

BAWSCA

Bay Area Water Supply & Conservation Agency

BOARD POLICY COMMITTEE

October 12, 2016
1:30 p.m.

BAWSCA Offices, 155 Bovet Road, San Mateo, 1st Floor Conference Room
(Directions on page 2)

AGENDA

<u>Agenda Item</u>	<u>Presenter</u>	<u>Page#</u>
<p>1. <u>Call To Order, and Roll Call</u> Roster of Committee members (<i>Attachment</i>)</p>	(Quigg)	Pg 3
<p>2. <u>Comments by Chair</u></p>	(Quigg)	
<p>3. <u>Public Comment</u> <i>Members of the public may address the committee on any issues not listed on the agenda that are within the purview of the committee. Comments on matters that are listed on the agenda may be made at the time the committee is considering each item. Each speaker is allowed a maximum of three (3) minutes.</i></p>	(Quigg)	
<p>4. <u>Consent Calendar</u> A. Approval of Minutes from the June 8, 2016 meeting (<i>Attachment</i>)</p>	(Quigg)	Pg 5
<p>5. <u>Action Calendar</u> A. Annual Review and Consideration of Statement of Investment Policy (<i>Attachment</i>) <u>Issue:</u> BAWSCA's Investment Policy requires the Board to act on it annually irrespective of any changes. No changes are recommended. <u>Information to Committee:</u> Staff memo and oral report. <u>Committee Action Requested:</u> That the Board Policy Committee recommend Board re-affirmation of the current Statement of Investment Policy.</p>	(Sandkulla)	Pg 15
<p>B. Amendment to Policies and Procedures for the Purchase of Equipment and Supplies/Award of Contracts (<i>Attachment</i>) <u>Issue:</u> What were Legal Counsel's findings in its review of BAWSCA's Procurement Policy according to the Mini-Brooks Act? <u>Information to Committee:</u> Staff memo and oral report. <u>Committee Action Requested:</u> That the Board Policy Committee recommend the Board adopt the proposed resolution revising the Procurement Policy to update the CEO/General Manager's position title and clarify the following:</p>		Pg 25

1. The “best value” evaluation methodology should be used for all services procurements, with the exception of contracts for services listed under Government Code Section 4525 et seq.
2. Contracts for services listed under Government Code Section 4525 et seq. must be selected based solely upon qualifications, without using cost as a determining factor.

6. Reports

(Sandkulla)

- A. SWRCB Draft Substitute Environmental Document (SED)
- B. CEO Letter (*Attachment*)
- C. Board Policy Committee Calendar (*Attachment*)
- D. Correspondence Packet ([Under Separate Cover](#))

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7. Comments by Committee Members

(Quigg)

8. Adjournment to the next meeting on December 14, 2016 at 1:30pm in the 1st floor conference room of the BAWSCA office building, at 155 Bovet Road, San Mateo.

*Upon request, the Board Policy Committee of the Bay Area Water Supply and Conservation Agency (BAWSCA) will provide for written agenda materials in appropriate alternative formats, or disability-related modification or accommodation, including auxiliary aids or services, to enable individuals with disabilities to participate in public meetings. Please send a written request, including your name, mailing address, phone number and brief description of the requested materials and the preferred alternative format or auxiliary aid or service at least two (2) days before the meeting. Requests should be sent to: **Bay Area Water Supply & Conservation Agency, 155 Bovet Road, Suite 650, San Mateo, CA 94402** or by e-mail at bawasca@bawasca.org*

*All public records that relate to an open session item of a meeting of the Board Policy Committee that are distributed to a majority of the Committee less than 72 hours before the meeting, excluding records that are exempt from disclosure pursuant to the California Public Records Act, will be available for inspection at **BAWSCA, 155 Bovet Road, Suite 650, San Mateo, CA 94402** at the same time that those records are distributed or made available to a majority of the Committee.*

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 1st 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

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**

June 8, 2016 – 1:30 p.m.

BAWSCA Offices, 155 Bovet Road, San Mateo, 1st Floor Conference Room

MINUTES

- 1. **Call to Order: 1:30 p.m.:** Committee Chair Dan Quigg called the meeting to order at 1:32 pm. A list of Committee members who were present (9), absent (1) and other attendees is attached.

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

- 2. **Comments by the Chair:** Committee Chair Dan Quigg announced the resignation of Kirsten Keith from the Board Policy Committee due to conflicts with her work. She will continue to serve on the BAWSCA Board.

Chair Quigg noted that there are two action items which the committee is asked to recommend to the Board for approval in July. The first is a demand reduction study that will analyze the significant water use reduction during the past several years. The second is a development of a water system modeling tool. Both are important to BAWSCA's critical work on future water supply planning.

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

- 4. **Consent Calendar:** Approval of Minutes from April 13, 2016 meeting.

Director O'Connell made a motion, seconded by Director Vella, that the minutes of the April 13, 2016 Board Policy Committee meeting be approved.

The motion passed. Director Guzzetta abstained because he was not present at the April 13th meeting.

- 5. **Action Item:**

- A. **Professional Services Contract with ReNUWI to Complete a Demand Reduction Study as Part of BAWSCA's Drought Response Analysis:** Michael Hurley reported that BAWSCA's work plan in FY 2016-17 includes the initiation of a Demand Reduction Study as part of the Drought Response Analysis. The objective of the study is to better understand long-term implications on water use within the BAWSCA service area. Other elements of the Drought Response Analysis are the evaluation of drought preparedness and review of SFPUC and member agencies' shortage provisions. Collectively, these efforts will support the planning for future droughts and long-term water supply planning.

The Demand Reduction Study will investigate the impacts of various factors on demands such as media coverage, State Board regulations, climate, cost of water, and active conservation programs to name a few. The study will utilize existing records of "data rich" agencies such as Redwood City and Mountain View who have technology such as Advanced Metering Infrastructure (AMI).

Total estimated cost for this initial effort is \$20K.

BAWSCA will be working with Re-inventing the Nation's Urban Water Infrastructure (ReNUWIt) on this effort. ReNUWIt is an applied research center at Stanford with researchers from UC Berkeley, Colorado School of Mines, and New Mexico State University.

In 2014, Dr. Newsha Ajami, Director of Urban Water Policy with Stanford's ReNUWIt initiative, reached out to BAWSCA to collaborate on regional water management strategies. BAWSCA has been successfully working with ReNUWIt since.

The partnership has proven to be successful as there is significant overlap between ReNUWIt's ongoing efforts and the analysis that BAWSCA seeks to develop in the demand reduction study. In particular, a media coverage analysis has been initiated, and a turf replacement effectiveness analysis has been completed by a group of Stanford undergraduate students. The results, however, can be improved with substantial data BAWSCA can readily provide.

In April 2016, BAWSCA became an Associate Member of ReNUWIt, which enables BAWSCA to collaborate with ReNUWIt and have access to educational and research expertise. Given the mutually beneficial relationship, staff recommends a sole source agreement with ReNUWIt to leverage ReNUWIt's ongoing work and expand it to achieve BAWSCA's desired results. This approach increases the overall cost-effectiveness of the work.

Director Larsson expressed his support for the contract with ReNUWIt, but inquired about BAWSCA's procurement process.

Legal Counsel, Allison Schutte, explained that BAWSCA's procurement policy does not require the same state mandated rules that cities have. For services, the CEO/General Manager can enter into a contract of \$25K or less without a defined process. Service contracts that exceed \$25K require approval of the board. The proposed contract amount of not to exceed \$20K with ReNUWIt does not require Board approval, however, staff is choosing to present it to the Board. Contracts for supplies do have a required process.

In response to Director Schmid's question about who will do the work, Mr. Hurley explained that ReNUWIt is a consortium of researchers and the work will be performed by PhD students under the direction of Dr. Newsha Ajami.

Ms. Sandkulla added that BAWSCA's working relationship with ReNUWIt started because of Dr. Ajami's interest in collaborating with BAWSCA. It developed into a mutually beneficial relationship today because of how closely each other's efforts are aligned.

Director Guzzetta suggested that the Board be provided with estimated hourly rate against the scope of work. Additionally, demand hardening should be carefully looked at given the multiple droughts the region has experienced. Indoor water use has changed significantly and outdoor use has been significantly reduced. Having a measure of where demand hardening currently is, would be helpful to water managers because the harder demand gets, the more critical increased reliability becomes.

Director Vella stated that he would like to see the final product put to use, and commented that the not-to-exceed cost should include legal review.

Ms. Sandkulla explained that legal counsel's budget anticipates their review of contracts according to BAWSCA's adopted work plan and operating budget.

Director Mendall expressed his support and made a motion, seconded by Director O'Connell, that the Committee recommend that the Board authorize the CEO/General Manager to negotiate and execute an agreement with ReNUWI, subject to legal counsel review, to complete the Demand Reduction Study of the Drought Response Analysis.

The motion passed unanimously.

- B. Professional Services Contract with ReNUWI to Develop Independent Regional Water System and Supply Modeling Tool:** As part of the Long-Term Reliable Water Supply Strategy (Strategy) BAWSCA has a cooperative agreement with the SFPUC to utilize its modeling tool to identify potential future hydrologic conditions for the service area. Under this agreement, the SFPUC analyzed the probability of supply shortages on the San Francisco Regional Water System that was published in the Strategy report.

Mr. Hurley reported that BAWSCA's reliance on SFPUC's supply reliability modeling has reached its limits, and is no longer efficient in meeting BAWSCA's needs for implementation of the Strategy. The development of an independent modeling tool would allow the analysis of different scenarios based on BAWSCA's needs, and the ability to expand the analysis to other regional supplies, therefore understanding their potential impacts to the service area's supply reliability. Having these features in an independent modeling tool is a critical element in the implementation of the Strategy.

The SFPUC's current model is reflective of their WSA obligations and has limited capabilities. The goal of BAWSCA's independent modeling tool is to replicate SFPUC's model and expand upon it to include incorporation of all supplies relied upon by BAWSCA member agencies.

Ms. Sandkulla added that the SFPUC will continue to have its modeling tool. BAWSCA will take SFPUC's tool as a component of a combined regional modeling tool that will include input from the State Water Project, Santa Clara Valley Water District (SCVWD) imported supplies, and other supplies relied upon in the BAWSCA service area.

Lessons learned from the region's experiences with the ongoing drought will be applied. For example, as part of BAWSCA's Strategy, member agencies wanted BAWSCA to keep focus on the water supply reliability of the SF RWS, and not look at the reliability of other supplies utilized by the agencies. This proved to be a failed assumption because the other systems significantly impacted the SF RWS during this current drought.

Additionally, BAWSCA's pilot water transfer plan demonstrated that while partnering agencies may be willing, and facilities may exist to execute a transfer, water supply or system capacity may not be available.

BAWSCA's regional representation of 26 water providers in three counties puts BAWSCA in a unique position to lead this kind of effort. The member agencies, SFPUC, and Santa Clara Valley Water District (SCVWD) recognize the benefit of understanding the interrelationships of the regional supplies, and all agencies are supportive of BAWSCA.

BAWSCA's opportunity to develop such independent modeling tool is to build on the ongoing efforts of ReNUWIt. Stanford's ReNUWIt researchers have started developing a water supply reliability modeling tool for their own research efforts using data from the BAWSCA service area. Because of the significant overlap in BAWSCA's and ReNUWIt's efforts to examine regional water management strategies, a sole source contract is recommended to leverage ReNUWIt's ongoing work and increase cost-effectiveness for BAWSCA.

BAWSCA anticipates this to be a multi-year effort with an estimated total cost of \$60-\$100K. The estimated cost for FY 2016-17 is \$40K.

The initial work in FY 2016-17 will 1) formulate the modeling approach and develop an outline of the potential scenarios to be analyzed, and 2) examine existing models and their underlying assumptions, identify additional data needs and uncertainties, as well as methodologies to evaluate reliability of the other supplies.

The deliverables for the work to be completed in FY 2016-17 will be two technical memos summarizing the findings.

The development of the approach to simulate the reliability of the SF RWS will begin in FY 2016-17, but will continue through FY 2017-18. This work will determine whether a new or revised model should be created. Status reports on this portion of the work will be provided throughout FY 2016-17.

In response to Director Larsson's question about the output of the model, Mr. Hurley explained that the model would serve as a mass-balancing model that would look at the available water against the service area demands, the excess water and available storage, as well as water deficiency and where supply can be pulled from. The operational functions are the different scenarios to be analyzed. The output would be whether the operational functions make sense, are possible, cost-effective, or involve risks.

Ms. Sandkulla stated that this tool will be instrumental in evaluating future investments and in determining whether those investments work with the system that the service area relies upon, which is not limited to the SF RWS. What became very clear with the ongoing drought and with the Pilot Water Transfer plan is that while BAWSCA may have a plan to implement a water transfer, it may not have access to the water supply due to the state of the other systems. With the modeling tool, both the transfer and the storage capabilities can be reviewed together.

Director Mendall commented that the service area's response to the emergency regulations proved that the assumption about demand hardening was inaccurate three years ago. While it is a difficult equation, it would be ideal to obtain a better sense of what can be expected in the next drought so the service area can be better prepared.

Mr. Hurley stated that both the drought analysis and development of a modeling tool will better inform BAWSCA so that future droughts and water supply shortages are addressed as realistically as possible.

Director Schmid believes that the development of an independent modeling capability is very valuable. However, he expressed his concern with ReNUWIt's commitment to the success of the project against the SFPUC's ability to make a bigger investment and develop a better modeling tool. He requested that regular progress reports be provided to the Board.

Ms. Sandkulla agreed to provide progress reports on a regular basis during the project timeline. She added that the SFPUC supports this effort because they recognize the value of the information it can provide. The expectation is to continue the partnership between BAWSCA and the SFPUC in developing the modeling tool as a regional tool with the input from the SFPUC and other water suppliers in the region.

Mr. Hurley added that BAWSCA takes the institutional commitment and continuity seriously. BAWSCA's key contact at ReNUWIt for this project along with Dr. Ajami is a graduate level student who is just starting her doctoral program and is committed to the effort for the next 3-5 years. There will be researchers and a core group of students who will be working on this project and will be interacting with BAWSCA as well.

Director Guzzetta commented that the power of this kind of institutional relationship comes when the university engages students so that there is an educational process for students to learn about the practical world and obtain hands-on training in finding solutions to the problems. This eventually leads to developing educated staff who become the leaders of the effort.

He added that it is important to have a solid context with the professors who are the main drivers of ReNUWIt's success with this effort, and who will want to seek out graduate level students who have an interest in this area.

Mr. Hurley agreed and stated that Dr. Ajami is committed to this effort and was the one who cultivated the mutually beneficial relationship with BAWSCA and ReNUWIt.

In response to Director Benton's inquiry, Ms. Sandkulla explained that BAWSCA's investment of \$40K with ReNUWIt will initiate the process to develop the framework of the model. The work plan and budget for FY 2017-18 will include the cost and efforts needed to complete the model and identify what kind of analysis should be done to obtain information BAWSCA and member agencies want.

Director Mendall made a motion, seconded by Director Vella, that the Committee recommend the Board authorize the CEO/General Manager to negotiate and execute a contract with ReNUWIt, subject to legal counsel review, to perform initial development of an Independent Regional Water System & Supply Modeling Tool, and entail regular progress reports from the CEO/General Manager to the Board.

The motion passed unanimously.

6. Reports

- A. Water Supply and Drought Update: Mr. Hurley reported that the storage level at Hetch Hetchy reservoir is slightly below normal due to the ongoing efforts of San Francisco to fill the Water Bank. The total system storage is at 84.5%, which is a significant improvement from previous months.

Precipitation is above median. Snowpack approached median in early February but remains slightly below since mid-February. Conditions, however, are better than previous years when runoff started earlier.

Tuolumne River water available to the City is currently at 523 TAF compared to 50 TAF in 2015. SFPUC projects a high forecast of 780 TAF, which remains below the 810 TAF needed to achieve full storage capacity. This is reflective of SFPUC's continued call for a voluntary 10% water use reduction.

Total deliveries continue to remain below the State's mandatory reduction target, which will be lifted in June. Mr. Hurley was pleased to report that all 26 BAWSCA member agencies are meeting or exceeding their mandatory reduction targets. Overall, the agencies achieved a savings of 20 billion gallons over a period of 11 months.

Committee members expressed interest in knowing how usage has gone down to 40 gpcd, which is way below the EPA's floor of 50 gpcd.

Director Breault stated his concern that the numbers indicate future inelasticity. He emphasized the importance of understanding demands and how much more elastic demand can be when the next drought comes.

As part of the demand reduction study, BAWSCA will aim at understanding what factors contributed to the demand reductions for each agency.

Mr. Hurley reported the changes the State Water Resource Control Board (SWRCB) made on the emergency drought regulations. The SWRCB added back the requirements for restaurants to offer water upon request and for hotels to provide the option of not having their towels replaced daily. The deadline for wholesalers to provide urban water suppliers with data to complete self-certification and to produce conservation standards was extended to June 15th.

The SWRCB also added the option for wholesalers and their retailers to submit an aggregated conservation standard. Member agencies can collectively submit a conservation standard which, BAWSCA discussed with the Water Management Representatives at its June meeting.

The new regulations went in effect as of June 1st. The SFPUC has indicated that it has sufficient supply to meet the region's demands with a 0% cutback per the SWRCB formulas, but will continue to call for a voluntary 10% water use reduction.

The SCVWD is expected to go to its Board with a recommendation of a continued water usage cutback at 20%, collectively.

BAWSCA will continue to provide assistance to its member agencies. The deadline for water retailers to complete the self-certification process is June 22nd.

BAWSCA will be participating in the “listening sessions” that state agencies will conduct regarding the implementation of the Executive Order, which will focus on the long-term implementation.

- B. Water System Improvement Program (WSIP) Update: Ms. Sandkulla reported that BAWSCA continues its involvement with the WSIP.

BAWSCA provided comments on SFPUC’s proposed changes to the WSIP scope, schedule and budget. The comments focused on SFPUC’s ability to meet demands and the drought level of service goals, the potential impacts to the system should Mountain Tunnel fails, and SFPUC’s commitment to complete the WSIP cost-effectively by shifting resources as the program comes to a close.

SFPUC staff was responsive to BAWSCA’s comments and committed to providing the Commission regular reports on its implemented cost-saving practices and procedures, as well as a plan that ensures best management practices of its finances. Ms. Sandkulla reported that at the beginning of the WSIP, an assumed number was allocated for bond financing based upon and assumed costs at the time. At BAWSCA’s request, the SFPUC agreed to compare the actual financing costs to date, recognize any cost savings achieved, and apply those cost savings to future changes needed for the program.

The Calaveras Dam Replacement Project continues to make progress. Ms. Sandkulla reported that the SFPUC requested BAWSCA’s assistance in obtaining a permit renewal from Alameda County to close Calaveras Dam Road. On June 2, 2016, BAWSCA wrote a letter to the Alameda County Board of Supervisors urging them to act on a permit renewal. The item is on the Transportation and Planning Committee agenda for June 23rd, and is expected to be presented to the Board of Supervisors on June 28th.

The initial permit provided periods for road closures for hauling materials on Calaveras Road. The delays experienced is causing the project to go outside of the dates of the original permit which expires July 1st. Without the permit renewal for the road closure, SFPUC would be limited to hauling materials for the Calaveras Dam project at night, therefore impacting the project schedule and costs due to time constraints and additional resources and safety precautions needed for night time operations. The estimated additional costs would be between \$5 to \$10 million.

- C. SFPUC’s Water Management Action Plan (Water MAP): Ms. Sandkulla reported that she spoke at the May 24th Commission meeting providing BAWSCA’s preliminary comments on SFPUC’s WaterMAP. While the Commission will not be presented with the WaterMAP until its meeting on June 14th, it was important to establish BAWSCA’s position on this effort by the SFPUC.

Ms. Sandkulla’s May 24th statement to the Commission emphasized 1) BAWSCA’s expectations for SFPUC to continue meeting its LOS goals adopted as part of the WSIP Program EIR, 2) BAWSCA’s support of East Palo Alto, Santa Clara, and San Jose’s efforts to secure additional permanent supplies from the Regional Water

System, and 3) BAWSCA Board, staff and member agencies' commitment to, and engagement with, the process.

The presentation to the Commission on June 14th will be for information only. The Commission will not be asked to act, but will be asked for input and feedback. Commission support would prompt development of an addendum to the WSIP Program EIR and likely project level EIR's. SFPUC's preliminary schedule indicates completion of necessary CEQA document in FY 2017-18, and action by the Commission in 2018.

Ms. Sandkulla stated that the questions being addressed in the WaterMAP have different timelines, therefore, BAWSCA's review of the document will look at how to break down the different issues to manageably address each of them.

BAWSCA's review of the document and the Commission's response will be reported to the Board at its July 21st meeting.

- D. Partnership on a Potable Reuse Study: Mr. Hurley reported that as part of BAWSCA's ongoing efforts to identify water resource opportunities for the Strategy, BAWSCA is partnering with Silicon Valley Clean Water (SVCW) along with Cal Water and SFPUC to develop a potable reuse exploratory plan.

SVCW operates waste water treatment facilities that serve communities in Belmont, San Carlos and Redwood City. In 2015, SVCW approached BAWSCA to explore partnership opportunities for the development of both direct potable reuse (DPR) and indirect potable reuse (IPR) supply. SVCW currently estimates 8-10 mgd of available capacity for an IPR/DPR project.

The parties are currently working to finalize a memorandum of understanding (MOU) to begin Phase 1 of the study in FY 2016-17.

Phase 1 would provide sufficient information to determine whether to proceed with further exploration of IPR potential. The study will focus on three elements which include 1) treatment requirements, 2) integration into and development of new transmission facilities, and 3) introduction of IPR supplies into existing storage. Each task will examine the potential with the SF RWS facilities including consideration of BDPL 1 or 2 for the isolated transmission required for IPR, and Crystal Springs Reservoir and San Mateo Plain groundwater basin as potential points of introduction for storage. The total cost for Phase 1 is \$56K. SVCW is committed to \$25K. The agencies are working on finalizing cost allocations.

Mr. Hurley explained that the study will extrapolate from other efforts to minimize the development of data specific to the service area, and obtain information that can be shared among, and used by, the member agencies.

Director Schmid expressed that the additional 8-10 mgd from SVCW would be a good addition given the requests for additional supply by East Palo Alto, San Jose and Santa Clara.

In response to Director O'Connell, Mr. Hurley stated that SVCW is aware of inflow reductions and will include that factor as part of the analysis.

Ms. Sandkulla added that the study is going to determine the cost-effectiveness of IPR and DPR in all aspects of what is required for treatment, transmission, and especially storage. Finding storage is key, as 8-10 mgd will require space that SVCW currently cannot accommodate.

- E. CEO's Letter: Committee members had no questions or comments on the items reported in the CEO letter.
- F. Board Policy Committee Calendar: Action items for the September Board meeting require no prior action by the Board Policy Committee. There will be no meeting in August 2016.

7. **Comments by Committee Members**: There were no comments from Committee Members

8. **Adjournment**: The meeting was adjourned at 2:54pm. The next meeting is October 12, 2016.

Respectfully submitted,

Nicole Sandkulla, CEO/General Manager

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Attachments: 1) Attendance Roster

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD POLICY COMMITTEE –June 8, 2016

Roster of Attendees:

Committee Members Present

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
Al Mendall, City of Hayward (BAWSCA Vice Chair)
Irene O’Connell, City of San Bruno
Gregg Schmid, City of Palo Alto
Louis Vella, Mid-Peninsula Water District

Committee Members Absent

Jerry Marsalli, City of Santa Clara

BAWSCA Staff:

Nicole Sandkulla	CEO/General Manager
Michael Hurley	Water Resources Manager
Adrienne Carr	Sr. Water Resources Specialist
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	Strategic Counsel, Management Communications

Public Attendees:

Karla Dailey	City of Palo Alto
Michelle Novotny	San Francisco Public Utilities Commission

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD POLICY COMMITTEE MEETING

Agenda Title: **Annual Review and Consideration of BAWSCA’s Statement of Investment Policy**

Summary:

The Board’s Investment Policy states that the CEO/General Manager shall annually submit a Statement of Investment Policy to the Board, which the Board will consider at a public meeting. The previous review occurred on September 17, 2015 and resulted in no changes to the Policy. Quarterly investment reports are provided to the Board as required by the Policy.

Legal counsel confirmed that the current Investment Policy reflects language consistent with current State law. BAWSCA staff and investment advisor’s review and analysis of alternative investment options for BAWSCA’s general operating fund support the continuation of the current limitations contained in the Investment Policy. No changes to the policy are recommended at this time.

Fiscal Impact:

No impact on BAWSCA's annual operating budget.

Recommendation:

That the Board Policy Committee recommend Board re-affirmation of the current Statement of Investment Policy.

Discussion

All BAWSCA funds are invested in accordance with the Investment Policy and the California Government Code. The primary objectives of BAWSCA’s Investment Policy are safety, liquidity, and return on investment. Legal counsel has reviewed the applicable State law and believes that BAWSCA’s current Investment Policy reflects language consistent with current State law.

A question has been asked as to whether it would be beneficial for BAWSCA’s general operating fund to be invested elsewhere. Currently, BAWSCA’s investment policy limits investment options for BAWSCA’s general operating fund to bank deposits and Local Agency Investment Fund (LAIF). Public entities pool their small funds in the LAIF so they can participate in a major portfolio managed by the State Treasurer's Office. The balance of BAWSCA’s general operating fund is \$1,654,411 as of September 30, 2016, which includes \$1,578,173 invested in LAIF.

To evaluate alternative investment options, BAWSCA conducted an investment tool survey of Sacramento Regional Water Authority, a public Joint Powers Authority that operates a business similar to BAWSCA, and four member agencies whose annual operating budgets are lower than \$16 million. The results of this survey are provided in Attachment 2. Based

on the survey results, four of the five public agencies are using LAIF program as their only investment tool in addition to bank deposits. The other agency purchased over \$15 million Government-Sponsored Enterprise (GSE) securities that mature in 1 to 5 years as of April 30, 2016.

BAWSCA also performed a side-by-side comparison of investment alternatives as shown in Attachment 3. These options include LAIF, U.S. Treasury securities, and GSE securities. Based on the evaluation results, BAWSCA would need to invest in U.S. Treasury Securities or GSE Securities with a maturity of at least 2 years in order to receive more interest earnings than investing in LAIF. However, BAWSCA has high liquidity needs that must be served by the general operating fund. Annual assessments paid on a quarterly basis from member agencies are BAWSCA's sole revenue source and are used to fund BAWSCA's daily operations.

Due to BAWSCA's high liquidity needs and its relatively small general operating fund in size compared to the standard minimum fund requirement of \$10 million for investing in U.S. Treasury and GSE securities, the LAIF and bank deposits are the most appropriate and cost effective investment options for BAWSCA's general operating fund.

Based on BAWSCA's review of other similar public agencies' investment practices, an evaluation of investment alternatives, and consultations with BAWSCA's investment advisor and legal counsel, no changes to the current investment policy regarding approved investment options for BAWSCA's general operating fund are recommended at this time.

Attachments:

1. Statement of Investment Policy
2. Result of Investment Tool Survey
3. Result of Investment Alternatives Comparison

BAY AREA WATER SUPPLY & CONSERVATION AGENCY
STATEMENT OF INVESTMENT POLICY

Adopted February 19, 2004

Amended by the Board, July 15, 2010

Amended by the Board, July 21, 2011

Amended by the Board, November 15, 2012

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BAY AREA WATER SUPPLY & CONSERVATION AGENCY

STATEMENT OF INVESTMENT POLICY

1. Introduction

The investment policies and practices of the Bay Area Water Supply & Conservation Agency (BAWSCA) are based on state law and prudent money management. All funds will be invested in accordance with the Agency's Investment Policy and the California Government Code.

2. Scope

This policy applies to all funds and investment activities under the direction of the Agency, including funds held in the name of the Bay Area Water Users Association (BAWUA), a California nonprofit corporation of which the Agency is the sole member.

3. Prudence

The standard of prudence to be used by investment officials shall be the "prudent investor" standard and shall be applied in the context of managing an overall portfolio. All persons investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds shall act with care, skill, prudence and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and anticipated needs of the Agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the Agency.

Investments shall be made with the judgment and care which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived, and in accordance with the provisions of Government Code Section 53600 et seq.

4. Objectives

The primary objectives, in priority order, of the Agency's investment activities shall be:

A. Safety. Safety of principal is the foremost objective of the investment program. The Agency's funds shall be invested in a manner that seeks to ensure preservation of capital.

B. Liquidity. The Agency's investments will remain sufficiently liquid to enable the Agency to meet its cash flow requirements.

C. Return on Investment. The Agency's investments shall be designed with the objective of attaining a market rate of return consistent with the constraints imposed by its safety and liquidity objectives.

5. Delegation of Authority

The management and oversight responsibility for investments is hereby delegated to the CEO/General Manager who shall monitor and review all investments for consistency with this Investment Policy.

6. Investment of Funds

A. Permitted Investments and Depositories

(i) Agency funds may be deposited only in state or national banks and state or federal savings associations with offices in California that meet the requirements and conditions of the Government Code, as it may be amended from time to time.

(ii) Funds not deposited in banks or savings associations shall be invested in the Local Agency Investment Fund administered by the Treasurer of the State of California, in accordance with Government Code Section 16429.1.

B. Other Limitations

(i) The maximum amount of funds deposited with any bank or savings association shall be \$250,000; provided that if funds are each separately insured by the Federal Deposit Insurance Corporation ("FDIC"), the General Manager may maintain separate accounts for the Agency and for BAWUA (to a maximum of \$250,000 for each entity) at one bank or savings association. The temporary increase from \$100,000 to \$250,000 in the standard maximum deposit insurance amount has been permanently extended by the Dodd-Frank Wall Street Reform and Consumer Protection Act.

(ii) Investment maturities shall be based on a review of cash flow forecasts and shall be scheduled so as to allow the Agency to meet all projected obligations. The maturity of any certificate of deposit shall not exceed 12 months.

7. Investment of Bond Proceeds

Permitted Investments and Depositories. Pursuant to Government Code section 53601(m), a local agency may invest bond proceeds "in accordance with the ordinance, resolution, indenture, or agreement of the local agency providing for the issuance of those bonds." Typically, a local agency will specify in its investment policy that the investment of bond proceeds is out of the scope of the investment policy because permitted investments are specified in the bond indenture.

Instead, BAWSCA has determined that it would like to at least temporarily use its Investment Policy to restrict the vehicles permitted for the investment of bond proceeds to more conservative investments than are permitted by the Revenue Bond Indenture, dated January 1, 2013, by and between BAWSCA and the Trustee (the "Indenture"). This gives BAWSCA the flexibility to, through amendments to future Investment Policies, gradually expand permitted investments for bond proceeds to include some or all of the investment vehicles permitted in the Indenture. As

such, notwithstanding language allowing a broader range of investment vehicles in the Indenture, bond proceeds may be invested only in the following instruments:

(i) “Federal Securities” meaning direct and general obligations of the United States of America, or those which are fully and unconditionally guaranteed as to timely payment of principal and interest by the same;

(ii) “Money Market Mutual Funds” meaning funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by Standard & Poor’s of “AAAm-G” or “AAAm” and, if rated by Moody’s, having a rating by Moody’s of “Aaa,” including money market funds from which the Trustee or its affiliates derive a fee for investment advisory or other services to the fund or for which the Trustee or any of its affiliates serve as investment administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (i) the Trustee or an affiliate of the Trustee receives fees from funds for services rendered, (ii) the Trustee collects fees for services rendered pursuant to this Indenture, which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to this Indenture may at times duplicate those provided to such funds by the Trustee or an affiliate of the Trustee; and

(iii) “Certificates of Deposit” (including those placed by third parties pursuant to an agreement between the Agency and the Trustee), trust funds, trust accounts, overnight bank deposits, interest bearing money market accounts, time deposits, savings accounts, deposit accounts, bankers’ acceptances or money market deposits which are fully insured by the Federal Deposit Insurance Corporation, including those of the Trustee or its affiliates.

8. Reporting Requirements

The CEO/General Manager shall provide the Board a quarterly investment report, which shall include the information specified in Government Code Section 53646.

9. Annual Review of Investment Policy

The CEO/General Manager shall annually submit a Statement of Investment Policy to the Board, which the Board will consider at a public meeting.

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Attachment 2. Result of Investment Tool Survey

	FY2016-17 Operating Budget	Investment Tools of General Fund Other Than Bank Deposits
Sacramento Regional Water Authority	\$1,699,900	Local Agency Investment Fund (LAIF)
Purissima Hills Water District	\$4,687,500	LAIF
North Coast County Water District	\$10,213,803	LAIF
Mid-Peninsula Water District	\$10,856,950	LAIF
City of Brisbane ¹	\$15,500,000	Government-Sponsored Enterprise (GSE) Securities

1. This budget amount represents the city's operating budget in the general fund.

Attachment 3. Result of Investment Alternatives Comparison

Investment Options	Interest Rate (9/30/2016) A	Management Cost B	Net Interest C = A - B	Minimum Fund Requirement
LAIF	0.63%	0.005% ¹	0.625%	\$5,000
1-Year U.S. Treasury Securities	0.64%	0.080% ²	0.560%	\$10 Million
1-Year GSE Securities	0.65%	0.080% ²	0.570%	\$10 Million
2-Year U.S. Treasury Securities	0.76%	0.080% ²	0.680%	\$10 Million
2-Year GSE Securities	0.81%	0.080% ²	0.730%	\$10 Million

1. LAIF charges 0.5 basis points of the average market value of total funds in the pool for the quarter ending 06/30/2016.
2. BAWSCA's investment advisor, Public Trust Advisors, charges 8 basis points of the average market value of total funds under management with a minimum fund requirement of \$10M.

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD POLICY COMMITTEE MEETING

Agenda Item Title: Amendment to Policies and Procedures for the Purchase of Equipment and Supplies/Award of Contracts

Summary:

Under the Board's existing Procurement Policy, originally adopted in 2004, and amended in 2012, procurements of services contracts do not contain any requirements related to the appropriate methodologies staff should follow when procuring certain types of services. In order to ensure that staff is following appropriate evaluation and selection processes, amendments are proposed.

Fiscal Impact:

The recommended changes have no budgetary or other fiscal impact.

Recommendation:

That the Committee recommend the Board adopt the proposed resolution revising the Procurement Policy to update the CEO/General Manager's position title and clarify the following:

1. The "best value" evaluation methodology should be used for all services procurements, with the exception of contracts for services listed under Government Code Section 4525 et seq.
2. Contracts for services listed under Government Code Section 4525 et seq. must be selected based solely upon qualifications, without using cost as a determining factor.

Discussion:

The Board's existing Procurement Policy does not currently provide clarity on the methodologies to be used in the evaluation and selection of certain types of services contracts.

The proposed amendments clarify that the "best value" methodology (the overall combination of quality, price and other elements of a proposal that, when considered together, provide the greatest overall benefit to BAWSCA in response to the requirements described in the solicitation documents) should be used for all services contracts except those services listed under Government Code Section 4525 et seq. For those services listed in Government Code Section 4525 et seq. (architectural, landscape architectural, engineering, environmental, land surveying or construction project management services), the proposed amendments would clarify that such contracts are to be let to the proposer that is most qualified, without consideration given to price. Although prices may not be a determining factor in selection, prices must be determined to be fair and reasonable.

Attachments:

1. The Procurement Policy containing proposed adjustments in strike format.
2. A clean copy of the Policy and a resolution for adopting it.

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY
POLICIES AND PROCEDURES FOR THE PURCHASE OF EQUIPMENT AND
SUPPLIES AND THE AWARD OF CONTRACTS

I. PURCHASE OF EQUIPMENT AND SUPPLIES

A. Purchases Under \$25,000

When the estimated cost of equipment or supplies is below \$25,000, the CEO/General Manager may award the contract or purchase order. If the estimated cost is less than \$5,000, the CEO/General Manager shall attempt to secure the best value for the Agency, but need not solicit quotes or bids. If the estimated cost is between \$5,000 and \$10,000, the CEO/General Manager shall solicit informal quotes from at least two vendors. If the estimated cost exceeds \$10,000, but is less than \$25,000, the CEO/General Manager shall solicit formal written quotes from at least three vendors, but need not formally advertise for the solicitation of bids.

B. Purchases of \$25,000 or More

All contracts in the amount of \$25,000 or more shall be submitted to the Board of Directors for approval. When the estimated cost of equipment or supplies is \$25,000 or more, the CEO/General Manager shall solicit formal written bids/proposals through means and methods which he or she determines to be most cost-effective, which may include advertisement in a newspaper of general circulation in the Agency.

C. Leasing of Equipment

Leasing or renting of equipment is permitted if advantageous to BAWSCA. If the total rental payments due under a lease are below \$25,000, the CEO/General Manager shall follow the procedure in Section I.A. If the total rental payments due under a lease are \$25,000 or more, the CEO/General Manager shall follow the procedure in Section I.B.

D. Reporting

The CEO/General Manager shall report to the Board of Directors on (1) all contracts or leases entered into under Section I.A or I.C and (2) all change orders or amendments entered into under Section V.B. at the next meeting of the Board.

E. General

1. Board approval is required for extension of contracts or purchase orders beyond one (1) year where the cost of the extension is estimated to exceed \$25,000.

2. The CEO/General Manager is authorized to purchase equipment and supplies through the State of California cooperative purchasing program authorized by Public Contract Code Section 10298, California Multiple Awards Schedule (CMAS). If the cost of such purchase is expected to exceed \$25,000, the CEO/General Manager shall obtain Board approval before participating in the CMAS procurement.

II. PURCHASE OR LEASE OF REAL PROPERTY

Any contract for the purchase of real property must be submitted to and approved by the Board of Directors.

Any lease or sublease of real property, including any renewal or extension of an existing lease or sublease, must be submitted to and approved by the Board of Directors.

III. CONTRACTS FOR SERVICES

Contracts for services in which the maximum compensation payable does not exceed \$25,000 may be entered into by the CEO/General Manager. All other contracts shall be submitted to and approved by the Board of Directors.

With the exception of contracts for services described in the paragraph below, all services contracts shall be awarded to the proposer(s) that offer the best value to BAWSCA, which is defined as the overall combination of quality, price and other elements of a proposal that, when considered together, provide the greatest overall benefit to BAWSCA in response to the requirements described in the solicitation documents.

Pursuant to California Government Code Section 4525 et seq., BAWSCA shall use qualifications-based competitive proposal procedures for the procurement of architectural, landscape architectural, engineering, environmental (but, not where the scope of work consists of planning services), land surveying or construction project management services. Under this method, proposals shall not contain a cost proposal and shall be evaluated based upon qualifications and demonstrated competence. Negotiations shall be conducted with the proposer deemed most qualified. If the parties are unable to negotiate fair and reasonable contract terms, including compensation, then the negotiations will be closed and staff will commence negotiations with the second most qualified proposer. This process will be followed until an agreement is reached or the determination is made to recommend rejection of all proposals.

IV. CONTRACTS FOR CONSTRUCTION

Any contract for construction (other than a leasehold improvement costing less than \$10,000) shall require approval of the Board of Directors.

V. CEO/GENERAL MANAGER AUTHORITY

- A. The CEO/General Manager is authorized to expend funds, issue purchase orders and sign contracts for procurements and activities as follows: (1) up to \$25,000 for equipment and supplies; and (2) up to \$25,000 for professional or other services.

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B. The CEO/General Manager is authorized to administer all contracts on behalf of BAWSCA. The CEO/General Manager is authorized to issue change orders or amendments up to \$25,000 without further Board approval.

VI. WAIVER

The Board of Directors may suspend or waive the requirements of this Policy in any instance when the Board deems it in the best interest of BAWSCA to do so.

Adopted ~~January 19, 2012~~, 20126
by Resolution No. 20162-__

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

POLICIES AND PROCEDURES FOR THE PURCHASE OF EQUIPMENT AND SUPPLIES AND THE AWARD OF CONTRACTS

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RESOLUTION NO. 2016-___
BY THE BOARD OF DIRECTORS OF THE
BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

POLICIES AND PROCEDURES
FOR THE PURCHASE OF EQUIPMENT AND SUPPLIES AND
THE AWARD OF CONTRACTS

WHEREAS, the Bay Area Water Supply and Conservation Agency (BAWSCA) is organized and established pursuant to the Bay Area Water Supply and Conservation Agency Act, Water Code section 81300, *et seq.* (the “Act”); and

WHEREAS, the Act authorizes BAWSCA to acquire such property, facilities, equipment, materials and supplies as may be deemed necessary to carry out its duties; and

WHEREAS, Section 54202 of the Government Code requires that all local government agencies, including BAWSCA, adopt policies and procedures, including bidding requirements, for the purchase of equipment and supplies; and

WHEREAS, in 2004, BAWSCA adopted a “Policies and Procedures for the Purchase of Equipment and Supplies and the Award of Contracts” (“Policies and Procedures”), which was amended in 2012 to adjust the limits of the CEO/General Manager's authority to enter into contracts on behalf of BAWSCA; and

WHEREAS, staff has reviewed the Policies and Procedures and recommends that the Board of Directors amend the Policies and Procedures to update the CEO/General Manager's position title and clarify the methods that staff is required to use concerning the evaluation and selection of certain types of services contracts; and

WHEREAS, staff has amended the Policies and Procedures in accordance with these suggested clarifications.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Bay Area Water Supply and Conservation Agency approves the amended and restated “Policies and Procedures for the Purchase of Equipment and Supplies and the Award of Contracts,” attached hereto.

PASSED AND ADOPTED this ___ day of _____, 2016, by the following vote:

AYES:

NOES:

ABSENT:

President, Board of Directors
Bay Area Water Supply &
Conservation Agency

ATTEST:

Secretary

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: October 7, 2016
SUBJECT: Chief Executive Officer/General Manager's Letter

2016 State of the Regional Water System Report

The SFPUC recently completed the 2016 *State of the Regional Water System Report*. This report is prepared by the SFPUC every other year in compliance with the 2009 Water Supply Agreement between San Francisco and the Wholesale Customers. A copy of the report can be found at <http://bawasca.org/water/supply/hetchhetchy>.

The report is a good resource document as it provides a thorough description of the Regional Water System from Hetch Hetchy to San Francisco. It outlines the state of the assets comprising the regional water system including asset inventories, asset condition, recent performance, project status, and notable milestones.

Mountain Tunnel Update

The SFPUC is continuing to implement the emergency plans and capital projects critical to addressing the known risk of a potential Mountain Tunnel failure. Work on the access improvements to the tunnel are progressing and will be complete prior to the planned January 2018 Mountain Tunnel/Hetch Hetchy shutdown. SFPUC is coordinating closely with the BAWSCA agencies, East Bay Municipal Utility District, and Santa Clara Valley Water District in preparation for this two-month shutdown. Critical activities during the shutdown will include an inspection of the Mountain Tunnel by tunnel experts and engineers, and implementation of critical repairs as appropriate. Information learned about the current physical condition of Mountain Tunnel and the potential for repair will support the further evaluation of a long-term solution to the risks posed by Mountain Tunnel in its current condition.

SFPUC WaterMAP

BAWSCA continues to be directly involved with SFPUC on the WaterMAP process to represent the collective interests of member agencies, to serve as a resource for the group and for individual member agencies, and to facilitate discussions around the WaterMAP.

BAWSCA is scheduling regular WaterMAP Project meetings with the SFPUC staff, which will ensure BAWSCA is engaged in the process going forward. BAWSCA is also closely tracking the SFPUC's staff efforts to address the water needs as identified in the WaterMAP questions, including the question of making the Cities of Santa Clara and San Jose permanent customers of the Regional Water System. In addition to looking at the water

needs, BAWSCA is also coordinating with the SFPUC staff on investigating and pursuing the supply options to meet those water needs.

Mountain View (MV) and East Palo Alto (EPA) staff continue negotiations on a permanent transfer of guaranteed water supply to address EPA's immediate water needs. BAWSCA and SFPUC are providing legal, technical and other support, as necessary.

In the next few months, it is anticipated that the SFPUC staff will draft a CEQA program description for a water supply program from 2019-2040 for review by the Commission. The program description will inform the necessary level of CEQA review, analysis and schedule required to meet the Commission's deadline of December 31, 2018 to adopt a program.

Groundwater Reliability Partnership for the San Mateo Plain Sub-basin

BAWSCA has selected Geosyntec Consultants to serve as BAWSCA's consultant and technical expert on matters related to groundwater and the San Mateo Plain Sub-basin, including the Groundwater Reliability Partnership. BAWSCA intends to enter into contract immediately with Geosyntec to carry out the work included in the adopted FY2016-17 Work Plan. The next meeting of the Partnership has not yet been scheduled but is anticipated in the next few months.

San Mateo County is hosting the third workshop for their Groundwater Basin Assessment for the San Mateo Plain Sub-basin on November 21, and the fourth workshop is tentatively scheduled for Tuesday, December 4. The third workshop will be focused on the results of groundwater modeling for the basin, and the fourth workshop will be a discussion of alternatives to enhance groundwater sustainability and general descriptions of various management options. BAWSCA staff are actively participating in the County's process.

State Long-Term Water Efficiency Standards

Governor Brown's Executive Order B-37-16 - Making Water Conservation a California Way of Life (Executive Order) called for the Department of Water Resources (DWR) and State Water Resources Control Board (SWRCB) to jointly develop:

- (1) long-term water use targets for urban water suppliers that go beyond existing requirements to achieve a 20% reduction in urban water usage by 2020; and
- (2) additional Water Shortage Contingency Plan requirements to assure water supplier drought resilience and forestall the need for state mandated actions.

The proposed draft Long-Term Water Use Efficiency Framework (Framework) detailing the State's approach for implementing this directive is to be publicly released by January 10, 2017. An Urban Advisory Group (UAG), comprised of invited representatives from water agencies, non-governmental organizations, and other interested parties, is assisting the State in the development of the Framework.

On September 19th and 20th, DWR, SWRCB, and CA Public Utilities Commission staff hosted a workshop with UAG to continue development of the Framework. The next UAG workshop will be held on October 20th, and the draft Framework is anticipated to be released on November 4th.

BAWSCA is actively monitoring the UAG efforts and is also participating in the Association of California Water Agencies (ACWA) efforts to support the UAG, including the development of policy objectives for long-term conservation framework, to ensure that the unique Bay Area water user characteristics are considered within the ACWA objectives and, ultimately, as part of the Framework.

Long-Term Water Conservation Regulations – SB814 Excessive Water Use

Senate Bill 814 (Hill), which was signed into law on August 29th, is intended to prevent unreasonable or excessive water use during periods of drought. It requires water suppliers to identify and discourage excessive water use by either establishing a rate structure that includes water budgets or rate surcharges for excessive use, or by establishing an excessive use ordinance.

SB 814 is applicable only during a period where the Governor has issued a drought emergency or where an urban water supplier has moved to a stage of action in response to a local water supply shortage that requires mandatory water use reductions. Its requirements take effect in January 2017.

BAWSCA legal counsel has reviewed SB 814 to determine its impacts on BAWSCA member agencies, in particular, to determine whether the bill is applicable under the current water supply conditions. BAWSCA is also working with member agency staff to develop a common definition of “excessive use” to support local agency implementation of the requirements. Under current water supply conditions, most BAWSCA agencies will not have to take action to implement the SB 814 requirements in January. However, BAWSCA and the agencies are preparing for the possibility that immediate SB 814 implementation will become necessary in the event of a dry winter and additional State action or local cutbacks.

Regional Washing Machine Rebate Program (AJ)

PG&E is ending its Regional Washing Machine Rebate Program (WMRP), which provides customers with rebates from both PG&E and local water agencies for purchasing high-efficiency clothes washers, as of December 31, 2016.

BAWSCA is coordinating with several other Bay Area water agencies, including SFPUC, Solano County Water Agency, Zone 7 Water Agency, and City of Napa, to develop and implement a new WMRP separate from PG&E in order to continue offering washing machine rebates to customers. Proposals were solicited from three consultants to manage a new regional program. BAWSCA and the other agencies are currently in negotiations with the top-ranked firm. It is anticipated that the new program will launch on January 1, 2017.

As with the current WMRP, the new WMRP will be offered to BAWSCA member agencies as a Subscription Water Conservation Program, and all BAWSCA member agencies will have the option to participate in the program to provide washing machine rebates to their customers.

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Board Policy Committee Policy Calendar through January 2017

Committee Meeting	Purpose	Issue or Topic
October 2016	D&A D&A	Annual Review and Consideration of Statement of Investment Policy Review and Consideration of BAWSCA's Procurement and Purchase Policies and Procedures
December 2016	D&A R S	FY 2016-17 Mid-Year Work Plan and Budget Review Review of Water Supply Forecast FY 2017-18 Work Plan and Budget Preparation Planning Session
February 2017	D&A R&D R	Consideration of BAWSCA Bond Surcharges for FY 2017-18 Presentation of Preliminary FY 2017-18 Work Plan and Budget Review of Water Supply Forecast
April 2017	D&A D&A	Presentation of Proposed FY 2017-18 Work Plan and Budget Consideration of Annual Consultant Contracts

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