

# BAWSCA

Bay Area Water Supply & Conservation Agency

## BOARD POLICY COMMITTEE

April 13, 2016  
1:30 p.m.

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

### AGENDA

<u>Agenda Item</u>	<u>Presenter</u>	<u>Page#</u>
<b>1. <u>Call To Order, and Roll Call</u></b> Roster of Committee Members ( <i>Attachment</i> )	(Quigg)	Pg 3
<b>2. <u>Public Comment</u></b> <i>Members of the public may address the committee on any issues not listed on the agenda that are within the purview of the committee. Comments on matters that are listed on the agenda may be made at the time the committee is considering each item. Each speaker is allowed a maximum of three (3) minutes.</i>	(Quigg)	
<b>3. <u>Consent Calendar</u></b> A. Approval of Minutes from the February 10, 2016 meeting ( <i>Attachment</i> )	(Quigg)	Pg 5
<b>4. <u>Comments by Chair</u></b>	(Quigg)	
<b>5. <u>Action Items</u></b> A. Proposed Fiscal Year 2016-17 Work Plan and Operating Budget ( <i>Attachment</i> ) <u>Issue:</u> What critical results must be achieved in FY 2016-17 to accomplish BAWSCA's goals and water management objectives? <u>Information to Committee:</u> Memorandum presenting proposed FY 2016-17 Work Plan and Operating Budget incorporating comments from the February 10 <sup>th</sup> , 2016 BPC meeting, and March 17 <sup>th</sup> , 2016 Board meeting. <u>Committee Action Requested:</u> That the Committee recommend Board approval of the: 1. Proposed FY 2016-17 Work Plan and Results to be Achieved; 2. Proposed Operating Budget of \$3,468,008; and 3. Recommended funding plan which includes FY 2016-17 assessments of \$3,440,734 and a transfer of \$27,274 from the General Reserve.	(Sandkulla)	Pg 17
<b>6. <u>Report and Discussion</u></b> A. Results of Survey on Board Meeting Time and Location Change ( <i>Attachment</i> ) <u>Issue:</u> Are Board members affected by the worsening traffic conditions while getting to the Board meetings, and how does the Board want to address this issue? <u>Information to Committee:</u> Memorandum presenting survey results and other information on alternative meeting location options. <u>Committee Action Requested:</u> That the Committee provide feedback on survey responses to provide guidance to the Board and further direction to the CEO/General Manger regarding a potential change in meeting time and location.	(Sandkulla)	Pg 37

**7. Reports****(Sandkulla)**

- A. Water Supply and Drought Update
- B. SFPUC's Water Management Action Plan (WaterMAP)
- C. CEO's Letter (*Attachment*)
- D. Board Policy Committee Calendar (*Attachment*)
- E. Correspondence Packet (*Under Separate Cover*)

*Pg 43**Pg 47***8. Comments by Committee Members****(Quigg)****9. Adjournment to the next meeting on June 16, 2016 at 1:30pm in the 1<sup>st</sup> floor conference room of the BAWSCA office building, at 155 Bovet Road, San Mateo.****(Quigg)**

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**Directions to BAWSCA**

From 101: Take Hwy.92 Westbound towards Half Moon Bay. Exit at El Camino Northbound (move into the far left Lane) Left at the 1<sup>st</sup> stop light which is Bovet Road (Chase Building will be at the corner of Bovet and El Camino). Proceed West on Bovet Road past 24 Hour Fitness to two tall buildings to your left. Turn left into the driveway between the two buildings and left again at the end of the driveway to the "Visitor" parking spaces in front of the parking structure.

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



**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY**

**BOARD POLICY COMMITTEE**

**Committee Roster:**

Dan Quigg, City of Millbrae (Chair)

Gustav Larsson, City of Sunnyvale (Vice Chair)

Jay Benton, Town of Hillsborough

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

Rob Guzzetta, California Water Service Company

Kirsten Keith, City of Menlo Park

Jerry Marsalli, City of Santa Clara

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

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

Greg Schmid, City of Palo Alto

Louis Vella, Mid-Peninsula Water District

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

**February 10, 2016 – 1:30 p.m.  
BAWSCA Offices, 155 Bovet Road, San Mateo, 1<sup>st</sup> Floor Conference Room**

**MINUTES**

1. **Call to Order: 1:30 p.m.:** Committee Chair Charlie Bronitsky called the meeting to order at 1:30 pm. A list of Committee members who were present (9), absent (2) and other attendees is attached

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

2. **Comments by the Chair:** Chair Bronitsky thanked the Committee members for their time and service.

3. **Public Comments:** There were no comments from members of the public.

On behalf of the City of Santa Clara, Director Marsalli thanked the respective municipalities of the BAWSCA service area for their support of Santa Clara during the Super Bowl week. It was a huge undertaking in which all Bay Area agencies participated in ensuring public safety.

4. **Consent Calendar:** Approval of Minutes from the December 9, 2015 meeting.

**Director Vella made a motion, seconded by Director Keith, that the minutes of the December 9, 2015 Board Policy Committee meeting be approved.**

**Chair Bronitsky abstained. The motion passed.**

5. **Action Items:**

- A. **Adjustment to Staff Position Top Step Compensation:** Ms. Sandkulla reported that BAWSCA conducts a salary survey every two years to ensure that staff compensation stays within the Bay Area market. The goal of the survey is to target the median range in the Bay Area among comparator agencies that have similar positions as BAWSCA. Comparator agencies include Alameda County Water District, Contra Costa Water District, East Bay MUD, City of Hayward, City of Palo Alto, Mid-Peninsula Water District, and SFPUC.

Koff and Associates performed the survey, and the results show that the top step compensation for two positions are slightly above, while five positions are below by 1%- 6.5%.

The survey also analyzed BAWSCA's total compensation which includes the benefits package, and the results show that BAWSCA is within the median market. Ms. Sandkulla explained that in comparing total compensation, Koff and Associates adjusted BAWSCA's salaries to be at the recommended median level and compared it with the comparator agencies to determine the differences in total compensation.

The recommendation is to adjust the top step compensation for the positions that are currently below the market median. If the recommendation is approved, salary range adjustments would be applied to all positions except for the CEO, Assistant to the CEO and Office Assistant. The adjustments would be effective at the start of FY 2016-17 with a potential budget impact of \$1,900.

In response to Director Guzzetta's question, Ms. Sandkulla stated that the median ranges of the top salaries are similar across the comparator agencies.

Director Guzzetta supports the recommendation and commented that a helpful back up information for the board would be to show the salary range adjustments made based on the last compensation survey. He and Director Keith noted the significant spread of up to 4.5-6.5% in such a short time period.

Ms. Sandkulla reported that numbers from previous salary surveys were more flat due to the economic conditions at that time. With the current improved economic conditions, it appears that most agencies are catching up with what was due 2-4 years ago.

Ms. Sandkulla added that the Board authorized salary adjustments according to the survey conducted in FY 2013-2014 to be reflected in the FY 2015-16 budget. While BAWSCA conducts a compensation survey every other year, it did not make the recommended salary range adjustments from the compensation survey in FY 2013-14 until FY 2015-16.

Director Weed expressed support for the recommendation. He noted that the benefits package of BAWSCA's predecessor agency, BAWUA, used to be administered by ACWD. BAWSCA branched out one month before ACWD and other agencies with CalPERS adjusted their retirement packages from 2% at 55 to 2.5% at 55. He added that the Bay Area's comparative group of agencies are in the top 1 percentile of the state's market.

Ms. Sandkulla added that half of the employees of BAWSCA are under the 2% at 55, and the new employees are under the new restrictions from PEPRA.

In response to Director Vella, Ms. Sandkulla stated that BAWSCA's positions do not have the exact equivalent positions with cities and water districts, and therefore the agencies with positions closest to BAWSCA's are selected as the comparator agencies.

**Director O'Connell made a motion, seconded by Director Breault, to recommend Board approval of adjustments to top step compensation for specified positions.**

**The motion passed unanimously**

**6. Report and Discussion Item:**

- A. Preliminary Fiscal Year 2016-17 Work Plan and Results to be Achieved: Ms. Sandkulla reported that the development of the Work Plan and results to be achieved for FY 2016-17 will continue to focus on BAWSCA's legislated authority and goals of

ensuring a reliable supply of high-quality water at a fair price. The process will also continue to have a forward-looking approach to determine and address the critical issues anticipated between now and the year 2040.

New program activities that will be incorporated in next year's work plan will focus on responding to ongoing drought conditions, assessing the lessons learned during the current drought and how it affects future planning, and expanding the implementation of the strategy recommendations.

Ms. Sandkulla was pleased to report that of the sixteen potential items identified by the Board at the January Board meeting's planning session, thirteen are addressed in the preliminary work plan.

The work plan will continue to support agencies in addressing the drought, investigate the development of new supplies, and look at how future droughts and climate change can impact long-term planning. It will also continue to monitor SFPUC's asset management and operational efficiency, as well as develop internal skill and knowledge related to the regional system operations and decision-making.

Ms. Sandkulla presented her rationale for the three items that were not included in the preliminary work plan: Item # 8, 9 and 10 as shown in Table 3 of the staff report, February 10, 2016 – Agenda Item #6A.

The first item not addressed in the work plan is Director Kasperzak's suggestion for increasing BAWSCA's effort on legislative advocacy. Ms. Sandkulla explained that BAWSCA's current legislative efforts are focused on issues that are unique to BAWSCA. For example, the amendment of AB1823 which extended BAWSCA's oversight of the SFPUC's implementation of the WSIP.

Ms. Sandkulla does not recommend expanding BAWSCA's legislative efforts on issues that are not unique to BAWSCA because doing so will dilute BAWSCA's effectiveness in addressing issues that are critical to BAWSCA and its member agencies.

BAWSCA member agencies are a very diverse group. Expanding BAWSCA's efforts on issues such as the Bay Delta Solution, for example, would not be effective given the varied nature of the BAWSCA member agencies' positions and the difficulty coming to consensus. There are trade organizations and regional groups such as ACWA and League of Cities that can deal with specific legislative efforts more effectively.

Director Breault stated that while he understands Director Kasperzak's perspective, he supports the CEO's recommendation to maintain BAWSCA's current approach on legislative efforts. BAWSCA should keep focus on legislative efforts that BAWSCA and its member agencies can't do without.

Director Mendall concurred that expanding BAWSCA's legislative efforts would weaken its ability to make the necessary impact when it is most needed.

Strategic Counsel, Bud Wendell, agreed and highly recommended not straying from the legislative purpose that formed BAWSCA. He emphasized that straying can result

in the loss of credibility. Expanding efforts beyond BAWSCA's unique issues can put the agency in statewide debates that may not be favorable for BAWSCA or its member agencies. Mr. Wendell encourages the Board to maintain its current legislative approach to preserve the agency's high credibility and clear purpose, as well as to avoid being compromised.

Director Weed commented that there may be occasions where it would be to the membership's advantage for BAWSCA to step forward, particularly when our members are in support of an issue. He noted issues such as conjunctive use, and revisions to Proposition 218. There's a void and perhaps BAWSCA will have to make considerations on an exception basis.

Director O'Connell stated that C/CAG is heavily involved in advocating for Prop. 218 and is currently working with an advocacy group in Sacramento.

The second and third items that are not incorporated in the preliminary work plan were Director Weed's suggestions related to contingency planning and the member agencies' reference to SFPUC's Level of Service (LOS) goal as a planning guideline.

Ms. Sandkulla explained that BAWSCA's enabling legislation, AB 2058, and the Water Supply Agreement (WSA) form the framework that encompass BAWSCA's mission and the work that the agency is expected to do and address. The legislation speaks to the function of BAWSCA, and the WSA delegates certain responsibilities to BAWSCA. The framework does not consider the role of contingency planning, and while it is something that BAWSCA can potentially address, it would require a significant expansion of BAWSCA's scope and operating budget.

Consideration of including contingency planning in the work plan depends on whether the effort and its benefits are specific to BAWSCA and its member agencies.

Ms. Sandkulla stated that emergency planning is currently a required responsibility of the County Office of Emergency Services (OES). She added that it is not an issue that the member agencies, as operators, have come to BAWSCA for its involvement, and in fact, she is cautious of the negative response that might be generated from within the County OES if BAWSCA steps in.

Weed commented that there is a void in having a viable emergency response in the water industry, and a misconception of what the real functions are between the water purveyors and the county after an emergency. He believes that much of the efforts being done for water conservation is compatible with what needs to be done with emergency response planning.

As for the member agencies' reference to SFPUC's Level of Service (LOS) goals, Ms. Sandkulla explained that the LOS goals are what the Water System Improvement Program (WSIP) was based on. SFPUC's LOS goal requires 70% of the Regional Water System turnouts to be online with minimum winter day demands within 24 hours of an emergency. The 70% was based on statistical number of potential scenarios, and is used by San Francisco for planning and determining where to make investments in terms of hardening the system. Each BAWSCA member agency, however, has been told by SFPUC and the State Division of Drinking Water that they



need to have multiple days of drinking water supply for any event, earthquake or otherwise.

Ms. Sandkulla stated that most of the member agencies have either treated water storage, water that can be treated, or access to groundwater within its service area that the agencies have control of in the event of a loss of supply from the San Francisco Regional Water System. She stated that BAWSCA does not have operational responsibilities and does not issue operation guidelines to member agencies. Investments to increase reliability beyond the SFPUC's LOS goal should be considered at the local level.

Additionally, while BAWSCA does not have a broker role, member agencies have the ability, on a long-term basis or on an emergency basis, to sell their permanent supply assurance from San Francisco to each other. In fact, this is how the City of San Bruno addressed its water supply during the pipeline break in August 2015. This ability applies to the agencies' Hetch Hetchy supply and alternative supplies.

BAWSCA's major tasks in FY 2015-16 will continue in FY 2016-17, plus the addition of four recommended activities associated with the implementation of the Strategy. Mr. Hurley presented those recommendations and reported that they are essentially analysis and/or tools needed to inform or implement the Strategy.

The first of four recommendations is to develop a decision making framework that builds on previous work done during the initial development of the Strategy that focused on project identification and selection, which included the Board's input for the Strategy's goals and objectives. The framework will provide guidance to BAWSCA staff and the Board as it focuses on the implementation phase of the Strategy, particularly as it considers multiple projects under changing conditions. Important elements of the framework are decision points that will ensure the implementation remains in line with the overall goals and objectives.

Mr. Hurley explained that a process will be developed for deciding when to move away from, or focus on, a particular supply, as well as respond to developing opportunities and incorporate them into the Strategy. The estimated cost for this effort is \$25K-\$50K.

The second recommendation is the development of independent modeling capabilities for BAWSCA, which have been reliant on the SFPUC to date. As part of the Strategy, BAWSCA's hydrologic modeling needs were addressed through a cooperative agreement with SFPUC to analyze hydrologic vulnerabilities such drought frequency and extents. The reliance on SFPUC's modeling capabilities have become restricting for BAWSCA's analytical and schedule needs.

BAWSCA has an opportunity to establish independent modeling capabilities by supporting and building on an effort currently under way at Stanford. This would allow an analysis of the SFPUC's reliability based on BAWSCA's scenarios, and provide an additional benefit of being able to integrate other regional supplies and local supplies into the analysis to further understand their implications to regional water supply reliability.

This effort would be a multi-year commitment estimated at \$40K in FY 2016-17.

The third recommendation is an evaluation of the overall drought response to date. This effort will include the examination of factors that contributed to the significant demand reductions, a thorough review of projected demands and supply needs, and working with the SFPUC on the Tier 1 water shortage allocations to develop a process for responding to shortage provisions. The effort will also assess other regional suppliers' drought preparedness and how they affect BAWSCA member agencies' allocation planning, as well as an overall assessment of how the drought impacts to revenues affected the agencies' capital improvement programs and state of economy. BAWSCA plans to hold a workshop on the financial impacts of drought where issues including best management practices and the state of Prop. 218 can be discussed with experts.

This area of activity is estimated to have a cost of \$80K.

The fourth recommendation involves expanding BAWSCA's groundwater efforts. Since BAWSCA's formation of the Groundwater Reliability Partnership for the San Mateo Plain Sub-basin, developments on Indirect Potable Reuse (IPR) and Brackish Groundwater Program have emerged and put focus on groundwater basins as potential storage for these supplies.

BAWSCA needs to (1) monitor and respond to these issues and their potential impacts to the implementation of the Strategy and BAWSCA's brackish groundwater project, (2) provide member agencies technical knowledge in response to their queries, and (3) track the State and regional implementation of the sustainable groundwater act of 2014. BAWSCA is looking to utilize consultant expertise who are already working on the groundwater legislation for an on-call based support. This effort is estimated to have a cost of \$10K-\$20K.

Director Mendall commented that while the cost of the San Mateo Plain sub-basin effort is currently small, it offers no benefit to Hayward and ACWD, in particular. He stated that if the cost significantly increases, he recommends justification or an alternate funding method.

Mr. Mendall also stated that of the four recommended activities, the second, third and fourth are more timely than the first one. He felt that the information gained from an evaluation of the drought provides the information for developing the decision-making framework.

Ms. Sandkulla stated that the drought has informed BAWSCA and its member agencies that the region has a major, single source of supply that is highly reliable when it is available. However, when it's not, the region becomes very vulnerable to the lack of reliability and redundancy. The evaluation of the drought can further define what the region's needs are and support the development of the decision-making framework. Additionally, there are serious questions about the impacts of climate change as presented by Mr. Behar at the January Board meeting.

Ms. Sandkulla added that the issue of dry year water supply will not go away. While they may change, the region needs to know how to make investments and how to deal with multi beneficial projects that are gaining attention for other reasons. The framework will allow BAWSCA and its member agencies to develop a way to make

decisions. Obtaining the information will take time, and part of what the recommended efforts' objectives are is to prepare the Board for the decisions it will need to face.

Mr. Hurley stated that implementation of the Strategy requires both qualitative and quantitative information, and the first recommendation is a qualitative effort.

Director Bronitsky commented, and the Committee agreed, that the use of "post-mortem" to refer to the effort that reviews the impacts of drought is not accurate because it suggests that the drought is over. "Lessons Learned" might be a better consideration because the drought is not over.

Ms. Sandkulla reported that the increased activities planned for the FY 2016-17 are in line with the costs of projects BAWSCA has done in the past. The 2014 Demand and Conservation Study was \$360K, and the 2009 Water Conservation Implementation Plan was \$255K.

Ms. Sandkulla reported that a preliminary budget will be developed with the incorporation of the Committee's input on the preliminary work plan.

The current operating budget for FY 2015-16 is fully funded by the assessments. While the Board adopted a 24% increase in assessments last year, the increase was not a reflection of an increase in the budget, but rather, of how the budget is funded.

Ms. Sandkulla explained that in previous years, the agency's historical expenditures allowed portions of the operating budget to be funded by the General Reserve to appropriately manage the General Reserve balance. The agency reached a point where the assessments were not fully funding the budget. Therefore, adjustments were made in FY 2015-16 to maintain the agency's good financial position with the General Reserve balance and level of assessments.

The combined cost of the four recommendations will be approximately \$190K. In addition, there will be slight cost increases on other budget items, including administrative and personnel costs, ongoing tasks such as improvements to the Water Conservation Database, and the office lease.

Ms. Sandkulla noted that obtaining the lease at a rate below current market value is a result of the efforts of Office Manager, Deborah Grimes.

BAWSCA's current annual operating budget represents a cost of \$1.84 per person in the service area. This number does not reflect the cost savings secured through the Wholesale Revenue Requirement review, the cost savings from the BAWSCA Bonds, which is equivalent to the current operating budget, or the conservation grants that BAWSCA secures for its member agencies.

The committee's feedback will be incorporated in the revised preliminary work plan and operating budget that will be presented to the Board in March. A proposed work plan and operating budget will be presented to the Committee for discussion in April. Staff will present a recommendation to the Board at its meeting in May.

Director O'Connell suggested clarifying the prioritization of the four recommendations in the work plan.

Additionally, she stated that the groundwater partnership is an important area to address, particularly for the City of San Bruno, Cal Water and San Francisco. It also addresses some of the contingency concerns Director Weed has expressed.

Ms. Sandkulla stated that BAWSCA's efforts with the Groundwater Reliability Partnership protect all the member agencies' interests because of the inter-connections between the different groundwater basins. What happens in San Mateo groundwater basin will impact the Niles Cone groundwater basin, which Hayward and ACWD overlie, and the Santa Clara groundwater basin, which eight agencies overlie. Even if BAWSCA was not directly involved with the groundwater effort, BAWSCA will stay connected with the activities to be able to highlight and address the issues that affect the member agencies.

Director Weed commented that BAWSCA could possibly be written in as one of the stakeholders to the overall groundwater planning, and to have BAWSCA identified as a line item for some of those future state and federal funds would be helpful.

## **6. Reports**

- A. Water Supply Update: Ms. Sandkulla reported that the storage levels are increasing in the overall system, but remain below normal. Cumulative precipitation is currently above last year's and moving towards a wetter water year. The snowpack levels are tracking at median.

Based on SFPUC's most recent forecast, Ms. Sandkulla reported that if the region experiences low level precipitation from here on out, the estimated cumulative Tuolumne River water that will be available to San Francisco is 520 thousand acre feet (TAF) by July 2016. This puts the system above where it was, at 50 TAF of water, in 2015. If the region experiences a median level precipitation, there will be 1030 TAF of water, which will fill the system. The system will be full with 810 TAF of water available to San Francisco.

This does not mean that the drought is over because what may happen in future years' precipitation remain unknown. But this puts the region in a good position with the potential of filling the system. She noted that median conditions moving forward are projected to fill systems of agencies such as EBMUD, Marin Municipal, and Napa.

Total system deliveries are significantly lower than last year's and clearly demonstrates the region's response to water use reduction.

The SFPUC will hold its annual meeting with BAWSCA and the wholesale customers on February 18<sup>th</sup> where they will officially announce their projections for the wholesale rate. The SFPUC provided a range to the Board in November of 2015, and the current projections are said to be much lower.

BAWSCA's SFPUC Liaison, Michelle Novotny, reported that in response to Director Guzzetta's request at the January Board meeting, the SFPUC is currently working on putting the system's 24-hour delivery report online.

With regards to the emergency drought regulations, Mr. Hurley was pleased to report that the State Water Resources Control Board's (SWRCB) adoption of the revised emergency drought regulations on February 2, 2016 reflected BAWSCA's comments.

BAWSCA's comments emphasized that adjustments and credits to conservation standards should result in no redirected impacts to others, and that the SWRCB should establish a process for rescinding mandatory reductions should water conditions improve. Mr. Hurley explained that it was important for the SWRCB to understand that the reliability of agencies varies across the state.

Additionally, the regulations should not be applicable in future droughts nor should be interpreted as basis for future drought responses by the State, given the differing reliabilities and the short time frame in which it was developed.

The regulations will be in effect for 270 days, or through October 2016. BAWSCA is assessing the impacts of the changes on the member agencies. SWRCB will re-visit the regulations in April.

Director Weed noted that ACWA suggested that SWRCB look at regional compliance by water agencies instead of as individual agencies. The SFPUC is an ideal agency for that type of analysis, and he suggested a coordinated effort with ACWA.

Ms. Sandkulla stated that a regional approach might be in future conversation for developing regulations for future droughts, but that the SWRCB has rejected a regional approach for the current regulations.

Mr. Hurley reported that the member agencies continue to achieve significant water conservation during the winter months. As of February 2015, overall savings are at 28%, which greatly exceeds the 15% target for the region. With the extension of the regulation through October, already eight agencies have achieved the target water savings for the extended period.

- B. Review of BAWSCA Board Meeting Time Change: Ms. Sandkulla reported that a surveys is being conducted on the Board's consideration to change the Board meeting time. A full analysis will be presented to the BPC at its meeting in April.
- C. Water System Improvement Program and Mountain Tunnel – Update: Mr. Hurley reported that at the February 9<sup>th</sup> Commission meeting, the SFPUC outlined its WSIP budget and schedule revisions. The program revisions include budget increases for individual projects, including the Calaveras Dam, Alameda Creek Diversion Dam, and the Bioregional Habitat, as well as additional contingency funds. Schedule extensions are associated with the project close outs including the final negotiations of settlements.

The overall budget increase is \$80 M, and the schedule revisions are not expected to impact in-service dates. BAWSCA continues to meet with the SFPUC on the WSIP and its 10-year CIP.

The SFPUC indicated that the WSIP budget revisions will not impact the 10-year CIP. The Water Enterprise was able to achieve funding of the CIP without major deferrals of projects. In response to the recent pipeline break in San Bruno, the CIP's pipeline

improvement program underwent a re-prioritization and now has an aggressive approach to address the identified problems.

The SFPUC is also undertaking a separate process to provide clarity to currently adopted LOS goals for all of its major facilities.

As required by AB 1823, the SFPUC will issue a Notice of Change in March. BAWSCA will review the details closely and provide comments accordingly.

The proposed program revisions will be presented to the Commission for approval in April, and advance to the Board of Supervisors for its approval in May.

BAWSCA continues to review the water delivery plan from the Water Emergency Response Plan the SFPUC developed in the event of a Mountain Tunnel outage. BAWSCA provided written comments and worked with the SFPUC to develop an understanding of the member agencies' supply source shifting capabilities for alternative supplies, and how they can be implemented in the event of a Mountain Tunnel outage. Monthly meetings are scheduled to discuss ongoing progress.

Ms. Sandkulla announced that she is working with the SFPUC to schedule a tour of the Calaveras. An announcement with a date will be sent to the Board.

7. **Comments by Committee Members:** There were no further discussions.
  
8. **Adjournment:** The meeting was adjourned at 3:05pm. The next meeting is April 13, 2016.

Respectfully submitted,

Nicole Sandkulla  
CEO/General Manager

NS/le  
Attachments: 1) Attendance Roster

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY**

**BOARD POLICY COMMITTEE – February 10, 2016**

**Roster of Attendees:**

**Committee Members Present**

Charlie Bronitsky, City of Foster City (Chair)  
Kirsten Keith, City of Menlo Park (Vice Chair)  
Randy Breault, City of Brisbane/GVMID (BAWSCA Chair)  
Rob Guzzetta, California Water Service Company  
Jerry Marsalli, City of Santa Clara  
Al Mendall, City of Hayward (BAWSCA Vice Chair)  
Irene O’Connell, City of San Bruno  
Louis Vella, Mid-Peninsula Water District  
John Weed, Alameda County Water District

**Committee Members Absent**

Gustav Larsson, City of Sunnyvale  
Barbara Pierce, City of Redwood City (*Listened in by phone*)

**BAWSCA Staff:**

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

**Public Attendees:**

Michelle Novotny San Francisco Public Utilities Commission

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**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY**

**BOARD POLICY COMMITTEE**

**Agenda Title: Proposed Fiscal Year 2016-17 Work Plan and Operating Budget**

**Summary:**

This memorandum presents the proposed Fiscal Year 2016-17 Work Plan and results to be achieved, Operating Budget, and a recommended plan for funding the Operating Budget. The memorandum summarizes the major conclusions with modifications and updates in response to input received at the March Board meeting. Additional details are provided in the appendices.

The proposed Work Plan remains aligned with BAWSCA's legislated authority and its three goals: a reliable supply of high quality water at a fair price. Major work areas include increased activity in implementing the recommended Long-Term Reliable Water Supply Strategy (Strategy) actions, a comprehensive analysis of the service area response to the drought to better understand impacts on long-term planning, continued support to the member agencies in achieving necessary water use reductions in response to the ongoing drought conditions and mandatory reductions, administration of the 2009 Water Supply Agreement including work related to the September 2014 settlement with San Francisco, and participation in the Restore Hetch Hetchy litigation in which BAWSCA is a named party.

The proposed FY 2016-17 Operating Budget is \$3,468,008, which is 8.3% above the current FY 2015-16 Operating Budget. This proposed Operating Budget represents approximately a 12 cent increase in annual cost per person in the service area for an estimated cost to the water customer of \$1.96 per person per year. The recommended funding plan is to increase assessments to \$3,440,734 (a 5 % increase) and use \$27,274 from the General Reserve to fund the proposed Operating Budget. The recommended funding plan will enable the General Reserve to remain within the budgetary guidelines established by the Board.

**Recommendation:**

**That the Committee recommend that the Board approve the:**

- **Proposed FY 2016-17 Work Plan and Results to be Achieved;**
- **Proposed Operating Budget of \$3,468,008; and**
- **Recommended funding plan which includes FY 2016-17 assessments of \$3,440,734 and a transfer of \$27,274 from the General Reserve.**

**Proposed Work Plan:**

Next year's Work Plan addresses all of the forward-looking issues discussed with the Board Policy Committee in December, and with the Board in January. This information is presented in Appendix A to this memo.

The proposed FY 2016-17 Work Plan includes the following major efforts:

- Oversight of San Francisco's WSIP, 10-Year Capital Improvement Program (CIP), and Regional Water System Asset Management Program;
- Implement the recommended actions identified in Long-Term Reliable Water Supply

Strategy (Strategy) Phase IIA Final Report (Report);

- Develop two new technical tools to support (1) decision-making framework to guide implementation of the Strategy and (2) a regional water supply reliability model for project evaluation;
- Conduct an analysis of the service area response to the drought to inform long-term planning, including a review of 2040 demand and supply need projections;
- 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 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 proposed FY 2016-17 Work Plan and the major results to be achieved. The activities are grouped according to the agency goals they support. Table 2 lists the items that are not included in the proposed FY 2016-17 Work Plan. Any of these items could be added at a later date, if needed.

*New Activities to Support Strategy Implementation:* In February 2015, BAWSCA completed the Strategy Phase II Final Report, which presented recommended actions to achieve BAWSCA's water management objective of ensuring that a reliable, high quality supply of water is available where and when people within the BAWSCA member agency service area need it. The proposed Work Plan contains the following four new activities related directly to continued implementation of the Strategy:

**1. Expand Decision Making Process for Implementing Strategy Actions**

**Estimated FY 2016-17 Cost: \$50k**

Initial work on this task was performed in Phase IIA of the Strategy, but was not completed given (1) the changed focus of the Strategy to dry year supplies and (2) anticipated budget constraints. This task would complete the development of a decision making process to be used by BAWSCA. This work would involve reviewing previous Strategy work and incorporating that work into a decision making framework that will assist BAWSCA, at the executive and policy level, in directing progress of investigating and implementing the multiple actions identified in the Strategy. This model will allow investigation of multiple projects with multiple beneficiaries over differing development time periods and changing conditions.

**2. Develop Independent Regional Water System & Supply Modeling Tool**

**Estimated FY 2016-17 Cost \$40k; Total Multi-Year Development Cost \$60-\$100k**

This task would develop independent water system and supply modeling tools using

publicly available computer programs (i.e., WEAP) in conjunction with Stanford's ReNUWIt program. 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 not effective to rely on the SFPUC for modeling work to meet BAWSCA's analytical and schedule needs. Developing an independent modeling tool 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.

**3. Conduct Drought Response Analysis**

**Estimated FY 2016-17 Cost: \$80k**

In response to the current drought conditions, water use in the region has been reduced significantly. It is critically important that BAWSCA's long-term planning be informed by these recent experiences. This task would perform a complete review of customer response in the service area including: review water demand response to voluntary and mandatory cutbacks, review responsiveness and appropriateness of existing shortage provisions, review member agencies' and other regional suppliers' (e.g., SCVWD) drought preparedness and its impacts on the member agencies, host regional workshop to facilitate discussion of water utility financial best management practices to identify potential actions that can assist agencies in addressing the financial impacts of drought, and conduct a workshop with member agencies to identify local economic impacts. BAWSCA will use the results of this work to update, as appropriate, the projected 2040 water demand and supply need for the region.

**4. San Mateo Plain Groundwater Reliability Partnership**

**Estimated FY 2016-17 Cost: \$15k**

BAWSCA has taken a lead role in promoting sustainable use of groundwater resources in its service area by establishing the Groundwater Reliability Partnership for the San Mateo Plain Sub-basin. BAWSCA's direct interests in this effort relate to BAWSCA's investigation and potential development of a brackish groundwater project as part of the Strategy. In addition, BAWSCA's member agencies in all three counties have an interest in this basin due to the interrelationship with all neighboring groundwater basins (e.g. Niles Cone Basin in the East Bay and the Santa Clara sub-basin). To support this effort, BAWSCA would seek consultant support for the following tasks: (1) monitoring and regular reporting to BAWSCA on State and regional groundwater policy resulting from the implementation of the Sustainable Groundwater Management Act of 2014, and (2) on-call technical support for local groundwater issues.

*Consultant Contracts to Support Proposed Work Plan:* Outside professional services are used for legal, engineering, financial, strategic and water conservation support of BAWSCA's programs and objectives for FY 2016-17. To ensure work begins promptly or continues without interruption, eighteen contracts need to be in place by July 1, 2016.

Table 3 summarizes the costs for the eleven professional services contracts needed in place by July 1, 2016. The combined budget for these professional services is \$1,084,000. The corresponding consulting budgets for FY 2015-16 are also shown.

Table 4 summarizes the seven professional services contracts needed to be in place by July 1, 2016 to implement subscription programs that are paid for by participating member agencies.

For these contracts, no contract amount is specified as the total budget is determined after receipt of Applications to Participate from the member agencies.

At the May Board meeting, following consideration and adoption of a budget for FY 2016-17, these contracts will be presented to the Board for its consideration. Given the recurring nature of these contracts, they are not being presented to the Board Policy Committee as a separate item. In addition, other consulting services that may be needed to complete the FY 2016-17 Work Plan will be brought to the Board for authorization during the year.

Alternatives to the Proposed Work Plan and Results to be Achieved: The proposed Work Plan includes the expansion of BAWSCA's activities to implement the Long-Term Reliable Water Supply Strategy recommendations to achieve the Strategy results. This expansion includes four new project areas:

1. Expand Decision Making Process for Implementing Strategy Actions: estimated FY 2016-17 cost of \$50k
2. Develop Independent Regional Water System & Supply Modeling Tool: estimated FY 2016-17 cost of \$40k
3. Conduct Drought Response Analysis: estimated FY 2016-17 cost of \$80k
4. San Mateo Plain Groundwater Reliability Partnership: estimated FY 2016-17 cost of \$15k

An alternative to the proposed Work Plan would be to reduce effort or remove one or more of these new activities. Of the four new activities, the expansion of the decision making process is the least time sensitive towards the overall Strategy objective. It is unlikely that any critical decision by the Board will need to be made in FY 2016-17 to warrant the need for this framework next fiscal year, while a delay in any of the other new project areas would directly impact implementation of the Strategy and delay achievement of results. Removing this item would result in a decrease of \$50,000 to the proposed Operating Budget.

This alternative is not recommended as this effort will be necessary to support overall decision making on the Strategy in the upcoming years, and the agency's efforts are benefited by early discussion and planning in this area.

**Proposed FY 2016-17 Operating Budget:**

The proposed Operating Budget presented in Table 5 reflects the funding necessary to achieve the proposed FY 2016-17 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 \$62,129 shown in the proposed 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 proposed Operating Budget also includes the following for all employees except the CEO:

- \$23,946 for a COLA adjustment to existing FY 2015-16 salaries
- \$12,243 merit allowance separate from COLA adjustment

A Cost of Living Allowance (COLA) adjustment of 3.15% to the top step of salaries is included in the proposed Operating Budget and is consistent with the December value for the Consumer Price Index for Urban Wage Earners and Clerical Workers in the San Francisco-Oakland-San Jose area. COLA increases for employees are not automatic, but can be granted by the CEO on the basis of merit. The history of salary and benefit adjustments for BAWSCA is presented in Appendix C to this memo.

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

At the direction of the Board Chair, a budget allowance of \$15,999 for a potential merit increase for the CEO has been included in the proposed Operating Budget. For budgeting purposes, this amount is consistent with the merit increase awarded to the CEO in FY 2015-16.

**Recommended Plan to Fund the Proposed FY 2016-17 Operating Budget:**

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

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

It is recommended that the proposed Operating Budget be funded with a combination of:

- \$3,440,734 from Assessments, which represents a 5% (\$163,845) increase; and
- \$27,274 transfer from General Reserve.

Table 6 presents an evaluation of how a 5% increase in assessments would be, allocated among the member agencies. Based on the service area population, the result cost to the water customers of BAWSCA's proposed FY 2016-17 Operating Budget would be \$1.96 per person per year, or \$5.88 per household per year.

Status of General Reserve: At this time, the FY 2015-16 Operating Budget is estimated to be 100% expended at year end. The estimated General Reserve balance at the end of FY 2015-16 is \$851,830, or 27% of the approved FY 2015-16 Operating Budget. This estimated balance is on target with BAWSCA's adopted General Reserve Policy, which identifies a General Reserve budgetary guideline of 20% to 35% of the budget year's operating expense.

Each year, unspent funds (if available) are moved to the General Reserve to fund special needs and future budgets. Appendix F presents the historical use of the General Reserve to fund special studies, fund the Operating Budget, and provide a one-time refund to the member agencies in November 2011. Given the outstanding legal activities associated with Restore Hetch Hetchy next fiscal year and beyond, it is not recommended to use the General Reserve to fund a major portion of the FY 2016-17 Operating Budget.

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**Table 1. FY 2016-17 Work Plan and Results to be Achieved (Proposed)**

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

**RELIABLE WATER SUPPLY**

- (7.8%) **1. Facility Reliability: Monitor the SFPUC’s WSIP, 10-Year CIP, and Asset Management Program**
  - a. Monitor WSIP scope, cost, and schedule as San Francisco continues an aggressive construction schedule through 2019. Press the SFPUC and the city's political leadership to meet the city's adopted schedule, satisfy the requirements of AB 1823, and respond promptly to BAWSCA's reasonable requests.
  - b. Review and monitor SFPUC’s Regional 10-Year Capital Improvement Program to ensure that identified projects and programs meet the needs of the BAWSCA member agencies in a cost-effective and appropriate manner.
  - c. Review and monitor SFPUC’s Asset Management Program to ensure maintenance and protection of system assets.
  
- (15.8%) **2. Long-Term Supply Solutions: Ensure a Reliable, High Quality Supply of Water is Available Where and When Needed**
  - a. Implement the actions recommended in the Long-Term Reliable Water Supply Strategy Phase II Final Report.
  - b. *Expand activities to support Strategy implementation***
    - *Extend BAWSCA’s resource investment decision-making framework to incorporate a structured, iterative “adaptive management” process to assist policy makers and BAWSCA management in making decisions in the face of changing conditions and lessons learned with the aim of reducing uncertainty over time.*
    - *Expand BAWSCA’s water supply reliability analysis to include new, independent modeling capability and incorporate missing, critical regional water reliability planning components including the hydrology and supply reliability of other imported and local supplies that may impact the reliability of the member agencies.*
  - c. *Conduct drought response analysis of the BAWSCA service area drought planning, preparedness, and service area response to inform long-term planning including review of 2040 demand and supply gap projections.***
  
- (12.7%) **3. Near-term Supply Solutions: Water Conservation**
  - a. In cooperation with member agencies, implement drought response actions to achieve necessary water use reductions and minimize likelihood of mandatory rationing.
  - b. Represent agencies in regional and State-level discussions related to the current drought conditions and regulations.
  - c. Administer, implement and expand core water conservation programs that benefit all customers.
  - d. Administer subscription conservation rebate programs that benefit, and are paid for by, participating member agencies.
  
- (4.4%) **4. Take Actions to Protect Members’ Water Supply Interests in the Administration of the 2009 Water Supply Agreement**
  - a. Review existing Tier 2 drought allocation plan and prepare for modifications as needed due to upcoming 2018 expiration.
  - b. Investigate a Water Supply Agreement contract amendment to incorporate an appropriate alternative supply allocation approach to address the shortcomings of the existing Tier 1 drought allocation formula.
  - c. Protect members’ water supply and financial interests in the SFPUC’s upcoming 2018 decisions and associated Water Management Action Plan (MAP) to support the Commissions’ upcoming 2018 water supply decisions.
  - d. Protect members’ water supply interests to ensure that the SFPUC meets its adopted Water Supply Level of Service Goals.
  
- (8.3%) **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. Ensure necessary legal & technical resources for monitoring & intervention in the Don Pedro Project and La Grange Project FERC licensing are sufficient to protect customers’ long-term interests in Tuolumne River water supplies.

- (0.2%) **6. Pursue Grant Opportunities Independently and in Coordination with Regional Efforts**  
a. Pursuit and use of grant funds for water conservation programs and for regional supply projects and programs.  
b. Investigate potential for grant funds to support the implementation of the Strategy, including 2014 California Water Bond.
- (0.7%) **7. Reporting and Tracking of Water Supply and Conservation Activities**  
a. Complete BAWSCA FY 2015-16 Annual Survey.  
b. Complete BAWSCA FY 2015-16 Annual Water Conservation Report.  
c. *Review and modify, if appropriate, BAWSCA's Water Conservation Database consistent with BAWSCA's recently implemented ConservTrak water conservation management system.*

**HIGH QUALITY WATER**

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

**FAIR PRICE**

- (18.6%) **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 three contract amendments to address resolution of FY 2010-11 WRR settlement, revenue funded capital, and implementation of regional groundwater storage project.*  
c. Administer bonds issued by BAWSCA to retire capital debt owed to San Francisco.
- (1.1%) **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. *Pursue SFPUC completion of a benchmarking study to evaluate RWS operational efficiency and cost effectiveness.*

**AGENCY EFFECTIVENESS**

- (2.2%) **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.
- (19.0%) **12. Manage the Activities of the Agency Professionally and Efficiently**



**Table 2: Activities Not Included in Proposed Work Plan and Operating Budget for FY 2016-17**

**RELIABLE SUPPLY**

1. Implement a pilot water transfer with EBMUD in FY 2016-17, following completion of the pilot transfer plan.
2. Engage in extended or complex applications for grant funds. Application for water conservation grants will continue to be made through or with the Bay Area Water Agency Coalition, the California Urban Water Conservation Council, or other agencies.
3. Introduce major new legislation or supporting/opposing legislation initiated by others. If needed, the agency could support major legislative efforts by redistributing resources, using the contingency budget, or accessing the general reserve, subject to prior Board approval.
4. Initiate litigation or support/oppose litigation initiated by others. If needed, the agency could support major litigation efforts by redistributing resources, using the contingency budget, or accessing the general reserve, subject to prior Board approval.

**FAIR PRICE**

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

**HIGH WATER QUALITY**

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

**AGENCY EFFICIENCY**

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

**Table 3: Annual Professional Services Funded Through the Operating Budget**

<b>Consultant (Services Provided)</b>	<b>Adopted FY 2015-16</b>	<b>Proposed FY 2016-17</b>
BLX Group LLC (Arbitrage Rebate Compliance Services)	12,500	\$2,500
Brown and Caldwell (Water Conservation Database)	20,000	0
Burr Pilger Mayer (Auditing, 2009 WSA Administration)	15,000	\$15,000
Hanson Bridgett, LLP (Legal Counsel)	586,500	\$651,000
Hilton Farnkopf Hobson (Engineering, Financial, WSA)	20,000	\$20,000
Kelling, Northcross, Nobriga (Financial Counsel)	43,500	\$43,500
Orrick, Herrington & Sutcliffe (Bond Doc., Legal Support)	12,000	\$12,000
Public Trust Advisors, LLC (Investment Advisor)	0	\$15,000
Terry Roberts Engineering (WSIP, 10–Year CIP)	125,000	\$125,000
Stetson Engineering (WSA Admin., Water Use Analyses)	47,500	\$50,000
Harlan Wendell (Strategic Counsel)	150,000	\$150,000
<b>Total</b>	<b>1,032,000</b>	<b>\$1,084,000</b>

**Table 4: Annual Professional Services to Implement  
Subscription Conservation Programs Paid for by Participating Agencies**

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

**Table 5. Proposed FY 2016-17 Operating Budget by Major Expenditure Category**

<b>Cost Category</b>	<b>Approved FY 2015-16 Budget (\$)</b>	<b>Proposed FY 2016-17 Budget (\$)</b>	<b>Change from FY 2015-16 Budget, (\$)</b>
<b>Consultants/ Direct Expenditures</b>			
Reliability	807,450	964,600	157,150
Fair Pricing	415,000	409,000	(6,000)
Administration	85,000	95,000	10,000
<i>Subtotal Consultants</i>	1,307,450	1,468,600	161,150
<b>Administration</b>			
Employee Salaries & Benefits	1,407,529	1,477,395	69,866
Other Post-Emp. Benefits (net)	111,000	103,263	(7,737)
Operational Expenses	313,200	356,450	43,250
<i>Subtotal Administration</i>	1,831,729	1,937,108	105,379
<b>Total Operating Expenses</b>	<b>3,139,179</b>	<b>3,405,708</b>	<b>266,529</b>
<b>Capital Expenses</b>	2,500	2,500	0
<b>Budgeted Contingency</b>	57,500	57,500	0
<b>Regional Financing Authority</b>	1,400	1,250	(150)
<b>Bay Area Water Users Assn.</b>	1,100	1,050	(50)
<b>Grand Total Operating Budget</b>	<b>3,201,679</b>	<b>3,468,008</b>	<b>266,329</b>

**Table 6. Examination of a 5% Increase in BAWSCA Assessments**

<b>Members</b>	<b>Adopted FY 2015-16 Annual Assessment</b>	<b>5% Increase for FY16-17</b>	<b>Difference</b>
ACWD	\$220,211	\$231,222	\$11,011
Mid Peninsula	\$67,131	\$70,488	\$3,357
Brisbane	\$6,859	\$7,202	\$343
Burlingame	\$91,154	\$95,712	\$4,558
Coastside	\$29,020	\$30,471	\$1,451
Cal Water	\$695,424	\$730,195	\$34,771
Daly City	\$85,094	\$89,348	\$4,255
E. Palo Alto	\$40,154	\$42,161	\$2,008
Estero	\$110,367	\$115,885	\$5,518
GVMID	\$8,558	\$8,986	\$428
Hayward	\$344,087	\$361,292	\$17,204
Hillsborough	\$71,478	\$75,052	\$3,574
Menlo Park	\$64,712	\$67,948	\$3,236
Millbrae	\$51,433	\$54,005	\$2,572
Milpitas	\$132,285	\$138,899	\$6,614
Mtn. View	\$208,303	\$218,718	\$10,415
North Coast	\$64,400	\$67,620	\$3,220
Palo Alto	\$258,465	\$271,388	\$12,923
Purissima Hills	\$40,945	\$42,993	\$2,047
Redwood City	\$220,824	\$231,866	\$11,041
San Bruno	\$45,780	\$48,069	\$2,289
San Jose	\$90,222	\$94,733	\$4,511
Santa Clara	\$76,716	\$80,552	\$3,836
Stanford	\$50,516	\$53,042	\$2,526
Sunnyvale	\$183,799	\$192,989	\$9,190
<u>Westborough</u>	<u>\$18,951</u>	<u>\$19,898</u>	<u>\$948</u>
<b>Total</b>	<b>\$3,276,889</b>	<b>\$3,440,734</b>	<b>\$163,845</b>

**APPENDICES**

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

**Appendix A: 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 A-1 lists these activities as they were updated during the FY 2016-17 proposed Work Plan development. In each case, the results identified in Table A-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 A-1. Future Challenges Facing BAWSCA, Member Agencies, and Their Customers**

<b>Year or Period</b>	<b>Major Challenges or Issues</b>
FY 2016 - 2017	<ul style="list-style-type: none"> <li>• Assist agencies during drought to achieve necessary reductions and meet regulatory and other obligations.</li> <li>• Protect BAWSCA member agencies from severe supply shortages and resulting excessive economic impacts.</li> <li>• Assist member agency negotiation of a new Tier 2 drought allocation formula by preparing and analyzing alternatives, facilitating agreement and producing legal documents before the existing one expires at the end of 2018.</li> <li>• Conduct investigations and advocate appropriate positions prior to San Francisco deciding whether or not to make San Jose and Santa Clara permanent Wholesale Customers by 2018.</li> <li>• Conduct investigations &amp; advocate appropriate positions prior to San Francisco deciding whether to provide more than 184 mgd to Wholesale Customers and whether or not to increase the perpetual Supply Assurance by 2018.</li> <li>• Represent member agencies in Federal relicensing of New Don Pedro and to protect SFPUC supplies.</li> <li>• Monitor WSIP implementation to protect interests of member agencies and take steps necessary to ensure all adopted Level of Service goals are achieved.</li> <li>• Monitor SFPUC’s development and implementation of its 10-Year CIP to ensure protection of water supply and financial interests of the water customers.</li> <li>• Monitor SFPUC’s decision on final Mountain Tunnel Solution to ensure protection of water customers’ interests (Summer 2017)</li> <li>• Monitor SFPUC’s asset management program to ensure ongoing maintenance and protection of RWS assets.</li> <li>• Enforce the Water Supply Agreement to ensure San Francisco meets its financial, water supply, quality, maintenance and reporting commitments.</li> <li>• Protect customers from legal and legislative efforts to draining Hetch Hetchy that disregard their interests in reliability, quality and cost.</li> </ul>

<b>Year or Period</b>	<b>Major Challenges or Issues</b>
<p align="center">2017 to 2020</p>	<ul style="list-style-type: none"> <li>• Protect BAWSCA member agencies from severe supply shortages and resulting excessive economic impacts.</li> <li>• Assist member agency negotiation of a new Tier 2 drought allocation formula by preparing and analyzing alternatives, facilitating agreement and producing legal documents before the existing one expires at the end of 2018.</li> <li>• Conduct investigations and advocate appropriate positions prior to San Francisco deciding whether or not to make San Jose and Santa Clara permanent Wholesale Customers by 2018.</li> <li>• Conduct investigations &amp; advocate appropriate positions prior to San Francisco deciding whether to provide more than 184 mgd to Wholesale Customers and whether or not to increase the perpetual Supply Assurance by 2018.</li> <li>• Represent member agencies in Federal relicensing of New Don Pedro and to protect SFPUC supplies.</li>   <li>• Monitor WSIP implementation to protect interests of member agencies and take steps necessary to ensure all adopted Level of Service goals are achieved. Scheduled completion March 2019.</li> <li>• Monitor SFPUC’s development and implementation of its 10-Year CIP to ensure protection of water supply and financial interests of the water customers.</li> <li>• Monitor SFPUC’s decision on final Mountain Tunnel Solution to ensure protection of water customers’ interests (Summer 2017)</li> <li>• Monitor SFPUC’s asset management program to ensure ongoing maintenance and protection of RWS assets.</li>   <li>• Ensure San Francisco maintains its Tuolumne River water rights.</li> <li>• Protect customers from legal and legislative efforts to draining Hetch Hetchy that disregard their interests in reliability, quality and cost.</li> <li>• Enforce the Water Supply Agreement to ensure San Francisco meets its financial, water supply, quality, maintenance and reporting commitments.</li> <li>• SF elects Mayor in 2019.</li> </ul>
<p align="center">2021 to 2025</p>	<ul style="list-style-type: none"> <li>• Protect BAWSCA member agencies from severe supply shortages and resulting excessive economic impacts.</li> <li>• Ensure new water supplies are on line to meet future needs that are not met by San Francisco.</li> <li>• Monitor SFPUC’s development and implementation of its 10-Year CIP to ensure protection of water supply and financial interests of the water customers.</li> <li>• Monitor SFPUC’s asset management program to ensure ongoing maintenance and protection of RWS assets.</li>   <li>• Ensure San Francisco maintains its Tuolumne River water rights.</li> <li>• Protect customers from legal and legislative efforts to draining Hetch Hetchy that disregard their interests in reliability, quality and cost.</li> <li>• Enforce the Water Supply Agreement to ensure San Francisco meets its financial, water supply, quality, maintenance and reporting commitments.</li> <li>• SF elects Mayor in 2023.</li> </ul>

<b>Year or Period</b>	<b>Major Challenges or Issues</b>
2026 to 2040	<ul style="list-style-type: none"> <li>• Ensure new water supplies are on line to meet future needs that are not met by San Francisco.</li> <li>• Extend or renegotiate the Water Supply Agreement before it expires in 2034.</li> <li>• Enforce the Water Supply Agreement to ensure San Francisco meets its financial, water supply, quality, maintenance and reporting commitments.</li> <li>• SF elects Mayor in 2027, 2031, 2035, and 2039.</li> </ul>

**Appendix B: 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.

**Appendix C: 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 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 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 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 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 2011-12: The Operating Budget included no adjustment to the salary for any employee for COLA, merit or any other reasons.
- FY 2010-11: The Board approved a 3.01 percent 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 2009-10: There was no COLA adjustment. An allowance for merit adjustments was budgeted for employees not yet at top step.

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

The proposed FY 2016-17 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 proposed FY 2016-17 Operating Budget.

**Appendix E: 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 2016-17, the proposed 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 proposed FY 2016-17 Operating Budget. The RFA will formally consider and adopt this budget in July 2016.



**Appendix F: Historical Use of the BAWSCA General Reserve**

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

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

Date	Amount	Description of Use
3/19/2008	\$391,000	To fund FY 2007-08 Operating Budget
1/07/2009	\$349,000	To fund FY 2008-09 Operating Budget
2/09/2009	\$105,000	To fund Conservation Implementation Plan
1/13/2010	\$250,000	To fund FY 2009-10 Operating Budget
1/27/2011	\$163,394	To fund FY 2010-11 Operating Budget
11/30/2011	\$172,190	Refund to Member Agencies
9/30/2012	\$130,000	To fund Pilot Water Transfer Plan
3/31/2013	\$65,000	Initial funding for Water Demand Study
4/21/2014	\$300,000	Final funding for Water Demand Study
6/30/2014	\$98,000	To fund FY 2013-14 OPEB contribution
6/30/2014	\$66,000	To fund Pilot Water Transfer Plan
6/30/2015	\$296,436	To fund FY 2014-15 Operating Budget

**Appendix G: 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 2016-17 is estimated to be 1283 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 H: Select Financial Details Related to BAWSCA’s Subscription Conservation Program**

Table H-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 H-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 H-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
<b>2011-12</b>			
EarthCapades	\$61,965	\$1,500	
HET Rebate		\$8,115	\$4,151
Large Landscape Audit	\$99,457	\$1,332	
Lawn Be Gone		\$140	\$2,861
Water Wise Ed. Kits	\$108,951	\$3,221	
Washing Machine Rebate	\$455,290	\$8,559	\$544
<b>Total</b>	<b>\$725,663</b>	<b>\$22,867</b>	<b>\$7,556</b>
<b>2012-13</b>			
EarthCapades	\$64,110	\$1,900	
HET Rebate		\$6,675	\$300
Large Landscape Audit	\$66,045	\$1,332	
Lawn Be Gone		\$380	\$2,434
Water Wise Ed. Kits	\$65,922	\$5,368	\$1,494
Washing Machine Rebate	\$419,625	\$16,851	\$1,581
<b>Total</b>	<b>\$615,702</b>	<b>\$32,506</b>	<b>\$5,808</b>
<b>2013-14</b>			
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
<b>Total</b>	<b>\$562,960</b>	<b>\$25,141</b>	<b>\$1,405</b>
<b>2014-15</b>			
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		
<b>Total</b>	<b>\$580,617</b>	<b>\$25,984</b>	<b>\$423</b>

**Appendix I: Historical Assessments**

Table I-1 displays the history of assessments and year-end reserves.

**Table I-1. Historical Annual Assessments and Year-End Reserves**

Fiscal year	Assessments	Year-End Reserves
2003-04	\$1,668,550	\$276,480
2004-05	\$1,641,995	\$246,882
2005-06	\$1,953,998	\$240,000
2006-07	\$2,117,904	\$654,000
2007-08	\$2,117,904	\$691,474
2008-09	\$2,309,000	\$507,474
2009-10	\$2,517,000	\$407,192
2010-11	\$2,517,000	\$653,763
2011-12	\$2,517,000	\$916,897
2012-13	\$2,517,000	\$985,897
2013-14	\$2,517,000	\$521,897
2014-15	\$2,642,653	\$225,461
2015-16	\$3,276,889	\$851,830 <i>(estimated)</i>

**Appendix J: Value for the Cost**

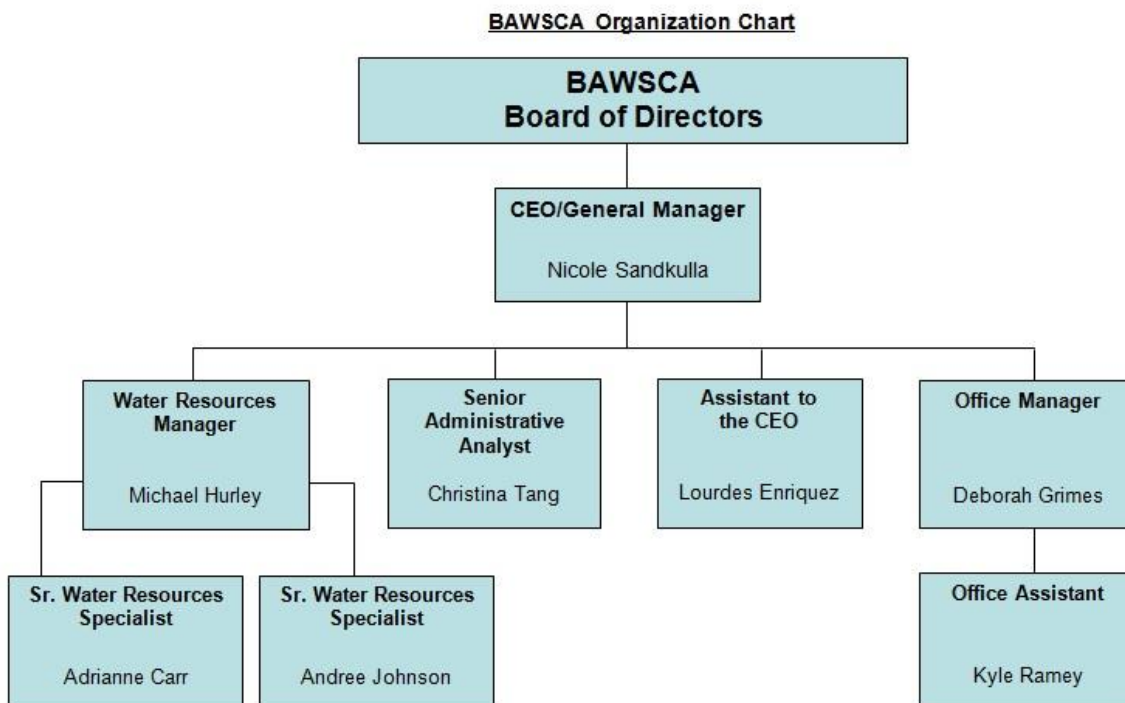
The formula for BAWSCA assessments results in equivalent cost per gallon throughout BAWSCA’s members. All BAWSCA costs are ultimately passed on to water customers through the water rates of the local city, district, or private utility. Table J-1 below provides the estimate annual cost per person and 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 <i>(proposed)</i>	\$5.88 <i>(proposed)</i>

**Appendix K: Current Organization and Staffing**

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



**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY**

**BOARD POLICY COMMITTEE MEETING**

**Agenda Title:**           **Results of Survey on Board Meeting Time and Location Change**

**Summary:**

Due to worsening traffic conditions, the Board Policy Committee suggested an evaluation of the benefits to moving the Board Meetings to the daytime, when traffic congestion is potentially less. The meeting day, 3rd Thursday bi-monthly, and duration of two and a half hours will remain. Interest in alternative meeting locations with access to CalTrain has also been expressed.

The date, time, and location of BAWSCA Board meetings are established through its Rules of the Board. Any permanent change to regular Board meeting date, time or location would need to be approved as an amendment to the Rules of the Board by an affirmative vote of the majority of the full Board.

BAWSCA conducted two separate surveys related to traffic concerns and possible changes to regular Board meeting times. The responses to the survey and potential conclusions are shown below. Based on further discussion by the Committee and direction to the CEO/General Manager, it is anticipated that this item will be brought forward to the Board either for further discussion or action.

**Fiscal Impact:**

None at this time.

**Recommendation:**

**That the Board Policy Committee provide feedback on survey responses to provide guidance to the Board and further direction to the CEO/General Manager regarding a potential change in meeting time and location.**

**Discussion:**

In compliance with the Brown Act, BAWSCA conducted two separate anonymous surveys of Board Members, with a total of five questions. The complete responses are shown on Exhibit A.

Based on the survey responses, a few conclusions can be made:

- 69% of responding board members are negatively affected by the current traffic congestion on the way to the 7 pm Board meetings;
- 61% of responding board members say a daytime meeting will be better for their schedule;
- Changing to a daytime meeting will negatively impact one board member and possibly impact 10 other board members; and
- There was no overwhelming 1<sup>st</sup> choice for a new meeting time.

BAWSCA is also investigating alternative meeting locations that are within walking distance of a Cal Train station in the San Mateo/Belmont area to facilitate the use of public transportation. The preferred alternative location is the San Mateo Public Library on El Camino due to its size and configuration. This location is available on BAWSCA's regular meeting days for all meeting

times except BAWSCA's current 7 pm meeting as the Library closes at 8 pm. The 2<sup>nd</sup> alternative location is the Emergency Operating Center meeting room at Belmont's City Hall. The configuration of this room is not ideal but can accommodate the size of the BAWSCA board meeting. This meeting location is available for all possible meeting times under consideration, including the current 7 pm meeting time.

**BAWSCA Rules of the Board**

BAWSCA's enabling legislation grants the Agency discretion to establish and change the time, place, and frequency of its Board meetings.

BAWSCA's Board established the time and place of its regular meetings through its Rules of the Board, which are its bylaws, adopted on September 2003, and amended in June 2004 and July 2011.

BAWSCA's Rules of the Board state that:

- Regular meetings of the Board shall be held on the third Thursday of January, March, May, July, September and November at the hour of 7 P.M.
- The date, time, and/or location 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.
- Special meetings of the Board may be called by the Chairperson or by a majority of the members of the Board. The notice of the meeting shall state the particular business to be conducted. The Board may not consider other business at such meetings
- All regular meetings of the Board shall be held at the Foster City Library-Community Center, 1000 East Hillsdale Boulevard. 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.

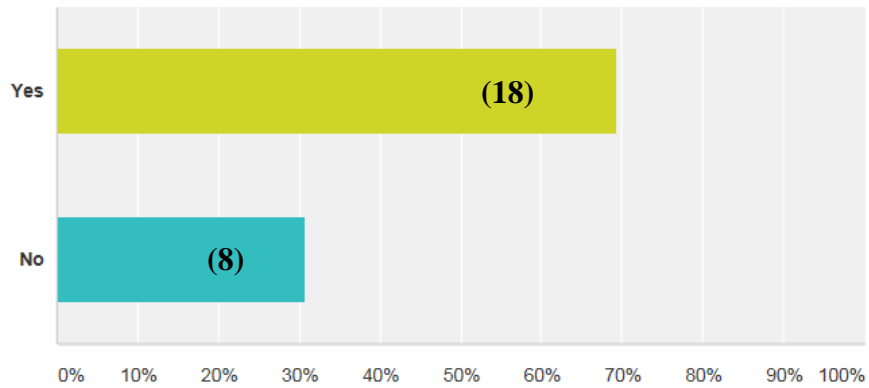
Rule VI requires an affirmative vote by the majority of the full Board to amend the Rules. The Board will need to amend the Rules of the Board through a majority vote of the full Board in order to permanently change its regular meeting date or time.

Exhibit A

**BAWSCA Meeting Time Change Survey #1**

**Q1: Are you negatively affected by the current traffic congestion in your commute to the BAWSCA Board meetings at 7pm?**

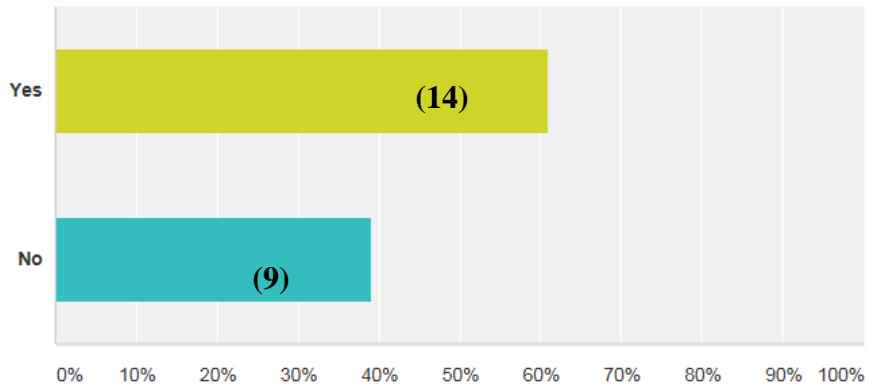
Answered: 26 Skipped: 0



Answer Choices	Responses	Count
Yes	69.23%	18
No	30.77%	8
Total		26

**Q2: Will a daytime meeting be better for your schedule?**

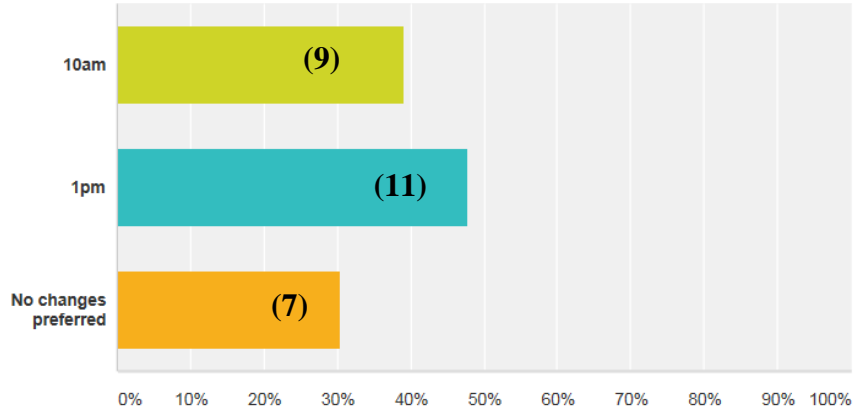
Answered: 23 Skipped: 3



Answer Choices	Responses	Count
Yes	60.87%	14
No	39.13%	9
Total		23

**Q3: If the Board Meeting time was to change given the worsening traffic conditions, what time do you think it should be changed to?**

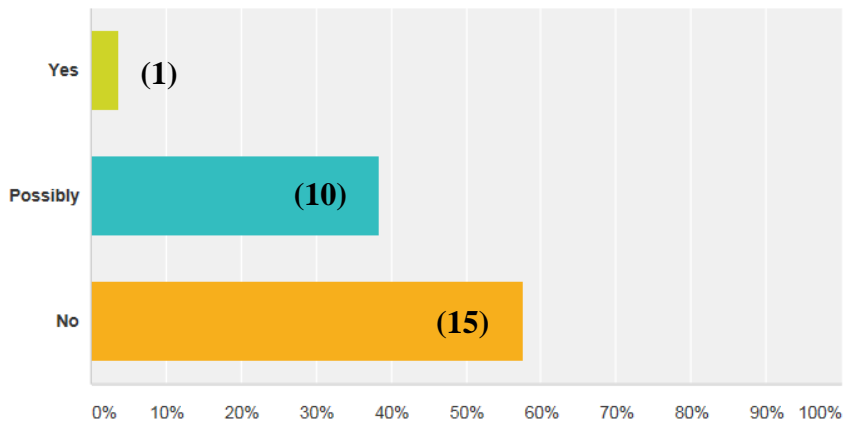
Answered: 23 Skipped: 3



Answer Choices	Responses
10am	39.13% 9
1pm	47.83% 11
No changes preferred	30.43% 7
Total Respondents: 23	

**Q4: Would changing the meeting time to a daytime meeting impact your ability to serve as a BAWSCA Board Member?**

Answered: 26 Skipped: 0



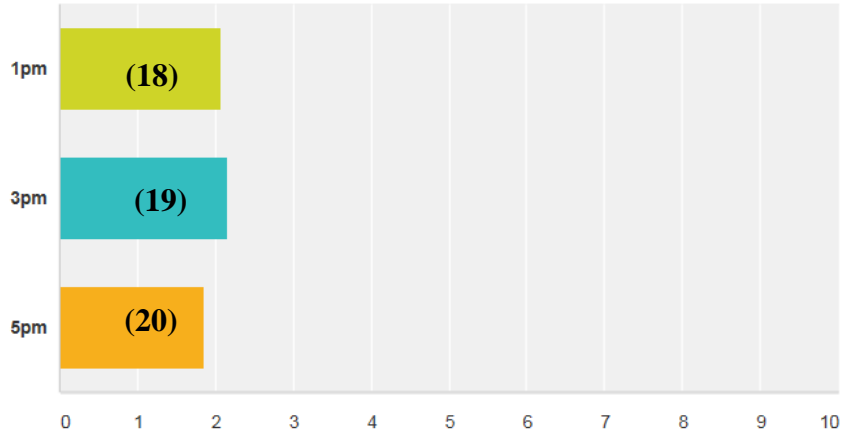
Answer Choices	Responses
Yes	3.85% 1
Possibly	38.46% 10
No	57.69% 15
Total	26



## BAWSCA Meeting Time Change Survey #2

**Q5: BAWSCA is considering changing the meeting time for its bi-monthly meetings that occur on the 3rd Thursday of odd numbered months. Please rank in order, with #1 being the top preferred option, the following potential meeting times:**

Answered: 20 Skipped: 0



	1	2	3	Total	Score
1pm	38.89% 7	27.78% 5	33.33% 6	18	2.06
3pm	26.32% 5	63.16% 12	10.53% 2	19	2.16
5pm	40.00% 8	5.00% 1	55.00% 11	20	1.85

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# **BAWSCA**

**Bay Area Water Supply & Conservation Agency**

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

## MEMORANDUM

**TO: Board Policy Committee**  
**FROM: Nicole Sandkulla, CEO/General Manager**  
**DATE: April 8, 2016**  
**SUBJECT: Chief Executive Officer/General Manager's Letter**

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### **SFPUC 2035 Water Management Action Plan (WaterMAP):**

The SFPUC has initiated a planning effort to address water supply through the San Francisco Regional Water System (RWS) for the 2019 to 2035 planning horizon called the 2035 Water Management Action Plan (WaterMAP). The purpose of the WaterMAP is to guide the SFPUC's efforts to meet its commitment and responsibilities to its customers, specifically in relationship to the upcoming 2018 decisions to be made by the Commission of whether to make the cities of San Jose and Santa Clara permanent customers of the Regional Water System, and to provide additional permanent supply to any BAWSCA member agency.

The SFPUC is anticipated to publish the first WaterMAP document in early May. A staff report will be provided to the Board in May.

### **Habitat Removal on Peninsula Watershed:**

As part of its Bioregional Habitat Restoration (BHR) Program, the SFPUC has begun habitat restoration on its Peninsula Watershed lands this spring, starting with areas near the southern half of the Sawyer Camp Trail. Specifically, work along the trail has begun with an herbicide treatment of invasive non-native acacias, and will last into the summer. The physical tree removal will start in the fall 2016. This initial herbicide treatment will have no effect on the trail or trail users, but it will be visible to members of the public. Required signage will be posted around the activity and will include appropriate contact information.

The attached flier was provided to San Mateo County and nearby Peninsula city officials, and it is being posted and dispensed at the trail gates. The flier provides more details about the treatment and the larger restoration program in general, as well as contact information at the SFPUC.

Attachment:

1. Habitat Restoration on Peninsula Watershed

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# HABITAT RESTORATION ON PENINSULA WATERSHED



Oak Woodland with Scattered Coast Live Oak



Grassland Flowers: Columbine and Fragrant Fritillary

The Bioregional Habitat Restoration (BHR) program is a unique and comprehensive approach to compensation required by state and federal law for impacts resulting from construction of the SFPUC's Water System Improvement Program Projects. The program includes preserving, enhancing, and restoring habitat for endangered plants, butterflies, and wildlife on SFPUC watershed lands on the Peninsula and in the East Bay.

## Displacement of Natural Habitat

The SFPUC Peninsula watershed is home to many native rare and endangered plants, butterflies, birds and other wildlife—many found nowhere else in California. Over the decades in some areas, especially east of Crystal Springs and San Andreas Reservoirs, invasive non-native vegetation has displaced the native grasslands and oak woodlands that provide essential habitat for these species. As part of the BHR program, we are restoring oak woodland and grassland habitats at several locations.

## Restoration Steps

Our efforts to establish native plant species and habitats would be unsuccessful without measures to first remove and control the invasive vegetation. This is because the native plantings would not be able to compete with the invasive vegetation or survive in the understory. Therefore, we will be removing a portion of the invasive vegetation—including acacia, eucalyptus, and pines—from several of the BHR sites beginning spring 2016. Initial removal efforts will occur within view of Sawyer Camp Trail. Some of the invasive vegetation is able to produce dense re-sprouts even after cutting, so we are first using a spot-treatment called frilling (making a small cut on the vegetation, and then applying a small amount of herbicide to the inside of the cut). This kind of application is a precise way to minimize re-sprouting while avoiding adverse impacts to air quality, water, or wildlife.

Physical removal of the invasive vegetation, using saws, will start in fall 2016. Temporary closures of the Sawyer Camp Trail will be in effect during the physical removal, and more specific information will be posted in advance. Subsequent planting with native grasses and oaks will take place throughout the two-year project term.



**Hetch Hetchy**  
**Regional Water System**

Services of the San Francisco Public Utilities Commission

**Project Start:** Spring 2016; Estimated Completion: Winter 2018

**Questions:** (866) 973-1476; [mliapes@sfpuc.org](mailto:mliapes@sfpuc.org)

**Project Updates:** [sfpuc.org/peninsula](http://sfpuc.org/peninsula)

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# Board Policy Committee Policy Calendar through June 2016

BPC Meeting	Purpose	Issue or Topic
April 2016	D&A D&A D D	Consideration of Proposed FY 2016-17 Work Plan and Budget Consideration of time and location change for regular Board meetings Review of Water Supply Forecast Introduction to SFPUC's Water Management Action Plan (MAP)
June 2016	D&A  D&A D&A R&D	Annual Review and Consideration of BAWSCA's Statement of Investment Policy  Consideration of New Water Management Consultant Contracts Discussion and possible action on CEO Performance Evaluation Procedure Review of SFPUC's Water Management Action Plan (MAP)
August 2016		
October 2016	D&A R&D	Review and Consideration of BAWSCA's General Reserve Policy BAWSCA Mid-Year Review for FY 2016-17 Work Plan and Budget
December 2016	D&A R&D	BAWSCA Mid-Year Review for FY 2016-17 Work Plan and Budget Work Plan and Budget Planning for FY 2017-18