non-habitational commercial and industrial use. Habitational will be classified as multi-family, which will have the same indoor efficiency level as single family dwellings, on a per person basis. Outdoor use between single and multi-family dwellings will be based on the type and age of the landscaping.

Ms. Sandkulla noted that several factors will make the calculations complicated. For example, the more people there are per home, the less water is used because of communal use.

Director Guzzetta asked if the EPA is reconsidering the health and safety standards of 59 gpcpd given that some BAWSCA member agencies are below that number. Ms. Johnson stated that as part of the development of the standards, the State is looking to bring down the proposed 55 gpcpd in the long-term based on agencies', such as BAWSCA's, achievement of higher levels of efficiency.

Director Pierce asked if there have been discussions about the investment capabilities that agencies may or may not have, as well as considerations for the agencies' population. Additionally, she stated that, as done for the drought, a cohesive message from the State would be helpful when the efficiency standards are rolled out.

Ms. Johnson stated that the financial impacts have been something that water agencies have continued to bring up during the discussions, however, the State has not provided direct answers to.

Ms. Sandkulla added that the process to develop the standards will continue to highlight the questions regarding Prop. 218 and the support that SWRCB might offer in dealing with these issues.

In response to Director Larsson's questions, Ms. Johnson explained that for landscape calculations, the State will give consideration to the types and age of the landscaping installed to accommodate communities with established trees versus communities with lawns.

Landscapes that were installed under the newer water efficient landscape ordinance will be subject to higher efficiency standards.

Given that the State currently has no proposed credits for agencies with purified or recycled water, Director Larsson asked how that will affect BAWSCA's plans in pursuing alternative water supplies.

Ms. Sandkulla stated that the Bay Area region will be subject to drought as it continues to grow in population and become more water-efficient. Alternative supply remains a critical issue, and the member agencies have to look at the value of bringing in drought proof supply. Reliability is not seen as conservation.

Director Breault noted the significant amount of effort and money involved to comply with what the State Board is requiring, and asked whether the regulations fall under State Law or the State's enforcement of Federal law.

Ms. Sandkulla stated that many pieces of the regulations will require legislative actions that will put added responsibility on the DWR and SWRCB.

Committee discussions ensued on the impacts to agency rate structures, compliance with prop 218, and the financial impacts that potential political challenges and unintended consequences can create on agencies' overall system infrastructure.

Director Mendall commented that BAWSCA is on the right path to include activities in the FY 2017-18 work plan and budget to assist agencies in this effort. It would be important to the Board to have a sense of the estimated costs.

BAWSCA will continue to work closely with the agency staff at all levels, through the Water Management Representatives and the Water Resources Committee in developing the scope of implementation plan for the core and subscription programs.

Ms. Johnson clarified that the Report has been submitted to the Governor's office as an administrative final report.

- B. Preliminary Fiscal Year 2017-18 Work Plan and Results to be Achieved: Ms. Sandkulla presented the preliminary FY 2017-18 Work Plan which is driven by BAWSCA's legislated authority and goals of ensuring reliable supply of high quality water at a fair price. The work plan addresses the critical issues identified between now and 2040, and includes two highly essential program activities that will demand staff time: 1) development of an independent Regional Water System and Supply Modeling, and 2) supporting member agency efforts to meet new state requirements "Making Water Conservation a Way of Life".

Sixteen comments were received from the Board at the budget planning session held during the January 19, 2017 Board meeting. A list of those comments are in the preliminary work plan and budget memo with BAWSCA's response and recommendations. Of the sixteen comments, nine are included in the work plan, and three have already been addressed.

Ms. Sandkulla stated that the focus on alternative water supply and recycled and purified water projects has made significant strides in the past year, and BAWSCA will increase its efforts on this area by participating in statewide discussions.

Additional suggestions by Board members include addressing issues and impacts of increased conservation and recycling on wastewater facilities and operations, contingency planning, and having individual agency briefings at Board meetings.

Ms. Sandkulla stated that while BAWSCA will continue to defer activities associated with wastewater facilities and operations to the plant operators at this time, BAWSCA remains interested in advanced treated water and will continue to provide input as a stakeholder and participate in the master planning efforts of the industry. BAWSCA currently has MOUs with two wastewater entities, and anticipates a third.

Contingency planning among the member agencies would require significant increase in BAWSCA's scope of work that is not unique to the agency. BAWSCA will continue to regularly participate in emergency drills for the Regional Water System.

Lastly, staff members from different member agencies present their agency activities at the Water Management Representatives when time permits. BAWSCA will identify the opportunities, and discuss them with the Chair, for agencies to present to the Board.

The major tasks included in the work plan for FY 2017-18 heavily focus on reliable water supply.

The first area of focus includes the continued oversight of the SFPUC's WSIP, 10-year CIP, and Regional Water System Asset Management Program. There will be increasing focus on the CIP and Asset Management. While the WSIP nears completion, there remains three critical projects that will require BAWSCA's active involvement. They include the Regional Conjunctive Use Project on the Westside Basin, Alameda Creek Recovery Project, and Calaveras Dam Project. Each of these projects are critical to San Francisco's drought level of service goal, and they are complicated projects that BAWSCA will remain actively involved in.

The second area of focus is the implementation of the Long-Term Reliable Water Supply Strategy. The work plan will include completion of four pre-feasibility studies for potential purified water projects, finalizing the agreements necessary for the pilot water transfer project with EBMUD, completing the Bay Area Regional Reliability (BARR) drought action plan, participating in the Los Vaqueros Expansion Project, and facilitating the San Mateo Groundwater Plain partnership and other efforts in the basin.

The third area of focus is the near-term water supply solutions and addressing water conservation and drought response. BAWSCA will continue to implement its core and subscription conservation programs. BAWSCA is participating in a multi-year study with Alliance for Water Efficiency along with agencies in the Western US region. It is a study called, "Use and Effectiveness of Municipal Irrigation Restrictions During Drought" in which the City of Hayward has agreed to be the sample agency for the service area. The results of the study can provide valuable information for future droughts, and in supporting the efforts to meet the new State requirements.

BAWSCA's support for the agencies with the new State water efficiency requirements is a critical part of the work plan. As previously reported and discussed, BAWSCA's representation of the member agencies' interest at the State-level discussions to develop the standards will be critical. The assessment of all member agencies' data and technical capabilities to complete landscape area calculations and assess existing processes for CII account classifications will be extensive. BAWSCA will look for a consultant with the bandwidth to complete the analysis for all 26 member agencies. The development and implementation of two new subscription programs for a 3rd Party Water Audit Verification, and a Landscape Area Measurements and Verification will be beneficial for agencies.

As done in 2009, when San Francisco first adopted the WSIP and agencies were required to achieve a certain level of conservation, BAWSCA and the member agencies developed a

plan that set expectations and identified the roles between BAWSCA and the agencies to achieve the conservation commitments efficiently and cost effectively. A similar plan will be developed to support the member agencies in meeting the new State requirements.

Lastly, under the Water Supply Reliability, BAWSCA will continue to protect the member agencies' water supply interests as it administers the Water Supply Agreement. The drought allocation plans between SFPUC and the wholesale customers (Tier 1), and among the wholesale customers (Tier 2) will expire in 2018. The lack of information in the new State water use efficiency requirements provide no substantial indication of what should be considered in the renewal of the plans.

BAWSCA's recommendation is to work with legal counsel in looking at a temporary extension of the Tier 2 plan, and engaging in conversation among the agencies and the SFPUC to develop new principals for Tier 1 and Tier 2 as we go through the process of identifying the State water use efficiency standards.

BAWSCA will continue to be engaged with the SFPUC's WaterMAP, Restore Hetch Hetchy litigation, SWRCB Bay Delta Water Quality Control Plan, and the Don Pedro FERC relicensing process.

Ms. Sandkulla stated that efforts on water supply reliability has continued to grow in many ways as BAWSCA takes on ensuring long term supply for the member agencies and their customers.

Other critical areas in the work plan is water quality and fair price. Under the WSA, a Joint Water Quality Committee is conducted by both BAWSCA and the SFPUC. The role of Chair and Co-Chair alternates between the SFPUC and BAWSCA and are appointed by the SFPUC and BAWSCA CEO/General Manager. The committee historically had an operational focus with regards to State and Federal regulations, but has had an increasing role in addressing and in communicating recent water quality issues that have occurred in the past year and a half.

The protection of the member agencies' financial matters in the administration of the WSA has been BAWSCA's mainstay, as it was for its predecessor organization, BAWUA. It is a role that no other agency does, and remains a critical part of BAWSCA's work plan and budget under Fair Price.

Every year, BAWSCA reviews SFPUC's cost allocation to operate the Regional Water System. The annual review, and more recently, the administration of the bonds, are critically important tasks that ensures the member agencies' financial interests are protected. The task is unique to BAWSCA and takes a distinctive skill set that Christina Tang and her team of consultants successfully execute.

Director Breault added that the Wholesale Revenue Requirement was the reason BAWSCA's predecessor organization, BAWUA, was created.

Additional efforts to support agencies in their financial interests include the water utility best management practices workshop to address financial impacts of drought, and a benchmark study to evaluate the SFRWS operational efficiency and cost effectiveness. These activities

were deferred from the FY 2016-17 work plan to accommodate the tasks associated with the SWRCB's SED.

Ms. Sandkulla stated that the work plan and budget will reflect increased level of efforts on water reliability, and will focus on two specific activities that tie back to what each individual agency have stated they want BAWSCA to do; develop the regional water supply model tool, and support member agencies in meeting the new State long-term water efficiency requirements. The current level of effort on Restore Hetch Hetchy and the SED will continue.

Given the increased level of work that are critical, the operating budget for FY 2017-18 will be slightly higher than last year's. Ms. Sandkulla stated that a preliminary budget number was not yet included because she was interested in the Committee's feedback on the proposed work plan and responses to the board comments received at the January budget planning session.

Ms. Sandkulla will examine the forecast for the year-end spending and its impacts on the General Reserve balance to develop a plan for funding the budget. The use of the General Reserve to fund a portion of the operating budget will be considered.

Comments received from the Committee will be incorporated into the preliminary work plan and budget report that will be presented to the Board in March. Based on the March Board report and discussion, a proposed work plan and budget will be presented to the Committee at its meeting in April for discussion and recommendation to the Board for action at its meeting in May.

Director Zigterman stated that the proposed efforts are critical and should be addressed despite a slight increase in the budget. He encouraged the CEO to state what is required to tackle the critical issues. BAWSCA should not constrict itself for the purpose of not increasing the budget.

Director Schmid supported Director Zigterman's comments and stated that the proposed work plan are worth spending what is necessary to stay ahead of the water supply issues.

Director Breault concurred with the comments and noted his support for funding the budget through the General Reserve as opposed to increasing assessments to avoid passing down the costs to the water customers who continue to use less water.

Director Zigterman suggested that it may be worth looking into formulating how to ask the tough, but well-founded and legally substantiated, questions to find out whether SWRCB can in fact enforce such regulations, and require agencies to incur all of the costs in order to comply with their requirements. This can leverage BAWSCA's efforts.

Director Guzzetta added that clearly thinking through what the impacts of the new conservation requirements will be on the average water user, and going to the State to provide input as an organization, is important. It may be information that the SWRCB, as policy makers, may not be considering.

Director Mendall acknowledged and appreciated the continued focus on recycled and purified water projects in the work plan given that comments expressed at the planning session highlighted those issues. He also complimented the BAWSCA staff for coming up to speed

efficiently to take on significant efforts for next fiscal year at full load with the same staff size. He suggested that tagging tasks as multi-year versus non-multi-year would be helpful for the Board's decision-making process and consideration of the budget.

Director Benton commented that the work plan is extensive and asked how unexpected issues will be addressed and prioritized.

Ms. Sandkulla explained that the tasks of administering the WSA and financial cost monitoring of the SFPUC are BAWSCA's priorities. Engagement in the efforts of Restore Hetch Hetchy and the draft SED are critical because of the potentially significant impacts they present to the region in the absence of BAWSCA efforts. As done when the drought regulations were issued, tasks will be shifted or deferred to accommodate more crucial activities. This is one of the purposes of the mid-year budget review process.

The budget will not add staff, but will use more consultants for the development of the regional water system modeling and the analytics of the data associated with meeting the new State requirements.

Director Mendall added that there are items in the work plan that are most likely to be deferred if necessary.

7. Reports:

- A. Water Supply Update: Ms. Sandkulla reported that water supply conditions are very good. As of February 5th, Hetch Hetchy is at 86% of storage compared to 60% of normal year. There are no supplies being taken from Hetch Hetchy due to the Mountain Tunnel shutdown since January 3, 2017.

Precipitation is above average and is at the same level as the last wettest year experienced in 1983 during the month of February. Snowpack is above the median typically measured in April 1st. Tuolumne River water supply available to San Francisco is currently at 715 TAF compared to the 22 TAF achieved in the entire water year of 2014, and 50 TAF in 2015. The amount needed to achieve full storage capacity on July 1, 2017 is 373 TAF.

Water deliveries continue to be the same as in 2016, and below the 10% voluntary reduction target.

Ms. Sandkulla reported that the SWRCB is holding a workshop to consider re-adopting the drought-related emergency regulations that have been in effect for the past two years. These regulations require agencies to submit stress test data to the State Board to identify necessary cutbacks, as well as the limitations on outdoor water use. In the absence of the Board taking action, those regulations would expire February 28, 2017.

SWRCB has strongly indicated extending the regulation for an additional 270 days, or through October 2017.

Public comments strongly urge the SWRCB to let the regulations expire given the improved water supply conditions. BAWSCA was a signatory to a letter submitted by ACWA. While ACWA and the signatories of the letter support the regulations during drought and for long-term wise use of water, maintaining the integrity of the message to the public that there is a

water-use emergency will be a hard sell. Ms. Sandkulla stated that the public response to the emergency drought regulations were so effective, it will be a shame to lose that kind of response the next time there is a drought, because they continued to be restricted despite the up-turn on water supply conditions.

In response to Director Schmid, Ms. Sandkulla will look into reports on temperatures and the effects of atmospheric river that can affect the snowpack.

- B. State Water Resources Control Board (SWRCB) Recent Proposal in the Draft SED: BAWSCA continues to support the objectives of the Bay Delta Plan, and in working with the stakeholders to achieve results, including supporting settlement conversations among all the participants to develop a lasting agreement, outside of the State Board process, as a substitute to meet those objectives.

BAWSCA is coordinating closely with the SFPUC in evaluating the SED and considering comments for submittal. SFPUC is hosting a meeting with BAWSCA to go over SFPUC's analysis of the economic impacts associated with the Draft SED. The Bay Area Water Stewards (BAWS) is a non-governmental group of environmental experts formed at the time the WSIP was adopted.

BAWSCA is also working closely with each member agency on their comment letter to effectively communicate to the State the extent of the impacts to each jurisdiction. The BAWSCA service area is a large part of the stakeholder group that will be impacted by the draft SED.

- C. Mountain Tunnel Technical Advisory Panel Tour: Tom Francis, BAWSCA Water Resources Manager, provided a report on the tour of the Mountain Tunnel that the SFPUC conducted on February 7th. As it has been presented to the Board by both BAWSCA and the SFPUC, an inspection of the tunnel in 2008 revealed that there were several parts of the tunnel where the concrete lining was failing. BAWSCA has been heavily involved in accessing the risks of potential failure of the tunnel as well as pushing for a thorough inspection and evaluation of rehabilitation options.

On January 3, 2017, the Mountain Tunnel was shutdown to complete identified repairs and perform a thorough inspection of the failing concrete lining. A Technical Advisory Panel was put together by the SFPUC and tasked with making recommendations based on the findings of the inspection.

Mr. Francis reported that there are approximately 650 lining repairs that were identified along a nine mile span of the tunnel, but approximately three-fourths of that number are small scale repairs. The large scale repairs are few. Many of the required repairs Mr. Francis saw during the tour measured approximately 4ft long x 2ft wide and were found along the tunnel ceiling. He estimated that the crew can complete about 7-8 repairs of those larger-scale repairs per day.

The larger-scale failures in the lining are similar in nature all the way through and generally occurred halfway between the adits or the entrance areas. The panel suspects that the concrete did not mix and set well, as due to the construction technique at the time, mixing occurred outside the tunnel and due to the time and distance required to transport it to the tunnel's mid-point, some aggregate settlement occurred prior to placement.

The panel is made up of knowledgeable and well-respected professors and consultants in their field. There will be an analysis of the key findings, but the panel's initial assessment is that the tunnel is in excellent shape, and that there is no need to build a new bypass tunnel.

Some of the initial key findings of the tunnel inspection is that there are no significant further deterioration to the lining as compared with what was observed in 2008, the tunnel concrete has the strength of about 3,000 psi, and is as much as 36 inches thick as opposed to what was originally thought to be only 6 inches in some portions of the tunnel. Further, as the concrete that forms the tunnel lining is not exposed to elements it has an increased longevity. Also, the inspection showed that the invert, or the floor, of the tunnel is in good condition and are in no need of repairs.

The panel's recommendations for the SFPUC is to have routine maintenance in place every 5-10 years to inspect and repair.

- D. The panel will meet in early April to receive a briefing on the results of all of the analyses performed so that a final decision can be made on what the ultimate repair will be.
 - E. CEO's Letter: There were no discussions on the items.
 - F. Board Policy Committee Calendar: There were no discussions on the item.
8. **Comments by Committee Members**: Director Guzzetta noted the failure of the Oroville Dam spillway.
9. **Adjournment**: The meeting was adjourned at 3:29 pm. The next meeting is April 12, 2017.

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD POLICY COMMITTEE – February 8, 2017

Roster of Attendees:

Committee Members Present

Gustav Larsson, City of Sunnyvale (Chair)
Tom Zigterman, Stanford (Vice Chair)
Jay Benton, Town of Hillsborough
Randy Breault, City of Brisbane/GVMID (Immediate Past BAWSCA Chair)
Rob Guzzetta, California Water Service Company
Al Mendall, City of Hayward (BAWSCA Chair)
Barbara Pierce, City of Redwood City (BAWSCA Vice Chair)
Dan Quigg, City of Millbrae
Gregg Schmid, City of Palo Alto

BAWSCA Staff:

Nicole Sandkulla	CEO/General Manager
Tom Francis	Water Resources Manager
Andree Johnson	Sr. Water Resources Specialist
Christina Tang	Sr. Administrative Analyst
Lourdes Enriquez	Assistant to the Chief Executive Officer
Deborah Grimes	Office Manager
Allison Schutte	Legal Counsel, Hanson Bridgett, LLP
Bud Wendell	Management Communications

Public Attendees:

Karla Dailey	City of Palo Alto
Fan Lau	San Francisco Public Utilities Commission
Jan Lee	City of Hayward

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

**January 19, 2017 – 6:30 p.m.
Foster City Community Building, Foster City CA**

MINUTES

1. Call to Order/Pledge of Allegiance/Roll Call – 6:30 pm

BAWSCA Chair, Randy Breault, called the meeting to order and led the salute to the flag. Nicole Sandkulla called the roll. Nineteen (18) members of the Board were present at roll call, constituting a quorum. One arrived after roll-call. A list of Directors present (19) and absent (7) is attached.

2. Special Order of Business: Election of Officers for Calendar Year 2017.

Chair Breault called for nominations for the position of Chair of the BAWSCA Board. Director Richardson nominated Al Mendall for Chair. Director Pierce seconded the nomination. There being no other nominations, nominations were closed by consensus.

The Board unanimously voted to elect Al Mendall as Chair of the Bay Area Water Supply and Conservation Agency Board of Directors for calendar year 2017 to commence at the adjournment of the meeting at which he was elected.

Chair Breault called for nominations for the position of Vice-Chair. Director Quigg nominated Barbara Pierce as Vice-Chair of the Board, and was seconded by Director O'Connell. There being no other nominations, nominations were closed by consensus.

The Board unanimously voted to elect Barbara Pierce as Vice-Chair of the Bay Area Water Supply and Conservation Agency Board of Directors for calendar year 2017 to commence at the adjournment of the meeting at which he was elected.

3. The meeting adjourned at 6:33 pm to convene the San Francisco Bay Area Regional Water System Financing Authority Board of Directors meeting.**4. The meeting reconvened at 6:37 pm****5. Comments by the Chair:**

Chair Breault noted the significant storms that has improved the region's water supply conditions, but also noted that the Governor's Executive Order on drought measures remains in effect. He encouraged agencies to continue their efforts with water conservation.

SFPUC Assistant General Manager for Water Enterprise, Steve Ritchie, will give an informational presentation on the State Water Resources Control Board's Bay Delta

Plan and Draft Substitute Environmental Document (SED). Chair Breault noted that the BAWSCA Board is not the body that acts on this matter. This item is on the agenda for the Board’s information about the potential impacts to the region and its water supply.

Agenda items for Board action include approval of the FY 2017-18 bond surcharges, authorization of the FY 2016-17 mid-year work plan and budget adjustments, and consideration of changing the time and location of regular Board meetings. The agenda also includes a planning session on the FY 2017-18 Work Plan and Budget development.

Chair Breault noted that the meeting must adjourn by 8:45pm, and asked the Board for their focus through the meeting to ensure that all critical items on the agenda can be completed.

- 6. Board Policy Committee (BPC) Report:** Director Quigg reported the discussions and actions taken by the Board Policy Committee at its meeting on December 14, 2016 are reflected in the BPC summary report included in the packet.
- 7. SFPUC Report:** Assistant General Manager for Water Enterprise, Steve Ritchie, provided a report on the Regional Water System’s water supply conditions, and the State Water Resource Control Board’s Bay Delta Plan.
- 8. Public Comments:** Public Comments were made by:

Name	Topic	Organization Specified
1. Dave Warner	Bay Delta Plan	Self
2. James Eggers	Bay Delta Plan	Sierra Club
3. Martin Gothberg	Bay Delta Water Quality Control Plan	Volunteer from TRT
4. Chris Shutes	Tuolumne River Flows	Ca.Sportfishing Protection Alliance
5. Penelope Frost	Bay Delta	Restore the Delta
6. Michael Frost	Bay Delta Water Quality Control Plan	Restore the Delta
7. Keith Bennett	Bay Delta Plan	
8. Heinrich Albert	Bay Delta Plan	Sierra Club, SF Bay Chapter
9. Sonia Diermayer	Bay Delta Plan	
10. Linda Liebes	Bay Delta Plan	
11. Gloria Purcell	Water Flow – Bay Delta Amendment	TRT
12. Spreck Rosekrans	Bay Delta Plan	Restore Hetch Hetchy
13. Cheryl Weiden	Tuolumne River - Bay Delta Plan	
14. Denise Louie	60% unimpaired flow	
15. Chris Gilbert	Water Flows	

9. Consent Calendar:

Director Richardson made a motion, seconded by Director Kasperzak, to approve the Minutes of the November 17, 2016 meeting, receive and file the Budget Status Report as of November 30, 2016, the Investment Report and Directors' Reimbursement Report as of December 31, 2016, and approve the proposed FY 2017-18 Bond Surcharges.

The motion carried unanimously.

10. Action Calendar:**A. Mid-Year 2016-17 Work Plan and Budget Review and Management of the General Reserve**

Director O'Connell made a motion, seconded by Director Mendall, that the Board approve the following revisions to the FY 2016-17 Work Plan:

1. **Additions:**
 - a. **Participate in SWRCB Bay-Delta Plan for the San Joaquin River including review and comment on Draft SED**
2. **Scope Increase:**
 - a. **Participate in new feasibility studies in support of Long-Term Reliable Water Supply Strategy (Strategy) recommended actions**
 - b. **Represent member agencies in regional and state-level discussions related to current drought and new water use efficiency regulations**
 - c. **Support ongoing participation in New Don Pedro FERC proceedings**
 - d. **Coordinate agency participation in Water Quality Committee**
3. **Scope Reduction/Delay:**
 - a. **Issue Request for Proposal this fiscal year but delay development of regional water system modeling tool until next fiscal year**
4. **Deletion for Subsequent Reconsideration Next Fiscal Year**
 - a. **Expand decision-making process for implementing Strategy actions**
 - b. **Organize workshop to review water utility best management practices**
 - c. **Pursue SFPUC benchmarking study**

The motion carried unanimously.

B. Review and Consideration of the Proposed Amendments to the Rules of the Board Regarding Changes to the Start Time and Location of Regular Board Meetings

Director Richardson made a motion, seconded by Director Pierce, that the Board approve the following modifications to the Rules of the Board:

1. That the Board modify Rule II.A.1 to read as follows:

1. **Regular Meetings.** Regular meetings of the Board shall be held on the third Thursday of January, March, May, July, September and November at the hour of half-past 6 P.M. The date and/or time of a particular regular meeting may be changed by the Board as needed to accommodate scheduling conflicts, subject to the notice requirements in Rule II.B below.

2. That the Board modify Rule II.D to read as follows:

D. **Location of Regular Meetings.** All regular meetings of the Board shall be held at the San Mateo Main Library, 55 W. 3rd Avenue. When that location is unavailable, or when it is otherwise in the public's interest, a meeting may be held at another location determined by the Chairperson. Notice of the change shall be given as provided in Rule II.B above.

3. That the Board modify Rule II.G.7 to read as follows:

7. **Time Limit on Meetings.** When a meeting of the Board has lasted two and one quarter hours or more, no new item of business may be taken up for discussion or action unless a majority of the directors then present vote to extend the meeting. This provision may be invoked by the Chair or any director. However, it has no effect on the validity of any action taken by the Board unless and until it is invoked.

The motion carried unanimously.

C. **Approval of Professional Services Contract with Consultant to Redevelop and Maintain the BAWSCA Water Conservation Database**

Director Kasperzak made a motion, seconded by Director Pierce, that the Board authorize the CEO/General Manager to negotiate and execute an agreement for a not to exceed amount of \$39,000, subject to legal counsel's review, with Immersiv Media for the development and implementation of the BAWSCA Water Conservation Database.

The motion carried unanimously.

11. Reports:

A CEO's Letter, Correspondence Packet, and Board of Directors' Policy Calendar was included in the Agenda Packet for the Board's information. Ms. Sandkulla had no further information to add on those items, and the Board had no questions.

12. Discussion Item:

1. **Fiscal Year 2017-18 Work Plan and Budget Preparation Planning Session**

Ms. Sandkulla reported that the budget development process begins every year with the assessment of long-term critical issues and major challenges that identifies a timeline and results to be achieved. The Board was asked to provide

input on issues and challenges they would like to be considered in the development of the work plan and operating budget for FY 2017-18.

Comments received from the Board will be addressed by the CEO and presented to the Board Policy Committee for discussion at its February meeting. A preliminary work plan and operating budget will be presented at the March Board meeting for further discussion. A proposed work plan and budget will be presented to the BPC at its meeting in April, and to the Board in May for adoption.

- 13. Directors' Discussion: Comments, Questions and Agenda Requests:** Director Mendall thanked Director Breault for his service as Chair of the Board for the past two years. He thanked the members of the Board for their vote on his leadership. He looks forward to a productive year.

Director Kasperzak announced that Water Now Alliance will be conducting briefings for public water utility Board members regarding the Governor's Executive Order and draft report. An information sheet will be distributed to the Board by BAWSCA staff.

- 14. Date, Time and Location of Next Meeting:** The next meeting is scheduled on March 16, 2017 at the new time of 6:30pm, in the Oak Room, of the San Mateo Main Library.

- 15. Adjournment:** The meeting adjourned at 8:12pm.

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
January 19, 2017

Attendance Roster

Present:

Robert Anderson	Purissima Hills Water District
Randy Breault	Guadalupe Valley Water District
Tom Chambers	Westborough Water District
Rob Guzzetta	California Water Service Company
Mike Kasperzak	City of Mountain View
Pat Kolstad	City of Santa Clara
Gustav Larsson	City of Sunnyvale
Al Mendall	City of Hayward
Chris Mickelsen	Coastside County Water District
Larry Moody	City of East Palo Alto
Irene O'Connell	City of San Bruno
Rosalie O'Mahony	City of Burlingame
Tom Piccolotti	North Coast County Water District
Barbara Pierce	City of Redwood City
Dan Quigg	City of Millbrae
Sepi Richardson	City of Brisbane
Louis Vella	Mid-Peninsula Water District
John Weed	Alameda County Water District
Tom Zigterman	Stanford

Absent:

Jay Benton	Town of Hillsborough
Charlie Bronitsky	City of Foster City
Jose Esteves	City of Milpitas
Kirsten Keith	City of Menlo Park
Sam Liccardo	City of San Jose
Gregg Schmid	City of Palo Alto
Vacant	City of Daly City

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, Office Manager

DATE: March 6, 2017

SUBJECT: Budget Status Report as of January 31, 2017

This memorandum shows fiscal year budget status for FY 2016-17. 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 seven-month period ending January 31, 2017, 58 percent into the fiscal year, total expenditures were \$1,578,919 or 46 percent of the total budget of \$3,468,008.

Table 1. Operating Budget Summary as of January 31, 2017

Cost Category	Year-To-Date		
	Budget	Expenses	Percent
Consultants /Direct Expenditures			
Reliability	964,600	380,875	39%
Fair Pricing	409,000	67,980	17%
Administration	95,000	54,402	57%
Subtotal	1,468,600	503,257	34%
Administration and General			
Salary & Benefits	1,580,658	908,245	57%
Other Expenses			
BAWSCA	356,450	167,417	47%
BAWUA	1,050	0	0%
Subtotal	3,406,758	1,578,919	46%
Capital Expenses	2,500	0	0%
Budgeted Contingency	57,500	0	0%
Regional Financing Authority	1,250	0	0%
Grand Total	3,468,008	1,578,919	46%

Overview:

Overall expenditures for FY 2016-17 are tracking within budget.

Consultants

The \$125,000 budget for technical review and tracking of the SFPUC's Water System Improvement Program was 38 percent expended. The Operating Budget allocation of \$150,000 for strategic counsel was 47 percent expended. The Operating Budget allocation of \$651,000 for legal counsel was 47 percent expended. The \$381,600 budget for water management and conservation-related activities was 10 percent expended.

Administration and Other Expenses

Budgets for salaries and other expenses were 57 and 47 percent expended respectively.

Use of CEO's Discretionary Spending Authority:

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

- EKI, in the amount of \$8,000 for professional services in connection with drought response evaluation.

Expenses related to this January action are reflected in this report. The total Operating Budget for FY 2016-17 remained the same.

Use of Reserve and Reserve Fund Balance:

Unspent funds at the end of FY 2015-16 were \$453,246. The BAWSCA reserve balance as of November 30, 2016 shown below, reflects this deposit. In accordance with the adoption of the FY 2016-17 annual budget in May 2016, the Board approved transferring \$27,274 from the General Reserve to fund the FY 2016-17 budget. The BAWSCA General Reserve balances shown below reflect this transfer.

Table 2. General Reserve Fund Balance

Fund	Account Balance (As of 11/30/16)	Account Balance (As of 01/31/17)
General Reserve	\$1,202,592	\$1,202,592

BAWSCA

Bay Area Water Supply & Conservation Agency

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

MEMORANDUM

TO: Nicole Sandkulla, CEO/General Manager

FROM: Christina Tang, Senior Administrative Analyst

DATE: March 6, 2017

SUBJECT: Bond Surcharge Collection, Account Balance and Payment Report
as of December 31, 2016

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

Bond Surcharge Collections

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

All surcharges billed for the months of October and December in 2016 have been collected. Table 1 below presents a summary of financial transactions related to BAWSCA's Bond Series 2013A and 2013B for the three months.

Table 1: Summary of Surcharges Remitted to Trustee for Quarter Ending 12/31/2016

<u>Month</u>	<u>Amount Billed</u>	<u>Amount Remitted to Trustee</u>
October 2016	\$2,057,065	\$2,057,065
November 2016	\$2,057,065	\$2,057,065
December 2016	<u>\$2,057,065</u>	<u>\$2,057,065</u>
Total	\$6,171,195	\$6,171,195

Bond Surcharge Account Balances

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

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

Table 2: Bank of New York Bond Trustee Account Activity for Quarter Ending 12/31/2016

	34,159,039	Account Market Value as of 09/30/2016
<i>plus:</i>	5,489,052	<i>Surcharge Collected in October 2016 through December 2016</i>
<i>plus:</i>	10,507	<i>Money Market Fund Interest, Security Coupons/Accrued Interest Received</i>
<i>plus:</i>	(64,073)	<i>Change in Market Value of Held Treasury Bonds</i>
<i>minus:</i>	18,078,497	<i>Debt service payment to bondholders</i>
<i>minus:</i>	5,497,196	<i>Principal for Treasury bonds purchased</i>
<i>minus:</i>	10,341	<i>Accrued interest for Treasury bonds purchased</i>
<i>plus:</i>	<u>5,451,304</u>	<u><i>Market Value of Purchased Bonds</i></u>
	21,459,795	Account Market Value as of 12/31/2016

There are two ways interest is earned by BAWSCA on the collected surcharge payments and balances held in the stabilization funds. First, interest is automatically earned on the account balance in the Bank of New York Bond Trustee money market account at a current rate of approximately 0.39%. Last quarter, interest earnings received were \$8,073. Second, BAWSCA can invest the collected surcharge payments by purchasing US Treasury securities, possibly earning a higher rate of return than the money market account.

Based upon an evaluation of the available yields, it was determined that BAWSCA would realize a moderate earning benefit by purchasing U.S. Treasury securities instead of staying invested in the money market account. Following further evaluation, BAWSCA determined that a strategy that involved both a rolling and a ladder security structure provided the Agency with the most appropriate balance of safety, liquidity, and yield. Consequently, this investment strategy was implemented in October 2015. As of December 31, 2016, the held U.S. Treasury securities represented an increase of 42 basis points (0.42%) over what BAWSCA would have earned had the balances remained invested in the money market funds. The \$10,507 mentioned in the summary table above includes interest earnings of \$8,073 received from the money market fund and coupons of \$2,434 received from the securities.

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

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

The recent debt service payment of \$18,078,497 was made on October 1, 2016. It was paid using the bond surcharges collected from the agencies, consistent with the bond indenture. The next debt service payment of \$6,459,367 will be made on April 1, 2017. There are sufficient funds in the Trustee account to make the payment. Debt service payments are made on April 1st and October 1st of each year until 2034.

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Governor’s Executive Order B-37-16 on “Making Water Conservation a California Way of Life”**

Summary:

This memorandum presents the (1) State agencies’ proposed framework to implement Executive Order B-37-16 “Making Water Conservation a California Way of Life” (EO-B-37-16), and (2) BAWSCA’s proposed actions to assist the member agencies in complying with the State requirements.

EO B-37-16 calls for the establishment of new water use targets for urban water suppliers that go beyond existing requirements, specifically SBx7-7 (20% conservation by 2020), and take into account the unique climatic, demographic, and land use characteristics of each urban water supplier’s service area.

The California Department of Water Resources (DWR) and State Water Resources Control Board (SWRCB), collectively referred to as the “EO Agencies”, have released the “Making Water Conservation a California Way of Life” Public Review Draft Report (Report), which provides the framework for establishing these new individual agency water use targets through a multiple year process. If this proposal is implemented, setting and achieving the new water use targets will require significant actions for urban water suppliers. Urban water suppliers will need to annually report on progress toward achieving their individual water use targets beginning in 2019 and will need to meet the targets by 2025.

The BAWSCA Preliminary FY 2017-18 Work Plan includes activities to support the member agencies in calculating and achieving the new water use targets as proposed in the Report. These activities align with the implementation schedule developed by the EO Agencies. BAWSCA efforts to assist the member agencies in EO B-37-16 implementation are anticipated to span multiple years and would build on BAWSCA’s existing Regional Water Conservation Program.

Board Policy Committee Action:

This item was presented to the Committee for discussion. No action by the Committee was taken. The Committee provided feedback on proposed FY 2017-18 Work Plan activities, and suggestions for further clarification in the Board memo related to the overall implications of these requirements on BAWSCA and the member agencies.

Recommendation:

That the Board provide comments and suggestions concerning the proposed FY 2017-18 Work Plan activities associated with EO B-37-16.

Discussion:

EO B-37-16 Directives

EO B-37-16, signed by Governor Brown on May 9, 2016, called on the EO Agencies to establish long-term water conservation measures and improved planning for more frequent and severe droughts. Specifically applicable to the BAWSCA member agencies, EO B-37-16 included directives for the EO Agencies to:

- Establish new water use targets for urban water suppliers that take into account the unique climatic, demographic, and land use characteristics of each urban water supplier’s service area; and
- Strengthen requirements for Water Shortage Contingency Plans (WSCP) to require that the plans include adequate actions to respond to droughts lasting at least five years.

EO B-37-16 called for the EO Agencies to publicly issue a proposed draft framework for implementation of the above directives by January 10, 2017. This proposed draft framework has been made available in the “Making Water Conservation a California Way of Life” Public Review Draft Report. Release of the final report is anticipated shortly. Several of the key recommendations in the report, in particular the establishment of new water use targets, will require legislative action to implement.

EO B-37-16 Proposed Implementation Framework and Timeline

The Report calls for new water use targets to be established for each urban water provider by 2020 and to be achieved by 2025. These water use targets will be calculated as the sum of a supplier’s individual water use budgets for residential indoor use, outdoor irrigation, and distribution system water losses. For each of these individual categories, a water budget will be developed through the application of a water efficiency standard established by the EO Agencies. For example, the indoor residential budget would be calculated based on a gallons per capita per day water efficiency standard. Commercial, industrial, and institutional (CII) use will not be subject to a water budget or included in the agency water use targets, but rather will be subject to specific performance measures such as water audits for accounts over a certain size.

Establishing the water budgets necessary to calculate a supplier’s overall water use target involves a significant level of data that in most cases is not readily available. In particular, each urban water supplier must have landscape area measurements for individual parcels within the supplier’s service area to calculate the outdoor irrigation water budget. Significant State effort and stakeholder involvement will also be required to determine the appropriate indoor residential and outdoor irrigation water efficiency standards, which will provide the basis for the water budgets.

To allow water suppliers sufficient time for the development of the water budgets, the EO Agencies have established a multiple-year timeline for compiling the necessary information to determine water use targets, prepare budget calculations, and demonstrate compliance with the targets. Key milestones in this timeline are presented in Table 1.

Table 1: Implementation Schedule for EO B-37-16 Water Use Targets

Timeframe	Action or Requirement
2017	<ul style="list-style-type: none">• DWR Completes Pilot Project for Landscape Area Measurements• First validated water audits due
2018	<ul style="list-style-type: none">• DWR develops preliminary indoor residential and outdoor initial water efficiency standards• DWR provides landscape area data for calculating outdoor water budgets• State regulations and guidelines issued for CII efficiency performance measures
2019	<ul style="list-style-type: none">• State issues guidelines for calculating water use targets• Water suppliers submit limited progress reports on compliance with targets
2020	<ul style="list-style-type: none">• State adopts final indoor residential and outdoor water efficiency standards
2021	<ul style="list-style-type: none">• Water suppliers submit 2020 Urban Water Management Plans (UWMPs) with final water use targets and plan for meeting targets
2022 – 2025	<ul style="list-style-type: none">• Annual reporting on progress toward targets
2026	<ul style="list-style-type: none">• Agencies submit final compliance report for 2025 target• If new targets are established, agencies begin annual progress reports for new 2030 targets.

BAWSCA Proposed Work Plan

BAWSCA's Preliminary FY 2017-18 Work Plan includes actions to support BAWSCA member agencies in meeting the new water use efficiency targets as recommended in the Report. Consistent with BAWSCA's Regional Water Conservation Program, BAWSCA's plan includes both (1) Core actions that benefit all BAWSCA member agencies and (2) the implementation of new Subscription programs which will be made available to all agencies and funded entirely by those agencies that opt to participate.

Phasing of BAWSCA's critical tasks over the next three fiscal years aligns with the proposed State schedule, which is predicated on the necessary legislative actions occurring to implement the EO Agencies' recommendations.

Phase 1 critical results included in the FY 2017-18 Work Plan include:

- Assessment of member agency existing data and technical capabilities to complete required landscape area measurement calculations.
- Assessment of member agency existing processes and capabilities for necessary CII account classifications.
- Implementation of a new subscription conservation program, a Water Audit Third Party Validation Program, to support agencies in complying with current requirements (SB 555) to submit validated water audits by October 1, 2017.
- Implementation of a new subscription conservation program, a Landscape Measurement and Verification Program, to support agencies in developing the necessary information to calculate their outdoor irrigation water use targets.
- Development of a multi-year plan that identifies respective BAWSCA and member agency roles in developing information necessary for compliance with new State conservation requirements.

BAWSCA is working closely with member agency management and staff to develop the scope of work for Phase 1 results as well as a schedule and work plan for the multiple year effort required for establishing and meeting the new water use targets.

It is anticipated that BAWSCA will be providing multi-year support to the agencies in meeting these State requirements. In FY 2018-19 and FY 2019-20, that support is expected to accomplish the following :

- Development of a BAWSCA regional implementation plan for CII performance measures.
- Preparation of a model for calculating water budgets by category and overall agency water use targets, tracking progress, and preparing annual reports.
- Support for development of parcel-level member agency landscape area data.
- Completion of a updated Regional Water Conservation Plan, sufficient to meet UWMP requirements, to support BAWSCA agencies in achieving 2025 water use targets.
- Update of water demand projections through 2045, building upon information developed in the above tasks.

Anticipated Budget

A budget allowance of \$170k for consultant services for the Phase 1 critical results is included in the preliminary FY 2017-18 Work Plan and Operating Budget. This task is anticipated to be a multi-year commitment by BAWSCA in support of the member agencies. The assessments to be completed in Phase 1 will inform the budget needs for BAWSCA and member agencies for subsequent phases of work in FY 2018-19 and FY 2019-2020 to develop and achieve new water use targets.

BAWSCA's prior consultant efforts related to the conservation planning and demand forecasting include the Water Conservation Implementation Plan, completed in 2009 with a consultant budget of \$225,000, and the Regional Demand and Conservation Projections Project, completed in 2014 with a consultant budget of \$365,000.

Linkage to Prior, On-Going BAWSCA Conservation Efforts:

The BAWSCA Regional Water Conservation Program was developed as a key recommendation of the Water Conservation Implementation Plan (September 2009). The Program includes two tiers of programs: 1) the Core Program, which is funded through the annual BAWSCA budget and contains conservation measures that benefit all BAWSCA agencies, and 2) the Subscription Program, which is fully funded by the individual agencies that elect to participate in the program based on their individual participation levels.

The Regional Water Conservation Program was developed to support BAWSCA agencies in meeting their conservation targets, to reduce administration costs for the participating agencies, and to be funded by those agencies that benefit from the implementation. The Program enables BAWSCA to do multi-year planning for what level of assistance the member agencies need from BAWSCA to achieve critical conservation results.

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Preliminary Fiscal Year 2017-18 Work Plan and Results to be Achieved**

Summary:

This memorandum presents the preliminary Fiscal Year 2017-18 Work Plan and Results to be Achieved, preliminary Operating Budget, and preliminary considerations for funding the Operating Budget. Comments received from the Board at the January 19, 2017 Budget Planning Session have been reviewed and addressed. The preliminary Work Plan represents the CEO's recommendations for those comments, and feedback provided by the Board Policy Committee in February.

The preliminary Work Plan remains aligned with BAWSCA's legislated authority and its three goals: a reliable supply of high quality water at a fair price. Major work areas include increased activity in implementing the recommended Long-Term Reliable Water Supply Strategy (Strategy) actions, development of a new regional water supply reliability model for the BAWSCA service area, activities to support BAWSCA member agency efforts to meet new State of California "Making Water Conservation a Way of Life" requirements, participation in the State Water Resources Control Board (SWRCB) Bay Delta Water Quality Control Plan Update to ensure member agency interests are represented, and participation in the Restore Hetch Hetchy litigation in which BAWSCA is a named party.

The preliminary FY 2017-18 Operating Budget is \$3,727,330, which is 7.5% above the current FY 2016-17 Operating Budget. The preliminary Operating Budget represents approximately a 13 cent increase in annual cost per person in the service area for an estimated cost to the water customer of \$2.09 per person per year. Considerations for funding the preliminary Operating Budget are presented below for further discussion.

Board Policy Committee Action:

This item was presented to the Committee for discussion. No action by the Committee was taken. The Committee provided feedback on individual preliminary work plan items and results. The Committee also provided suggestions for further clarification in the Board memo related to the presentation of new work areas and clarification on responses to board member suggestions from the January budget planning session.

Recommendation:

That the Board provide comments and suggestions concerning the:

- 1. Preliminary Fiscal Year 2017-18 Work Plan and Results to be Achieved,**
- 2. Preliminary Operating Budget of \$3,727,330, and**
- 3. Preliminary considerations for funding the Operating Budget.**

Discussion:

Preliminary Work Plan:

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

The preliminary FY 2017-18 Work Plan includes the following major efforts:

- Oversight of the SFPUC's WSIP, 10-Year Capital Improvement Program (CIP), and Regional Water System Asset Management Program;
- Implementation of BAWSCA's Strategy, as documented in the Strategy Phase IIA Report, including the following actions:
 - Complete pre-feasibility studies for up to four potential purified water projects in partnership with SFPUC, Silicon Valley Clean Water, Santa Clara Valley Water District and others. Engage with advocacy groups (e.g. WateReuse) to access and exchange critical technical, legislative, and legal information to support these studies.
 - Finalize Pilot Water Transfer Agreements with EBMUD, Hayward, and others to implement a pilot water transfer in FY 2018-19.
 - Complete development of Bay Area Regional Reliability (BARR) Drought Action Plan in partnership with other Bay Area water agencies.
 - Participate in Los Vaqueros Expansion Studies to ensure participation in upcoming project decisions.
 - Promote the continued sustainable use of San Mateo Plain Groundwater Basin (Basin) for long-term water supply reliability through the Basin Partnership, participation in San Mateo County's Basin Assessment Program, and other multi-party efforts.
- Develop a new regional water system and supply reliability modeling tool for project evaluation;
- Support BAWSCA member agency efforts as related to meeting the new State of California "Making Water Conservation a Way of Life" requirements;
- Implement regional conservation programs to support member agencies and their customers;
- Take actions to protect members' water supply interests in administration of the 2009 WSA, including addressing the upcoming 2018 decisions and contractual drought allocation methods;
- Participate in the Restore Hetch Hetchy litigation in which BAWSCA is a named party;
- Participate in the SWRCB's Bay Delta Water Quality Control Plan Update to ensure member agency interests are represented.
- Participate in the New Don Pedro and La Grange FERC proceedings to protect regional water supplies;
- Administer the 2009 Water Supply Agreement (WSA), including development and adoption of up to three amendments to the 2009 WSA; and
- Administer BAWSCA's bonds.

Table 1 presents the preliminary FY 2017-18 Work Plan and major results to be achieved. The activities are grouped according to the agency goals they support.

Table 2 lists the items that are not included in the preliminary Work Plan. Any of these items could be added at a later date, if needed, following further discussion with the Board concerning available resources and priorities.

New or Significantly Re-scoped Activities for FY 2017-18: There are two new or significantly re-scoped activities included in the preliminary FY 2017-18 Work Plan. In each case, these activities relate directly to ensuring water supply reliability for the customers served by the BAWSCA member agencies

**1. Develop Independent Regional Water System & Supply Modeling Tool
Estimated FY 2017-18 Cost \$135k**

This task would develop a new, independent water system and supply modeling tool that would improve BAWSCA's ability to analyze long-term water reliability in the BAWSCA service area, including potential impacts of availability of existing water supplies and development of additional regional water supplies. To date, BAWSCA has relied on SFPUC's modeling resources to inform long-term planning decisions. However, as BAWSCA's and the member agencies' needs have grown, it is no longer effective to rely on the SFPUC for modeling work to meet BAWSCA's analytical and schedule needs. Developing an independent model would allow BAWSCA to simulate SFPUC's reliability analysis, run independent alternative scenarios to meet BAWSCA's planning needs, investigate reliability of other regional water supplies (i.e., surface water from Santa Clara Valley Water District), and assess climate change impacts, given various climate scenarios.

Development of this model was included in the FY 2016-17 Work Plan and was anticipated to be developed in conjunction with Stanford's ReNUWI program. Unfortunately, for this type of work, it was determined that the original contracting vehicle with Stanford was not viable. For this reason, as discussed at the January 2017 Mid-Year Budget Review, BAWSCA intends to issue a Request for Proposal for this work in Spring 2017, with work to begin in July 2017, subject to FY 2017-18 Work Plan and Budget approval.

Development of a model is a multi-year investment with initial model development to occur in FY 2017-18 and future years to include a budget allocation for ongoing consultant support for BAWSCA staff's use of the model.

**2. Support BAWSCA member agency efforts in meeting the new State of California
"Making Water Conservation a Way of Life" requirements
Estimated FY 2017-18 Cost: \$170k**

The primary goal of this activity is to support BAWSCA member agencies in meeting the new water use efficiency targets as established by the "Making Conservation a California Way of Life" Executive Order and subsequent legislative actions. Phasing of critical tasks over the next three fiscal years align with the proposed State schedule for implementation.

Phase I critical results included in the FY 2017-18 Work Plan include:

- Assessment of member agency existing data and technical capabilities to complete required landscape area measurement calculations and to assess their existing processes and capabilities for necessary Commercial, Industrial, and Institutional (CII) account classifications.
- Implement a new subscription conservation program, a Water Audit Third Party Validation Program, to meet new State conservation requirements.
- Implement a new subscription conservation program, a Landscape Measurement and Verification Program, to meet new State conservation requirements.

- Develop a plan that identifies respective BAWSCA and member agency roles in developing information necessary for compliance with new State conservation requirements.

A report documenting the results of Phase I will be completed and will provide the basis for a future Phase 2 scope of work in FY 2018-19 and FY 2019-20. Support of member agencies' efforts in meeting these new State requirements is anticipated to be a multi-year commitment from BAWSCA of three years or more.

Results of January 19, 2017 Work Plan and Budget Preparation Planning Session: During BAWSCA's January 19, 2017 meeting, a work plan and budget planning session was held with the Board as part of its regular meeting agenda. The focus of the planning session was to receive input from Board members on possible work plan items for the coming fiscal year. Table 3 presents the detailed comments provided by Board members during the planning session and the staff response that was subsequently prepared. These comments and responses are reflected in the preliminary FY 2017-18 Work Plan and results to be achieved.

Alternatives to the Preliminary Work Plan and Results to be Achieved: The preliminary Work Plan includes (1) the development of a new Regional Water System & Supply Modeling Tool, and (2) the expansion of BAWSCA's activities to support the Governor's Executive Order related to water conservation. These two main work areas are budgeted with \$135k and \$170k respectively. If the goal is to reduce the preliminary Operating Budget, an alternative to the preliminary Work Plan would be to reduce effort or remove one or more of these new activities.

Another alternative to the preliminary Work Plan related to reducing scope and staff efforts, but not necessarily the preliminary Operating Budget, would be to remove one or more of the following task items: Item 10a "Organize workshop to review water utility financial best management practices", and Item 10b "Conduct a benchmarking study to evaluate SFPUC's RWS operational efficiency and cost effectiveness".

Preliminary FY 2017-18 Operating Budget:

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

Explanation and Alternatives for Salaries and Benefits: The increase for salaries and benefits of \$86,472 shown in the preliminary budget is a result of a variety of changes. These changes include increases in health benefit costs, salary adjustments and a decrease in OPEB (Other Post-Employment Benefits). The preliminary Operating Budget also includes the following for all employees except the CEO:

- \$23,981 for a COLA adjustment to existing FY 2015-16 salaries
- \$13,653 merit allowance separate from COLA adjustment

A Cost of Living Allowance (COLA) adjustment of 3.025% to the top step of salaries is included in the preliminary Operating Budget and is consistent with the December value for the Consumer Price Index for Urban Wage Earners and Clerical Workers in the San Francisco-Oakland-San Jose area. COLA increases for employees are not automatic, but can be granted by the CEO on the basis of merit. The history of salary and benefit adjustments for BAWSCA is presented in Appendix B to this memo.

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

Consistent with practice over the past two years, a budget allowance of \$16,179 for a potential merit increase for the CEO has been included in the preliminary Operating Budget. For budgeting purposes, this amount is consistent with the merit increase awarded to the CEO in FY 2016-17.

Funding Considerations for the Preliminary Operating Budget: Four principles have historically been used by BAWSCA when considering how to fund the preliminary Operating Budget:

1. Budget sufficient resources to achieve the desired Work Plan results.
2. Spend only what is needed to achieve the results.
3. Apply incremental and prudent increases in assessments as necessary.
4. Maintain a prudent General Reserve balance within Board guidelines.

The adopted FY 2016-17 funding plan increased assessments to \$3,440,734 (a 5 % increase) and used \$27,274 from the General Reserve to fund the FY 2016-17 Operating Budget, thereby enabling the General Reserve to remain within the budgetary guidelines established by the Board. BAWSCA's General Reserve Policy, reaffirmed by the Board in November 2014, identifies a range of 20% to 35% of the budget year's operating expense as a budgetary guideline for the General Reserve balance.

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

At this time, it is estimated that the FY 2016-17 Operating Budget will be 95% expended at year end. Any post-audit excess funds will be transferred to the General Reserve in Fall 2017.

As of January 31, 2017, the General Reserve balance is at the upper end of the budgetary guideline at \$1,202,592, or 35% of the FY 2016-17 Operating Budget. At the same time, given the outstanding legal issues facing BAWSCA next fiscal year and beyond, use of the General Reserve to fund a portion of the Operating Budget should be considered very carefully.

To fund the preliminary FY 2017-18 Operating Budget with assessments only, an 8.3% assessment increase would be necessary. Alternatively, a combination of assessment increase and use of the General Reserve could be used to fund the preliminary Operating Budget. For example, the combination of a 5% assessment increase (\$172,036) and \$114,560 from the General Reserve would also provide the necessary funding. Table 5 presents an evaluation of how an 8.3% increase in assessments (\$286,596 increase) would be allocated among the member agencies.

Table 1. FY 2017-18 Work Plan and Results to be Achieved (Preliminary)

(Percent of Proposed Operating Budget for Each Item Shown in Parenthesis, New/Expanded items shown in *blue italic font*)

RELIABLE WATER SUPPLY

- (7.6%) **1. Facility Reliability: Monitor the SFPUC’s WSIP, 10-Year CIP, and Asset Management Program**
 - a. Monitor WSIP scope, cost, and schedule as San Francisco continues an aggressive construction schedule through 2019. Press the SFPUC and the city's political leadership to meet the city's adopted schedule, satisfy the requirements of AB 1823, and respond promptly to BAWSCA's reasonable requests.
 - b. Review and monitor SFPUC’s Regional 10-Year Capital Improvement Program to ensure that identified projects and programs meet the needs of the BAWSCA member agencies in a cost-effective and appropriate manner.
 - c. Review and monitor SFPUC’s Asset Management Program to ensure long-term protection of system assets.

- (12.6%) **2. Long-Term Supply Solutions: Implement Long-Term Reliable Water Supply Strategy to Ensure a Reliable, High Quality Supply of Water is Available Where and When Needed**
 - a. *Complete pre-feasibility studies for up to four potential purified water projects in partnership with SFPUC, Silicon Valley Clean Water, Santa Clara Valley Water District and others. Engage with advocacy groups (e.g. WaterReuse) to access and exchange critical technical, legislative, and legal information to support these studies.*
 - b. Finalize Pilot Water Transfer Agreements with EBMUD, Hayward, and others necessary to implement a pilot water transfer in FY 2018-19.
 - c. Complete development of Bay Area Regional Reliability (BARR) Drought Action Plan in partnership with other Bay Area water agencies and investigate additional project opportunities including a federal grant for a pilot project.
 - d. Participate in CCWD’s Los Vaqueros Expansion Studies to ensure participation in upcoming project decisions.
 - e. Promote the continued sustainable use of San Mateo Plain Groundwater Basin (Basin) for long-term water supply reliability through the Basin Partnership, participation in San Mateo County’s Basin Assessment Program, and other multi-party efforts.
 - f. Facilitate development of other local water supply options including monitoring/tracking member agency efforts.
 - g. *Develop a new, regional water supply reliability model to improve BAWSCA’s ability to analyze long-term water reliability in the BAWSCA service area, including potential impacts of availability of existing water supplies and development of additional regional water supplies.*

- (14.4%) **3. Near-term Supply Solutions: Water Conservation and Drought Response**
 - a. Partner with Alliance for Water Efficiency to complete a study, “Use and Effectiveness of Municipal Irrigation Restrictions During Drought”.
 - b. *Support BAWSCA member agency efforts as related to meeting the new State of California “Making Water Conservation a Way of Life” requirements with the following specific BAWSCA results:*
 - *Assessment of member agency existing data and technical capabilities to complete required landscape area measurement calculations and to assess their existing processes and capabilities for necessary CII account classifications.*
 - *Implement new subscription conservation program, the Water Audit Third Party Validation Program, to meet new State conservation requirements.*

- *Implement a new subscription conservation program, the Landscape Measurement and Verification Program, to meet new State conservation requirements.*
 - *Develop a plan that identifies respective BAWSCA and member agency roles in developing information necessary for compliance with new State conservation requirements.*
 - *Represent member agencies in regional and State-level discussions relative to the development of regulations and guidelines as needed to implement the “Making Water Conservation a Way of Life” framework.*
- c. Represent agencies in regional and State-level discussions related to water conservation-related regulations.
 - d. Administer, implement, and expand core water conservation programs that benefit all customers.
 - e. Administer subscription conservation rebate programs that benefit, and are paid for by, participating member agencies.
- (5.7%) **4. Take Actions to Protect Members’ Water Supply Interests in the Administration of the 2009 Water Supply Agreement**
- a. Prepare temporary extension of existing Tier 2 drought allocation plan that expires Dec. 2018.
 - b. Develop principles for a new Tier 1 and Tier 2 drought allocation plan that aligns with the proposed State Water Shortage Contingency Plan requirements and new State conservation requirements.
 - c. Protect members’ water supply and financial interests in the SFPUC’s upcoming 2018 decisions and associated Water Management Action Plan (MAP).
 - d. Protect members’ water supply interests to ensure that the SFPUC meets its adopted Water Supply Level of Service Goals.
- (10.9%) **5. Protect Members’ Interests in a Reliable Water Supply**
- a. Participate in the Restore Hetch Hetchy litigation in which BAWSCA is a named party.
 - b. *Participate in SWRCB Bay Delta Plan Update to ensure member agency interests are represented.*
 - c. Ensure that necessary legal & technical resources for participation in the Don Pedro Project/La Grange Project FERC licensing are sufficient to protect customers’ long-term interests in Tuolumne River water supplies.
- (0.1%) **6. Pursue Grant Opportunities Independently and in Coordination with Regional Efforts**
- a. Pursue and use grant funds for water conservation programs and for regional supply projects and programs, such as CCWD’s Los Vaqueros Enlargement Project.
 - b. Pursue, with regional partners, grant funding to support studies that aim to improve regional water supply reliability, such as BARR Phase 2 effort(s).
 - c. Investigate potential for grant funds to support the implementation of the Strategy, including 2014 California Water Bond.
- (0.5%) **7. Reporting and Tracking of Water Supply and Conservation Activities**
- a. Complete BAWSCA FY 2016-17 Annual Survey.
 - b. Complete BAWSCA FY 2016-17 Annual Water Conservation Report.
 - c. In partnership with member agencies, implement BAWSCA’s updated Water Conservation Database.

HIGH QUALITY WATER

- (1.3%) **8. Support Member Agencies in Receiving Reliable Communication of Water Quality Issues**
- a. *Coordinate member agency participation in Water Quality Committee established by the 2009 Water Supply Agreement to ensure it addresses Wholesale Customer needs.*

- b. *Relay important water quality information (notices as received from SFPUC) to BAWSCA member agencies when made aware of changes that have the potential to impact water quality (taste, odor, blending particulars, etc.).*
- c. Review and act on, if necessary, State legislation affecting water quality regulations.

FAIR PRICE

- (18.4%) **9. Perform Matters that Members Delegated to BAWSCA in the Water Supply Agreement**
 - a. Administer the Water Supply Agreement with SF to protect the financial interests of member agencies.
 - b. Support development and member agency adoption of up to two contract amendments to address resolution of FY 2010-11 WRR settlement and implementation of the Regional Groundwater Storage and Recovery Project.
 - c. Administer bonds issued by BAWSCA to retire capital debt owed to San Francisco.
- (2.0%) **10. Provide Other Support to Protect Financial Interests of Member Agencies**
 - a. Organize a workshop to review water utility financial best management practices to identify potential actions to better protect BAWSCA member agencies from the financial impacts of drought.
 - b. Conduct a benchmarking study to evaluate SFPUC's RWS operational efficiency and cost effectiveness.

AGENCY EFFECTIVENESS

- (2.4%) **11. Maintain Community Allies and Contacts with Environmental Interests**
 - a. Maintain close relationships with BAWSCA's local legislators and allies, and activate them if necessary, to safeguard the health, safety, and economic well-being of residents and communities.
 - b. Maintain a dialogue with responsible environmental and other groups, who will participate in the permitting and approval process for efforts to maintain system reliability.
 - c. Maintain effective communications with member agencies, customers, & others to achieve results and support goals.
 - d. In conjunction with San Francisco, conduct or co-sponsor tours of the water system for selected participants.
- (20.1%) **12. Manage the Activities of the Agency Professionally and Efficiently**

Table 2: Activities Not Included in Preliminary Work Plan and Operating Budget for FY 2017-18

<p>RELIABLE SUPPLY</p> <ol style="list-style-type: none">1. Implement a pilot water transfer with EBMUD in FY 2017-18, following completion of the pilot transfer plan.2. Engage in extended or complex applications for State or Federal grant funds. Application for water conservation grants will continue to be made through or with the Bay Area Water Agency Coalition, the California Urban Water Conservation Council, or other agencies.3. Introduce major new legislation or supporting/opposing legislation initiated by others. If needed, the agency could support major legislative efforts by redistributing resources, using the contingency budget, or accessing the general reserve, subject to prior Board approval.4. Initiate litigation or support/oppose litigation initiated by others. If needed, the agency could support major litigation efforts by redistributing resources, using the contingency budget, or accessing the general reserve, subject to prior Board approval.
<p>FAIR PRICE</p> <ol style="list-style-type: none">5. Develop alternative wholesale rate structures that the SFPUC might consider. Actions will be limited to facilitating communication with SFPUC, development of goals and objectives relevant to Wholesale Customers, and addressing the potential relationship to alternative retail rate structures Member Agencies might consider to stabilize water rates and water revenues.6. Arbitrate issues related to the 2009 Water Supply Agreement.
<p>HIGH WATER QUALITY</p> <ol style="list-style-type: none">7. Perform technical studies of water quality or San Francisco’s treatment of the water it delivers to the BAWSCA agencies.8. Advocate changes to water quality regulations or the manner in which San Francisco treats water for drinking and other purposes.
<p>AGENCY EFFICIENCY</p> <ol style="list-style-type: none">9. Add resources to support additional Board, Board committee, or technical committee meetings.10. Conduct tours of member agency facilities to acquaint Board members with potential supply projects and their neighboring jurisdictions, <u><i>other than tours done in coordination with San Francisco.</i></u>

Table 3. FY 2017-18 Work Plan and Budget Planning Session - Suggested Work Plan Items for Further Consideration

#	Board Member	Board Member Comment	Staff Response
1	Mendall	Recycled water requires additional focus by BAWSCA, independently, and in support of our member agencies' efforts. Consider all aspects including purified water uses (direct & indirect potable reuse). BAWSCA should take a lead role in advancing recycled water.	<p>Included in Task 2a. In FY 2017-18, two pre-feasibility studies for possible purified water projects will be completed in partnership with BAWSCA. Potential partnerships on two additional pre-feasibility studies are under discussion. In early FY 2017-18, BAWSCA will complete a white-paper presenting updated information on the potential use of wastewater (including recycled and advanced treated water), outlining BAWSCA activities and the activities of member agencies, and summarizing related regulatory efforts underway at the State level.</p> <p>BAWSCA is actively engaged in discussions with wastewater facility owners and others regarding possible reuse projects in the service area. BAWSCA has joined WaterReuse, a non-profit trade organization focused on advancing laws, policy and funding to increase water reuse. WaterReuse provides member agencies with an ability to stay current on applied research and policy level activities (including legislation) related to water reuse as well as providing educational tools on water reuse.</p>
2	Kasperzak	Support more active role by BAWSCA in purified water projects.	Included in Task 2a. Please see Question 1 response.
3	Zigterman	Support BAWSCA role in advancing all alternatives water supplies like groundwater, storm water capture, and recycled water.	Included in Task 2a-2e. The preliminary FY 2017-18 Work Plan includes a wide range of activity to develop alternative supplies consistent with BAWSCA's Long-Term Reliable Water Supply Strategy including the increased examination of recycled water in the service area (see answer to Question 1 above), finalizing the necessary Pilot Water Transfer Plan agreements, partnering with Contra Costa Water District to examine Expanded Los Vaqueros, and promoting the continued sustainable use of the San Mateo Plain Groundwater Basin (Basin) for long-term water supply reliability through the Basin Partnership and participation with San Mateo's Basin Assessment Program.
4	Pierce	How do we as a region address the issues and impacts increased water conservation has on our wastewater treatment plant operational capacity and effectiveness and the impacts on the other built infrastructure we have in place today?	No change recommended at this time. Agencies that operate wastewater plants within the BAWSCA service area may decide, as part of their master planning efforts, to assess how increased water conservation could have an impact on their ability to convey wastewater as well as treat wastewater due to effluent loading concerns. As master plans are prepared, BAWSCA staff are involved as stakeholders in such planning processes.

5	Guzzetta	Support examination of recycled water as an alternative water supply. Support BAWSCA facilitating exchange of technical information among various stakeholder interests, as opposed to BAWSCA becoming the subject matter expert itself.	Included in Task 2a. Please see Question 1 response.
6	Guzzetta	Interested in a discussion of the downstream impacts to wastewater systems from increased conservation and recycling from the perspective of the customer, who will eventually pay cost.	No change recommended at this time. BAWSCA will learn more about those potential impacts as an active stakeholder in master planning efforts undertaken by the region’s wastewater agencies. In addition, through its participation in WateReuse, BAWSCA can share available information with member agencies on that (and other) topics.
7	Breault	We should reach out to other agencies to address the issues of purified water, increased conservation and impact on our existing infrastructure.	Included in Task 2a. Please see Question 1 response.
8	Weed	BAWSCA and its agencies can benefit universally for coordinating our contingency water plan in contingency situations.	Not recommended at this time as this change would represent an increase in BAWSCA’s scope of work with an anticipated increase in cost to support. This work cannot be accommodated within the current staff load without eliminating other critical efforts that would not otherwise be implemented by any other entity. Through the SFPUC, the BAWSCA agencies regularly participate in emergency drills for scenarios related to the Regional Water System. BAWSCA has supported increasing the regularity of those drills.
9	Pierce	Respond to ABAG’s letter to clarify that if there is additional available water supply then growth can be supported, but if not, then supporting growth will be more challenging.	Completed. BAWSCA provided a response to ABAG on January 26, 2017. The letter has been provided as part of the Feb. 8, 2017 Board Policy Committee correspondence packet for the March 16, 2017 meeting. The letter contents address the sentiment raised by Director Pierce.
10	Pierce	Can the Governor assist in addressing the issues caused by Prop 218 and water agencies abilities to set water rates to encourage water conservation?	Partially included in Task 3b and 3c. In 2017, the State will be spending considerable time and energy on its efforts to “Make Conservation a Way of Life”. Comments that are already being generated (by individual agencies as well as collective bodies such as ACWA) discuss concerns regarding how conservation programs and practices can be financed, and on the impact that lower water use has on agency revenue(s) and budgets. BAWSCA will continue to monitor these discussions and provide information to agencies as developed.

			The Work Plan does not include BAWSCA taking independent action to advocate for particular resolution of this issue at this time as BAWSCA does not have a role in local water rate setting.
11	O’Connell	BAWSCA should examine opportunities for accessing federal and state grant dollars to support the water interests of this region.	Included in Task 6. BAWSCA routinely looks for ways to access state grant programs to cover the cost of programs of interest to our member agencies (most recently monies through bond measures passed such as Prop. 1 that have helped cover the cost of select conservation programs). In addition, BAWSCA and the 7 other Bay Area Regional Reliability Partner (BARR) agencies are successfully using federal grant funds (the Bureau’s WaterSMART grant program) to develop approaches to address Bay Area water supply reliability. Through participation in WaterReuse, BAWSCA is hopeful for increased potential for grant funding opportunities for upcoming projects.
12	Zigterman	BAWSCA should create a summary and track the efforts of its member agencies related to water supply, reliability, etc. to expand the collective knowledge and thinking.	Included in Task 2F. BAWSCA periodically updates information related to the water supply reliability plans of each agency for use by the member agencies and BAWSCA. In FY 2017-18, an updated summary will be prepared.
13	Guzzetta	BAWSCA should have a “members only” page on our web site for agencies to access critical reports.	Complete. The new BAWSCA website has a members only portal. Member agencies have a login/password to access information. Additional information regarding that portal (where one can find a link, how to go about providing content to upload, etc.) can be provided to Board Members if desired.
14	Guzzetta	If there is a light agenda, consider having an individual agency provide a briefing on what they are doing to educate others.	BAWSCA will work to identify when such opportunities present themselves and discuss potential with the Board Chair. Such presentations occur on a regular basis at the monthly BAWSCA meetings with agency representatives, though they have been put on hold due to drought conditions.
15	Kasperzak	As WSIP nears completion, BAWSCA should examine critical work plan areas and level of effort associated with overseeing SFPUC’s capital work.	Completed as part of Work Plan development each year. Reflected in the addition of Tasks 1B and 1C the past few years to review the SFPUC’s 10 Year CIP and the SFPUC’ s Asset Management Program.
16	Kasperzak	BAWSCA should consider how it should communicate the progress on the WSIP to agencies and their constituents.	Included in Task 1A and 11A. BAWSCA staff are committed to keeping the Board and member agencies informed as it relates to the progress of the WSIP.

Table 4. Preliminary FY 2017-18 Operating Budget by Major Expenditure Category

Cost Category	Approved FY 2016-17 Budget (\$)	Preliminary FY 2017-18 Budget (\$)	Change from FY 2016-17 Budget, (\$)
Consultants/ Direct Expenditures			
Reliability	964,600	1,082,400	117,800
Fair Pricing	409,000	439,750	30,750
Administration	95,000	95,000	0
<i>Subtotal Consultants</i>	1,468,600	1,617,150	148,550
Administration			
Employee Salaries & Benefits	1,477,395	1,563,867	86,472
Other Post-Emp. Benefits (net)	103,263	103,263	0
Operational Expenses	356,450	373,250	16,800
<i>Subtotal Administration</i>	1,937,108	2,040,380	103,272
Total Operating Expenses	3,405,708	3,657,530	251,822
Capital Expenses	2,500	2,500	0
Budgeted Contingency	57,500	57,500	0
Regional Financing Authority	1,250	1,250	0
Bay Area Water Users Assn.	1,050	1,050	0
Grand Total Operating Budget	3,468,008	3,727,330	259,322

Table 5. Examination of an 8.3% Increase in BAWSCA Assessments

Members	Adopted FY16-17 Annual Assessment	8.3% Increase for FY17-18	Difference
ACWD	\$231,222	\$250,482	\$19,260
Mid-Peninsula	\$70,488	\$76,359	\$5,871
Brisbane	\$7,202	\$7,802	\$600
Burlingame	\$95,712	\$103,684	\$7,972
Coastside	\$30,471	\$33,009	\$2,538
Cal Water	\$730,195	\$791,017	\$60,822
Daly City	\$89,348	\$96,790	\$7,442
E. Palo Alto	\$42,161	\$45,673	\$3,512
Estero	\$115,885	\$125,538	\$9,653
GVMID	\$8,986	\$9,735	\$749
Hayward	\$361,292	\$391,386	\$30,094
Hillsborough	\$75,052	\$81,303	\$6,251
Menlo Park	\$67,948	\$73,608	\$5,660
Millbrae	\$54,005	\$58,503	\$4,498
Milpitas	\$138,899	\$150,469	\$11,570
Mtn. View	\$218,718	\$236,936	\$18,218
North Coast	\$67,620	\$73,252	\$5,632
Palo Alto	\$271,388	\$293,993	\$22,605
Purissima Hills	\$42,993	\$46,574	\$3,581
Redwood City	\$231,866	\$251,179	\$19,313
San Bruno	\$48,069	\$52,073	\$4,004
San Jose	\$94,733	\$102,624	\$7,891
Santa Clara	\$80,552	\$87,262	\$6,710
Stanford	\$53,042	\$57,460	\$4,418
Sunnyvale	\$192,989	\$209,064	\$16,075
<u>Westborough</u>	<u>\$19,898</u>	<u>\$21,555</u>	<u>\$1,657</u>
Total	\$3,440,734	\$3,727,330	\$286,596

APPENDICES

Appendices A through L present additional detail about the preliminary Work Plan and Operating Budget.

Appendix A: Uses of Professional Services

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

1. Professional engineering services for: a) evaluating and monitoring SFPUC's asset management program; b) evaluating and monitoring SFPUC's 10-Year Capital Improvement Program (CIP) development and implementation; c) evaluating Water System Improvement Program project scopes during design and construction; d) monitoring WSIP project cost estimates, bids and schedules; e) monitoring and assessing San Francisco's performance in implementing the overall WSIP; f) assessing San Francisco's method for cost estimation, application of contingencies and addressing cost inflation during the WSIP; g) providing specific constructive recommendations for keeping the WSIP on or ahead of schedule; h) analyzing hydraulic records used by San Francisco in setting the wholesale water rates; and g) providing as needed groundwater technical assistance.
2. Water resources analysis and planning services to assist in: a) development of an expanded decision making process for implementing Strategy actions; b) development of a new, regional water system and supply modeling tool; and c) conducting an analysis of the service area response to the drought.
3. General legal services for BAWSCA and the RFA; specialized legal services to support administration of the Water Supply Agreement; specialized legal services for addressing matters related to water supply reliability.
4. Strategic counsel for identifying and addressing strategic and political issues associated with maintaining the progress of the Water System Improvement Program, assisting the Board and the CEO in developing and implementing an effective policy making process that supports the development of the Long-Term Reliable Water Supply Strategy, providing legislative and political support, and providing advice to the CEO and the Board on other issues significant to the water customers and the effectiveness of the agency.
5. Financial advisory services to conduct specified capital financing and rate impacts analyses on a task order basis.
6. Accounting/auditing expertise to assist with implementing the Water Supply Agreement, as well as an independent auditor to prepare and review annual financial statements.

Legal, strategic, financial, and engineering consultants provide professional services critical to BAWSCA's work in achieving the agency's goals and achieving critical results. Many of BAWSCA's consultants have been under contract with BAWSCA since its creation and a few of those consultants have been in place even longer, in that they served as consultants to Bay Area Water Users Association, BAWSCA's predecessor organization. Each year, the Board acts on each consultant contract following consideration of the annual Work Plan and Operating Budget. Information provided to the Board at that time relates to expertise, current scope of work, budget, and billing rates.

As part of this coming fiscal year's preliminary budget preparation work, BAWSCA conducted an informal survey by using recent RFP responses and contacting other local public agencies and

asking them to share the billing rates they are currently being charged by comparable consulting service providers.

Table A-1 presents the results of that informal survey, providing a comparison of the rates for those consultants that BAWSCA uses on an annual basis to rates for similar service providers. In each case, the rates for BAWSCA's consultants compare favorably.

Table A-1: Informal Consultant Billing Rate Comparison

Task Category	Consultant Name	FY 2016-17 Approved Budget	Hourly Rate	Market Comparison
Legal	Hanson Bridgett, LLP	\$651,000	\$360	\$350-\$400
Strategic	Harlan Wendell	\$150,000	\$185	\$250
Financial	BLX Group (Arbitrage Rebate Compliance Service)	\$2,000	n/a	\$2,800
	Orrick, Herrington & Sutcliff (Bond Documents, Legal Support)	\$12,000	\$825	>\$800
	Public Trust Advisors (Investment Advisor)	\$10,000	8 basis pts.	10 basis pts.
	Burr Pilger Mayer (Auditing, 2009 WSA Admin.)	\$15,000	\$350	\$400
	Chavan & Assoc. (Financial Auditing Services) ⁽¹⁾	\$10,000	n/a	n/a
	Kelling Northcross Nobriga (Financial Counsel)	\$43,500	\$315	\$350
Engineering	Terry Roberts (WSIP, 10-Year CIP)	\$125,000	\$204	\$260-\$310
	Stetson Engineering (Water Use Analyses)	\$50,000	\$195	\$260-\$310
	Hilton Farnkopf Hobson (Engineering, Financial WSA)	\$20,000	\$229	\$262-\$300
	GeoSyntec (Groundwater)	\$15,000	\$200	\$233-\$300

Notes: (1) At its May 19, 2016 meeting, the BAWSCA board authorized a three-year contract with Chavan & Assoc. (C&A). In 2010, the last time BAWSCA issued a Request for Proposals for these services, C&A was the lowest cost proposal and the approved budget for FY 2016-17 remains below the next closest bid received in 2010.

Appendix B: History of Salary and Benefits Adjustments

The information below presents the history of salary and benefits adjustments for BAWSCA staff. Where Cost of Living Adjustments (COLA) to the salary ranges are considered by the Board, BAWSCA relies on the December value for the Consumer Price Index for Urban Wage Earners and Clerical Workers in the SF-Oak-SJ area. COLA increased for employees are not automatic but can be granted by the CEO on the basis of merit.

- FY 2009-10: There was no COLA adjustment. An allowance for merit adjustments was budgeted for employees not yet at top step.
- FY 2010-11: The Board approved a 3.01 percent COLA increase to the top step of staff salary ranges. An allowance for merit adjustments was budgeted for employees not yet at top step.
- FY 2011-12: The Operating Budget included no adjustment to the salary for any employee for COLA, merit or any other reasons.
- FY 2012-13: The Board approved a 3.10 percent COLA increase to the top step of staff salary ranges. An allowance for merit adjustments was budgeted for employees not yet at top step.
- FY 2013-14: The Board approved a 2.312 percent COLA increase to the top step of staff salary ranges. An allowance for merit adjustments was budgeted for employees not yet at top step.
- FY 2014-15: The Board approved a 2.60 percent COLA increase to the top step of staff salary ranges. An allowance for merit adjustments was budgeted for employees not yet at top step.
- FY 2015-16: The Board approved a 2.09 percent COLA increase to the top step of staff salary ranges. An allowance for merit adjustments was budgeted for employees not yet at top step.
- FY 2016-17: The Board approved a 3.15 percent COLA increase to the top step of staff salary ranges. An allowance for merit adjustments was budgeted for employees not yet at top step.

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

The preliminary FY 2017-18 budget for BAWUA is \$1,050 and includes legal counsel support and a small operations budget allowance. This budget amount appears as a separate line item in the BAWSCA budget and is included in the BAWSCA preliminary FY 2017-18 Operating Budget.

Appendix D: Proposed Budget for the Regional Financing Authority Budget

The BAWSCA Board of Directors has continued to agree to fund nominal administrative costs for the Regional Financing Authority (RFA), at least until it became more actively involved and required significant resources. Assuming a continued low level of activity in FY 2017-18, the preliminary RFA budget is \$1,400. This budget amount includes legal counsel support and a small operations budget allowance. This budget amount appears as a separate line item in the BAWSCA budget and is included in the BAWSCA preliminary FY 2017-18 Operating Budget. The RFA will formally consider and adopt this budget in July 2017.

Appendix E: Historical Use of the BAWSCA General Reserve

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

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

Date	Amount	Description of Use
3/19/2008	\$391,000	To fund FY 2007-08 Operating Budget
1/07/2009	\$349,000	To fund FY 2008-09 Operating Budget
2/09/2009	\$105,000	To fund Conservation Implementation Plan
1/13/2010	\$250,000	To fund FY 2009-10 Operating Budget
1/27/2011	\$163,394	To fund FY 2010-11 Operating Budget
11/30/2011	\$172,190	Refund to Member Agencies
9/30/2012	\$130,000	To fund Pilot Water Transfer Plan
3/31/2013	\$65,000	Initial funding for Water Demand Study
4/21/2014	\$300,000	Final funding for Water Demand Study
6/30/2014	\$98,000	To fund FY 2013-14 OPEB contribution
6/30/2014	\$66,000	To fund Pilot Water Transfer Plan
6/30/2015	\$296,436	To fund FY 2015-16 Operating Budget
6/30/2016	\$27,274	To fund FY 2016-17 Operating Budget

Appendix F: Funding for Subscription Conservation Programs

As in prior years, a portion of operating expenses would be reimbursed by agencies that participate in BAWSCA's subscription water conservation programs. The staff time to be devoted to those programs during FY 2017-18 is estimated to be 1,436 hours, including temporary staff time. Agencies participating in subscription programs pay for associated consultant support and direct expenses. As in prior years, those consultant costs and direct expenses are not included in the Operating Budget.

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

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

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

Fiscal Year and Program Name	Direct Program Cost - Reimbursed	BAWSCA Staff Cost - Reimbursed	BAWSCA Admin. Cost - Reimbursed
2012-13			
EarthCapades	\$64,110	\$1,900	
HET Rebate		\$6,675	\$300
Large Landscape Audit	\$66,045	\$1,332	
Lawn Be Gone		\$380	\$2,434
Water Wise Ed. Kits	\$65,922	\$5,368	\$1,494
Washing Machine Rebate	\$419,625	\$16,851	\$1,581
Total	\$615,702	\$32,506	\$5,808
2013-14			
EarthCapades	\$61,325	\$2,120	
HET		\$6,785	\$300
Large Landscape Audit	\$85,996	\$1,184	
Lawn Be Gone		\$2,420	
Water Wise Ed. Kits	\$89,864	\$2,668	
Washing Machine Rebate	\$325,775	\$9,964	\$1,104
Total	\$562,960	\$25,141	\$1,405
2014-15			
EarthCapades	\$53,380	\$1,980	
HET		\$9,066	\$319
Large Landscape Audit	\$92,521	\$1,332	
Lawn Be Gone		\$6,340	
Water Wise Ed. Kits	\$95,346	\$2,599	
Washing Machine Rebate	\$308,313	\$4,667	\$104
Watersense Giveaways	\$8,893		
Rain Barrel Rebate	\$22,164		
Total	\$580,617	\$25,984	\$423
2015-16			
EarthCapades	\$64,575	\$2,360	
Free Sprinkler Nozzles	\$2,988		
HET		\$9,965	\$300
Large Landscape Audit	\$99,808	\$1,332	
Lawn Be Gone		\$3,380	
Lawn Be Gone Inspections	\$7,704		
Water Wise Ed. Kits	\$101,701	\$2,393	
Washing Machine Rebate	\$157,945	\$4,546	\$1,170
Watersense Giveaways	\$10,930		
WaterSmart Reports	\$209,380		
Rain Barrel Rebate	\$11,144		
Total	\$666,175	\$23,976	\$1,470

Appendix H: Historical BAWSCA Operating Budgets and Assessments

BAWSCA’s annual budget is developed to pay for the cost of the annual work plan, which is reviewed by the BPC and approved by the Board. Each year, the work plan is designed to achieve results that support BAWSCA’s three goals – a reliable supply of high-quality water at a fair price – and to implement BAWSCA’s purpose as stated in AB 2058. As a special district, BAWSCA is not like a city council or other community agency. BAWSCA is an issue-driven organization that responds to the needs of its member agencies and the water users who pay for BAWSCA’s work. BAWSCA uses experienced consultants to limit fixed costs.

Two historical examples of significant annual budget increases to address one-time or unexpected issues that required BAWSCA’s actions in addition to its on-going programs are:

- In FY 2008-09, the approved budget was 10% higher than the previous year; issues included: increased conservation, new contract with San SF, and WSIP oversight.
- In FY 2013-14, the approved budget was 18% higher than the previous year; issues included: long-term water supply reliability, administration of bonds to accelerate paying off capital debt to save significant money for member agencies; administration of the Water Supply Agreement; an unexpected threat from Mountain Tunnel; and monitoring the SFPUC’s Capital Improvement Plan and its Asset Management program.

Resolution of issues also reduces budgets as shown below in FY 2010-2011 (-3%), FY 2011-2012 (-2%), and FY 2014-2015 (-10%). Table H-1 displays the history of BAWSCA’s Operating Budget, assessments and year-end reserves.

Table H-1. Historical Annual Assessments and Year-End Reserves

Fiscal Year	Approved Operating Budget	Budget Change	Assessments	Year-End Reserves
2003-04	\$1,821,350		\$1,668,550	\$276,480
2004-05	\$1,838,490	1%	\$1,641,995	\$246,882
2005-06	\$2,099,997	14%	\$1,953,998	\$240,000
2006-07	\$2,291,904	9%	\$2,117,904	\$654,000
2007-08	\$2,508,967	9%	\$2,117,904	\$691,474
2008-09	\$2,763,196	10%	\$2,309,000	\$507,474
2009-10	\$2,766,945	0%	\$2,517,000	\$407,192
2010-11	\$2,680,394	-3%	\$2,517,000	\$653,763
2011-12	\$2,619,705	-2%	\$2,517,000	\$916,897
2012-13	\$2,780,504	6%	\$2,517,000	\$985,897
2013-14	\$3,280,188	18%	\$2,517,000	\$521,897
2014-15	\$2,939,286	-10%	\$2,642,653	\$225,461
2015-16	\$3,201,679	9%	\$3,276,889	\$1,202,592
2016-17	\$3,468,008	8.3%	\$3,440,734	n/a

Appendix J: Value for the Cost

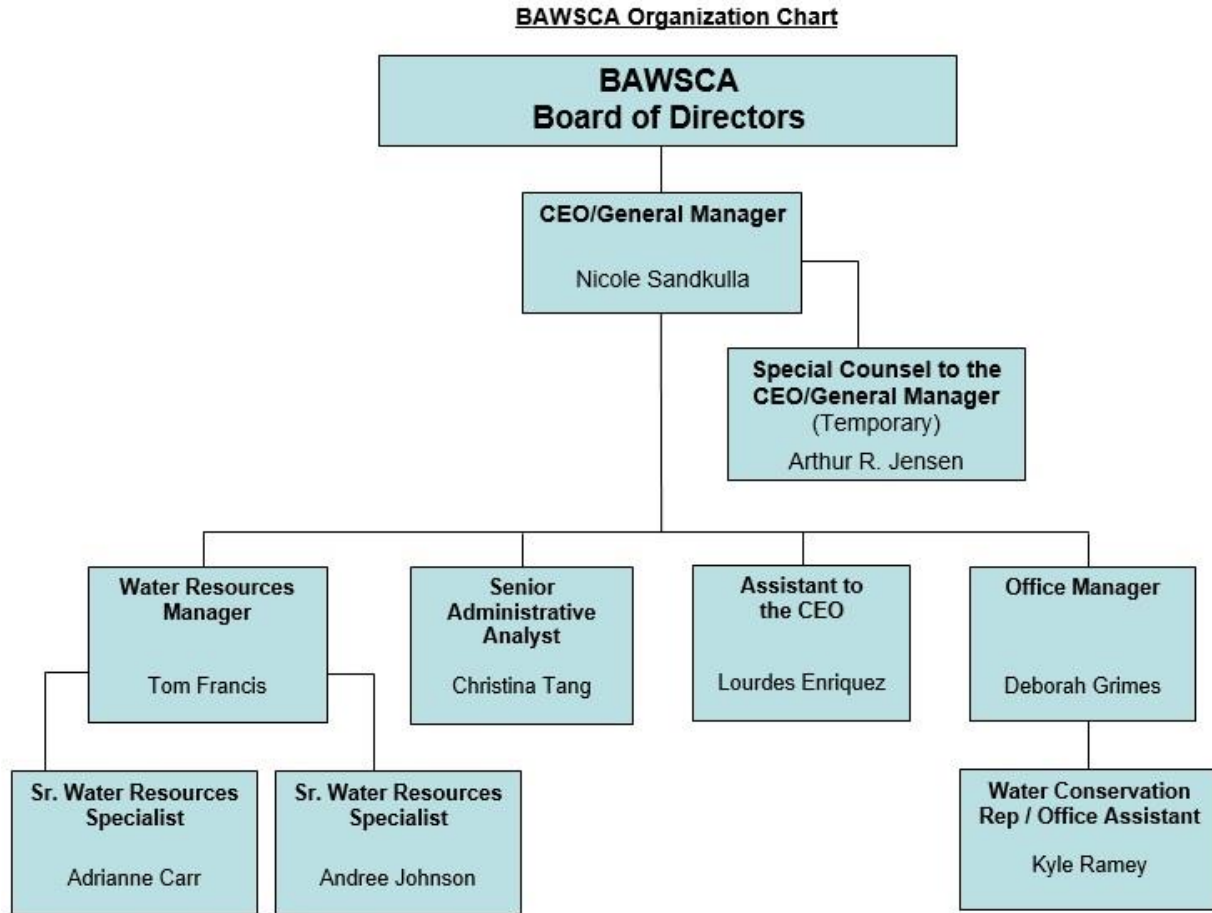
The formula for BAWSCA assessments results in equivalent cost per gallon throughout BAWSCA's members. All BAWSCA costs are ultimately passed on to water customers through the water rates of the local city, district, or private utility. Table J-1 below provides the estimate annual cost per person and per household (assuming three persons per household) for BAWSCA's Operating Budget.

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

Fiscal Year	Est. Annual Cost Per Person	Est. Annual Cost Per Household
2010-11	\$1.64	\$4.93
2011-12	\$1.53	\$4.60
2012-13	\$1.52	\$4.56
2013-14	\$1.82	\$5.47
2014-15	\$1.70	\$5.11
2015-16	\$1.84	\$5.51
2016-17	\$1.96	\$5.88
2017-18	\$2.09 <i>(preliminary)</i>	\$6.28 <i>(preliminary)</i>

Appendix K: Current Organization and Staffing

The figure below represents the current reporting relationships in the organization.



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

Each year, BAWSCA’s work plan development process starts by reviewing and updating the major activities over the next 20 years. These activities require coordinated action by BAWSCA and its member agencies to ensure a reliable supply of high quality water at a fair price.

Table L-1 lists these activities as they were updated as part of the FY 2017-18 preliminary Work Plan development. In each case, the results identified in Table L-1 will take the form of agreements, legislation, or other legally enforceable work products. Development of these documents will result from skilled negotiations based on rigorous investigations of impacts and alternatives, costs, cost allocation, and other matters.

Table L-1. Future Challenges Facing BAWSCA, Member Agencies and Their Customers (FY 2017-18)

BAWSCA Goal	FY 2017-18 (Near-Term)	2018-2025 (Mid-Term)	2026-2040 (Long-Term)
<p>Reliable Supply: Ensure Long-Term Water Supply Reliability</p>	<ul style="list-style-type: none"> • Protect BAWSCA member agencies from normal and dry year supply shortages and resulting excessive economic impacts. • Conduct investigations and advocate appropriate positions prior to San Francisco deciding whether or not to make San Jose and Santa Clara permanent Wholesale Customers by 2018. • Conduct investigations and advocate appropriate positions prior to San Francisco deciding whether to provide more than 184 mgd to Wholesale Customers and whether or not to increase the perpetual Supply Assurance by 2018. • Represent member agencies in Federal relicensing of New Don Pedro to protect SF RWS water supply reliability. • Represent member agencies in SWRCB Bay Delta Plan Update to protect SF RWS water supply reliability. • Ensure member agencies' interests are included in regional planning efforts. • Protect member agencies' interests in SFRWS drought year allocation plan (Tier 1 and Tier 2), consistent with new State Guidelines, by preparing and analyzing alternatives, facilitating agreements and producing legal documents before the existing one expires at the end of 2018. • Assist agencies in meeting the new Statewide "Making Water Conservation a California Way of Life" interim and final conservation requirements thru 2025. • Assist agencies during drought to achieve State mandated reductions 	<ul style="list-style-type: none"> • Protect BAWSCA member agencies from normal and dry year supply shortages and resulting excessive economic impacts. • Conduct investigations and advocate appropriate positions prior to San Francisco deciding whether or not to make San Jose and Santa Clara permanent Wholesale Customers by 2018. • Conduct investigations and advocate appropriate positions prior to San Francisco deciding whether to provide more than 184 mgd to Wholesale Customers and whether or not to increase the perpetual Supply Assurance by 2018. • Represent member agencies in Federal relicensing of New Don Pedro and to protect SF RWS supplies. • Represent member agencies in SWRCB Bay Delta Plan Update to protect SF RWS water supply reliability. • Ensure member agencies' interests are included in regional planning efforts. • Protect member agencies' interests in SFRWS drought year allocation plan (Tier 1 and Tier 2), consistent with new State Guidelines, by preparing and analyzing alternatives, facilitating agreement and producing legal documents before the existing one expires at the end of 2018. • Assist agencies in meeting the new Statewide "Making Water Conservation a California Way of Life" interim and final conservation requirements thru 2025. 	<ul style="list-style-type: none"> • Protect BAWSCA member agencies from normal and dry year supply shortages and resulting excessive economic impacts. • Ensure new water supplies are on line to meet future needs that are not met by San Francisco. • Ensure member agencies' interests are included in regional planning efforts.
<p>Reliable Supply: Ensure SF RWS Facility Reliability</p>	<ul style="list-style-type: none"> • Monitor SFPUC's development and implementation of its 10-Year CIP to ensure protection of water supply and financial interests of the water customers. • Monitor SFPUC's asset management program to ensure ongoing maintenance and protection of RWS assets. • Monitor WSIP implementation to protect interests of member agencies and take steps necessary to ensure all adopted Level of Service goals are achieved. • Monitor SFPUC's decision on final Mountain Tunnel Improvements to ensure protection of water customers' interests (Summer/Fall 2017). 	<ul style="list-style-type: none"> • Monitor SFPUC's development and implementation of its 10-Year CIP to ensure protection of water supply and financial interests of the water customers. • Monitor SFPUC's asset management program to ensure ongoing maintenance and protection of RWS assets. • Monitor WSIP implementation to protect interests of member agencies and take steps necessary to ensure all adopted Level of Service goals are achieved. Scheduled completion March 2019. • Monitor SFPUC implementation of the Mountain Tunnel Improvement Project to ensure protection of water customers' interests. 	<ul style="list-style-type: none"> • Monitor SFPUC's development and implementation of its 10-Year CIP to ensure protection of water supply and financial interests of the water customers. • Monitor SFPUC's asset management program to ensure ongoing maintenance and protection of RWS assets.
<p>High Quality Supply & Fair Price: Enforce 2009 Water Supply Agreement</p>	<ul style="list-style-type: none"> • Enforce the Water Supply Agreement to ensure San Francisco meets its financial, water supply, quality, maintenance and reporting obligations. • Protect customers from legal and legislative efforts to drain Hetch Hetchy that disregard their interests in reliability, quality and cost. 	<ul style="list-style-type: none"> • Enforce the Water Supply Agreement to ensure San Francisco meets its financial, water supply, quality, maintenance and reporting obligations. • Protect customers from legal and legislative efforts to drain Hetch Hetchy that disregard their interests in reliability, quality and cost. • Ensure San Francisco maintains its Tuolumne River water rights. 	<ul style="list-style-type: none"> • Enforce the Water Supply Agreement to ensure San Francisco meets its financial, water supply, quality, maintenance and reporting obligations. • Ensure San Francisco maintains its Tuolumne River water rights. • Protect member agencies' water supply reliability interests against threats by outside forces. • Extend or renegotiate the Water Supply Agreement before it expires in 2034

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: Results of FY 2014-15 Wholesale Revenue Requirement Review

Summary:

Pursuant to Section 7.06A of the 2009 Water Supply Agreement (WSA), BAWSCA conducted its review of SFPUC's calculation of the annual Wholesale Revenue Requirement (WRR) and the changes in the balancing account for FY 2014-15. On February 16, 2017, the parties reached an agreement pertaining to BAWSCA's concerns related to SFPUC costs allocated to Wholesale Customers.

The adjustments made associated with the FY 2014-15 WRR review resulted in a total credit of \$11,903,057 owed to the Wholesale Customers.

Fiscal Impact:

There is no fiscal impact to BAWSCA. The adjustments made before the formal WRR review process have been applied to the Balancing Account as of June 30, 2015. The adjustments made during the formal WRR review process will be applied to the Balancing Account as of June 30, 2016.

Recommendation:

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

Discussion:

Pursuant to Section 7.06A of the 2009 WSA, BAWSCA performed its review of SFPUC's calculations associated with the FY 2014-15 WRR and the changes in the balancing account. BAWSCA's review was assisted by its consultants: Hanson Bridgett, KNN Public Finance and Burr, Pilger, and Mayer (BPM).

Throughout the current fiscal year, BAWSCA raised questions to the SFPUC as to the proper amount of the WRR for FY 2014-15. As a result, early investigations and discussions occurred between the staff of the SFPUC and BAWSCA resulting in BAWSCA resolving most cost allocation issues before the formal WRR review process started. The parties reached an agreement pertaining to the remaining issues on February 16, 2017.

The adjustments made associated with the FY 2014-15 WRR review resulted in a total credit of \$11,903,057 owed to the Wholesale Customers. The adjustments resulted from BAWSCA's WRR review are summarized in Table 1. The adjustments made by both BAWSCA and the SFPUC during the formal review process are summarized in Table 2.

Attachments:

1. Table 1. Summary of Adjustments Resulting from BAWSCA's FY 2014-15 WRR Review
2. Table 2. Summary of Adjustments During Formal FY 2014-15 WRR Review

March 16, 2017 – Agenda Item #8A

Table 1. Summary of Adjustments Resulting from BAWSCA’s FY 2014-15 WRR Review

	Type of Adjustment	Descriptions	Due from (to) Wholesale Customers
1	Accounting error	BAWSCA discovered an error in the SFPUC’s five year true up calculations of the unexpended balance of the appropriated revenue funded capital projects (M-3 schedule) from FY 2009-10 through FY 2013-14. This correction resulted in an additional credit to the wholesale customers.	(\$10,367,559)
2	Interpretation of WRR error	At BAWSCA’s identification, a correction was made to the Proportional Annual Use calculation due to the minimum purchase requirement waiver in place during the drought, resulting in a reduction in the WRR.	(\$1,254,697)
3	Cost allocation error	BAWSCA discovered incorrect classification of three assets in the SFPUC’s calculations of the unexpended balances of the appropriated revenue funded capital projects as of June 30, 2009 (K-5). This correction resulted in additional credit to the wholesale customers.	(\$85,491)
		<i>Sub-Total: Adjustments before formal WRR review process (#1-3)</i>	<i>(\$11,707,747)</i>
4	Cost allocation error	Five cost allocation corrections were made associated with calculations of debt services and operating expenses. These changes resulted in a credit to the balancing account.	(\$50,539)
5	Cost allocation error	The change in the classification of two divisions from operating and maintenance to general administrative expenses was not applied to all the years covered in the M-3 true up calculations.	(\$126,702)
6	Accounting error	Four accounting corrections were made associated with the programmatic projects cost allocations.	(\$18,069)
		<i>Sub-Total: Adjustments during formal WRR review process (#4-6)</i>	<i>(\$195,310)</i>
		Total adjustments resulting from BAWSCA’s WRR review (#1-6)	(\$11,903,057)

Table 2. Summary of Adjustments During Formal FY 2014-15 WRR Review

	Type of Adjustment	Descriptions	Due from (to) Wholesale Customers
		Adjustments during formal WRR review process (Table 1, #4-6)	(\$195,310)
7	True-up adjustment	The SFPUC recalculated the Build America Bonds (BABs) subsidy sequestration for the relevant bonds based on the actual amount sequestered that is different from that received by the IRS notice.	\$858,155
		Interest	\$10,131
		Total adjustments during formal WRR review process	\$672,976

BAWSCA
Bay Area Water Supply & Conservation Agency

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

MEMORANDUM

TO: BAWSCA Board of Directors
FROM: Nicole Sandkulla, CEO/General Manager
DATE: March 10, 2017
SUBJECT: Chief Executive Officer/General Manager's Letter

Mountain Tunnel - Update

SFPUC's Mountain Tunnel was constructed in 1918. It is a single conduit in the upper reach of the SFPUC RWS, used to convey water from Hetch Hetchy to the Bay Area. The lower 12 miles of the tunnel run through less competent rock and are lined with concrete. Prior inspections dating back to 2008 revealed a number of locations where the concrete lining was deteriorating, raising serious concerns with a potential future tunnel failure and possibly requiring the construction of a new bypass tunnel. Such a retrofit could cost over \$600 million. BAWSCA was instrumental in encouraging the SFPUC to perform a more detailed review of the condition of the tunnel, in order to identify the best alternative to address the tunnel's reliability concerns.

Beginning in January of 2017, Mountain Tunnel was shut down for a two-month period to complete construction of critical tunnel access improvements, perform a detailed tunnel inspection, and implement select repairs. Multiple contractor teams were used to complete this critical work. BAWSCA staff participated in a guided tunnel tour on February 7, 2017 with SFPUC staff and members of the Mountain Tunnel Technical Advisory Panel.

As of the week of March 13th, the shut-down effort is complete. Preliminary results of the inspection indicate that the tunnel lining is in much better condition than originally assumed. Tunnel condition data collected during the shutdown is being closely reviewed to determine the appropriate next steps, namely a decision regarding retrofit versus a new bypass tunnel. If the evaluation performed on the data collection concurs with the preliminary inspection results, it is likely that SFPUC will propose to implement a comprehensive repair program followed by more frequent lining inspections (e.g. every five years) as an alternative to the construction of a new bypass tunnel currently included in the SFPUC's 10-year CIP. BAWSCA will be participating closely with the SFPUC as these results are reviewed and a final decision is made over the summer months.

Groundwater Reliability Partnership - Update

BAWSCA is hosting the fourth meeting of the Groundwater Reliability Partnership for the San Mateo Plain Sub-basin on March 22, 2017, from 9:30-11:30 AM, at the Foster City Community Center, Wind Room. The discussion planned for the meeting includes an overview of the use and management of the East Bay Plain Sub-basin, a presentation on San Mateo County's Stormwater Resource Plan, and an opportunity for stakeholders to share updates on local groundwater and other relevant projects.

BAWSCA staff has alerted the BAWSCA Water Management Representatives that there will be an opportunity to share local project information at the Partnership meeting.

Water System Improvement Program - Update

On January 13, 2017, in accordance with State Water Code Section 73514, the SFPUC notified BAWSCA that it would be considering proposed changes to the Water System Improvement Program (WSIP). The documents supporting the proposed revisions to the WSIP were provided by the SFPUC and they have since been reviewed by BAWSCA. The proposed revisions extend the schedule for three WSIP projects: New Irvington Tunnel (NIT), Seismic Upgrade of BDPL Nos. 3 & 4, and Security System Upgrades. The overall WSIP completion schedule has not been extended beyond the current December 2019 approved program completion date.

The need for extending the schedules of the three projects was discussed by SFPUC with BAWSCA prior to the public notification . On February 3, 2017, BAWSCA submitted a comment letter on the proposed revisions expressing no concerns with the proposed schedule revisions. BAWSCA's comment letter did present two recommendations:

1. that the SFPUC review key milestones and WSIP projects tasks remaining to determine if there are opportunities to adjust staging of select work elements, and
2. that the SFPUC review the overall WSIP budget and adequacy of the currently approved funding the complete the WSIP.

In both cases, BAWSCA recommended that SFPUC staff report back to the Commission with the results of these reviews. At this time, the designated state agencies (California Seismic Safety Commission and the Division of Drinking Water) are reviewing the proposed changes and will report their findings to the California Joint Legislative Audit Committee.

There are several critical WSIP projects still remaining in the planning, engineering, and construction stages. Those include the Calaveras Reservoir Dam Replacement Project and the Alameda Creek Recapture Project. BAWSCA staff met with SFPUC staff on March 9, 2017 to discuss the progress of those efforts, and further have requested that SFPUC provide an update to the BAWSCA Board at its March 16, 2017 regular meeting.

Water Re-Use

BAWSCA's Strategy Phase II Final Report (Feb 2015) included agency-identified projects (i.e. recycled water, groundwater, local capture and reuse) that were worthy of support by BAWSCA, particularly in the feasibility review stage. This "strategy action" represented a relatively low-cost, low risk preliminary effort to prepare the region for unforeseen water supply challenges. Additionally, as part of its January 2017 budget planning session, the board members indicated a desire to have BAWSCA continue to foster efforts focusing on purified water alternatives.

In keeping with BAWSCA's Phase II Strategy and in consideration of the interests of the BAWSCA Board, in February of 2017 BAWSCA joined WaterReuse, an industry/agency advocacy group. Participation in WaterReuse provides BAWSCA staff with access to purified water industry knowledge. Regular meetings are held in the Bay Area, during which information is shared regarding federal, state and local regulations in development, pending legislation, funding opportunities, etc. Information of interest to the BAWSCA Board and member agencies will be regularly shared moving forward as appropriate.

Silicon Valley Water Conservation Awards

The Silicon Valley Water Conservation Awards recognize organizations, agencies, businesses and individuals whose programs and leadership advance water conservation and reuse in Silicon Valley. The winners of the 2017 Silicon Valley Water Conservation Awards have been selected and include Stanford University's Residential and Dining Enterprises. A complete list of award winners can be found at <http://www.waterawards.org/>.

BAWSCA Board Members are invited to join in honoring these champions at the Water Awards Ceremony on Wednesday, March 22rd from 11 am – 1:30 pm at the Cubberley Community Center Theatre in Palo Alto. The event will include lunch. Please RSVP at <http://waterawards2017.brownpapertickets.com>.

Board Member Term Expiring June 30, 2017

The terms of thirteen BAWSCA and RFA Board members are expiring on June 30, 2017. Letters were sent to the Governing body heads of the appointing agencies on February 7, 2017 requesting the appointment of a Director before June 30, 2017, effective July 1, 2017, so that a quorum of both Boards can be ensured, and so that the agencies are continuously represented. The Board members whose terms are expiring, and the agency appointed Water Management Representatives were copied on the letters.

Please contact the BAWSCA office if your agency staff coordinating the appointment have questions regarding the required process.

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Board Policy Calendar through July 2017

Board Meeting	Purpose	Issue or Topic
March 2017	D R&D R	Presentation of Preliminary FY 2017-18 Work Plan and Budget State of California “Making Conservation a Way of Life” Framework Review of SF RWS Water Supply Forecast and Statewide Drought Conditions
May 2017	D&A D&A R	Presentation of Proposed FY 2017-18 Work Plan and Budget Consideration of Annual Consultant Contracts Review of SF RWS Water Supply Forecast and Statewide Drought Conditions
July 2017	D&A R	Consideration of Professional Services Contract for Regional Water System & Supply Modeling Tool Development Services Long-Term Reliable Water Supply Strategy Update

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

Meeting Schedule through June 2018

Schedule for BAWSCA Board Meetings (Meetings are held from approx. 6:30 – 8:45 p.m.)	
<u>Date</u>	<u>Location</u>
Thursday – March 16, 2017	Oak Room, San Mateo Main Library
Thursday – May 18, 2017	Oak Room, San Mateo Main Library
Thursday – July 20, 2017	Oak Room, San Mateo Main Library
Thursday – September 21, 2017	Oak Room, San Mateo Main Library
Thursday – November 16, 2017	Oak Room, San Mateo Main Library
Thursday – January 18, 2018	Oak Room, San Mateo Main Library
Thursday – March 15, 2018	Oak Room, San Mateo Main Library
Thursday – May 17, 2018	Oak Room, San Mateo Main Library

Schedule for RFA Board Meetings (Meeting time will be announced)	
<u>Date</u>	<u>Location</u>
Thursday – July 20, 2017	Oak Room, San Mateo Main Library
Thursday – January 18, 2018	Oak Room, San Mateo Main Library

Schedule for BAWSCA Board Policy Committee Meetings (Meetings held from 1:30-4:00 p.m.)	
<u>Date</u>	<u>Location</u>
Wednesday – April 12, 2017	155 Bovet Rd., San Mateo – 1 st Floor Conf. Rm.
Wednesday – June 14, 2017	155 Bovet Rd., San Mateo – 1 st Floor Conf. Rm.
Wednesday – August 9, 2017	155 Bovet Rd., San Mateo – 1 st Floor Conf. Rm.
Wednesday – October 11, 2017	155 Bovet Rd., San Mateo – 1 st Floor Conf. Rm.
Wednesday – December 13, 2017	155 Bovet Rd., San Mateo – 1 st Floor Conf. Rm.
Wednesday – February 14, 2018	155 Bovet Rd., San Mateo – 1 st Floor Conf. Rm.
Wednesday – April 11, 2018	155 Bovet Rd., San Mateo – 1 st Floor Conf. Rm.
Wednesday – June 13, 2018	155 Bovet Rd., San Mateo – 1 st Floor Conf. Rm.