

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

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

(Directions on Page 3)

Thursday, July 20, 2017

6:30 P.M.

AGENDA

| <u>Agenda Item</u> | <u>Presenter</u> | <u>Page</u> |
|---|-------------------------|--------------------|
| 1. Call to Order/Roll Call/Salute to Flag | (Mendall) | |
| 2. Comments by the Chair | (Mendall) | |
| 3. Board Policy Committee Report <i>(Attachment)</i> | (Larsson) | <i>Pg 3</i> |
| 4. Public Comments <i>Members of the public may address the Board on any issues not listed on the agenda that are within the purview of the Agency. Comments on matters that are listed on the agenda may be made at the time the Board is considering each item. Each speaker is allowed a maximum of three (3) minutes.</i> | (Mendall) | |
| 5. Consent Calendar <i>(Attachments)</i> | (Mendall) | |
| A. Approve Minutes of the May 18, 2017 Meeting | | <i>Pg 11</i> |
| B. Receive and File Budget Status Report – As of May 31, 2017 | | <i>Pg 17</i> |
| C. Receive and File Investment Report – As of June 30, 2017 | | <i>Pg 19</i> |
| D. Receive and File Directors’ Reimbursement Report – As of June 30, 2017 | | <i>Pg 21</i> |
| E. Authorize the CEO/General Manager to Enter into a Contract with a Selected Consultant to Develop “Making Conservation a Way Of Life” Strategic Plan – Phase 1. <i>The Board Policy Committee voted unanimously to recommend the proposed Board action.</i> | | <i>Pg 23</i> |
| F. Approval of Proposed Modifications to the Description, Title, and Top Step Salary for the Position of Senior Administrative Analyst. <i>The Board Policy Committee voted unanimously to recommend the proposed Board action.</i> | | <i>Pg 31</i> |
| 6. Break for San Francisco Bay Area Regional Water System Financing Authority Board of Directors Meeting | (Mendall) | |
| 7. Reconvene following San Francisco Bay Area Regional Water System Financing Authority Board of Directors Meeting | (Mendall) | |
| 8. SFPUC Report | (Kelly) | |
| 9. Action Calendar | | |
| A. Process and Schedule for CEO/General Manager Annual Evaluation <i>(Attachment)</i> <i>The Board Policy Committee voted unanimously to recommend the proposed Board action.</i> | (Mendall) | <i>Pg 37</i> |

10. Closed Session

- A. Conference with Legal Counsel – Existing Litigation pursuant to Paragraph (1) of subdivision (d) of Government Code Section 54956.9: *Restore Hetch Hetchy v. City and County of San Francisco, et al.* Case Number: F074107 (Schutte)
- A. Conference with Legal Counsel – Anticipated Litigation Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Government Code 54956.9 (One potential case) (Schutte)

11. Reports

(Francis)

- A. Water Supply Update
- B. Recycled Water White Paper (*Attachment*) Pg 43
- C. Los Vaqueros Expansion Project (*Attachment*) Pg 45
- D. CEO/General Manager's Letter (*Attachment*) Pg 49
- E. Board of Directors Policy Calendar (*Attachment*) Pg 57
- F. Correspondence Packet ([Under Separate Cover](#))

12. Directors' Discussion: Comments, Questions and Agenda Requests

(Mendall)

13. Date, Time and Location of Future Meetings (See attached schedule of meetings)

(Mendall) Pg 59

14. Adjourn to next meeting scheduled for September 21, 2017 at 6:30pm

(Mendall)

*Upon request, the Bay Area Water Supply and Conservation Agency 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 bawsca@bawsca.org*

*All public records that relate to an open session item of a meeting of the BAWSCA Board that are distributed to a majority of the Board 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 San Mateo Main Library San Mateo – 55 W. 3rd Avenue

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

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



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MEMORANDUM

TO: BAWSCA Board Members
FROM: Nicole Sandkulla, Chief Executive Officer/General Manager
DATE: July 14, 2017
SUBJECT: Summary of Board Policy Committee meeting held June 14, 2017

1. **Call to Order:** Committee Chair Gustav Larsson called the meeting to order at 1:30 pm. A list of Committee members who were present (9) and other attendees is attached.

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

2. **Comments by Committee Chair:** Committee Chair Larsson thanked Director Guzzetta for his service on the Board and Board Policy Committee.
3. **Public Comments:** Public comments were made by Peter Drekmeier from Tuolumne River Trust, and Dave Warner, Palo Alto resident.
4. **Consent Calendar:** Approval of Minutes from the April 12, 2017 meeting.

Director Quigg made a motion, seconded by Director Pierce, that the minutes of the April 12, 2017 Board Policy Committee meeting be approved.

The motion passed unanimously.

6. **Action Items:**

- A. Authorize CEO/General Manager to Enter into a Contract with a Selected Consultant to Develop "Making Conservation a California Way of Life" Strategic Plan – Phase 1: Water Resources Manager, Tom Francis, reported BAWSCA's progress in its efforts to support member agencies in meeting the new water use efficiency targets established by the "Making Conservation a California Way of Life" Executive Order, or EO-B-37-16, and subsequent legislative actions. As previously reported to the Board during the FY 2017-18 Work Plan and Budget development, addressing EO-B-37-15 is a key, multi-year effort for BAWSCA and the member agencies with activities specifically aligned with the State's proposed schedule for implementing new water conservation targets.

The State's proposed framework establishes new water use targets that go beyond the existing requirements of 20% by 2020, and looks at the unique characteristics, down to the parcel level, of each BAWSCA water agency. While legislation to implement the framework

has not been adopted, it is progressing through the legislature and is anticipated to be adopted in early FY 2017-18.

To assist member agencies with the new state requirements, BAWSCA developed a strategic plan in several phases. Phase 1 of the plan is designed to adapt to the developing legislative approach, inform BAWSCA's work plan and budget development for FY 2018-19 and subsequent years, and provide BAWSCA critical information in representing the interests of its member agencies.

Mr. Francis went over details of the key tasks in Phase 1: 1) review the proposed regulatory requirements, 2) assess member agencies' existing data and technical capabilities to comply with the requirements, and 3) develop of a roadmap for compliance.

To complete Phase 1 in FY 2017-18, it is critical to select a consultant no later than August 30th, and begin work in September. The RFP will be issued on June 26, 2017, and proposals are due on August 8, 2017. BAWSCA anticipates that consultants will team up since the scope of services is broader than some firms can address in-house. For that reason, the proposal deadline provides additional time for consultants to join forces and develop a proposal.

A panel comprised of BAWSCA staff, agency staff, and a representative from an outside agency will review the proposals. Evaluation criteria include qualification and experience of the firm and key personnel, understanding of the scope of work, ability to meet the project timeline, and overall value against the project budget. Interviews will be conducted, if necessary, during the week of August 22nd.

Staff is recommending that the Board, at the July Board meeting, authorize the CEO/General Manager to negotiate and execute a contract, subject to legal counsel review, with a selected consultant to be determined in August. The CEO will report back to the Board on this contract at the September Board meeting.

Director Breault expressed his concern with the potential for creating competing regional consumptive rates based on SICs with the assessments of CII classifications.

Mr. Francis noted that those concerns are something that the Governor and his staff seem to be willing to consider when regulations are developed following the passage of legislation.

Director Zigterman commented that all customer classification categories, not just the CII, should be assessed, and that looking into having a uniform categorization system for reporting to the state would be an efficient outcome.

Ms. Sandkulla explained that whatever comes out of BAWSCA's Phase I assessment and the regulations developed by the State by which agencies will have to comply with, it is anticipated that the reporting systems will be aligned with the State's in order to fulfill the uniform standard of classification imposed upon the agencies.

Chair Mendall stated that the effort is an onerous and costly task. He encouraged staff to continue to advocate and look for opportunities for agencies, that are achieving water use efficiency, to be relieved from some of the analysis.

Mr. Francis agreed and explained that BAWSCA continues its efforts in making that point on behalf of the member agencies as legislation moves to regulation, and is working to make sure legislation provides agencies with several options to show they are meeting their water use targets, as opposed to having only one method.

Mr. Francis reported that BAWSCA is also working on the agencies' concerns regarding recycled water. Specifically, the agencies believe that the use of recycled water to meet irrigation needs program should not be subject to conservation-related cutbacks. Mr. Francis noted that the key is to make those types of points before the legislation becomes regulation. BAWSCA staff and SFPUC staff will continue to work collaboratively on the legislation.

Director Mendall expressed support for the recommended schedule and process for selecting a consultant to complete Phase 1 of the strategic plan for compliance with "Making Water Conservation a California Way of Life".

Director Schmid suggested including external expertise on how to approach gpcd deviations resulting from fundamental changes in household sizes. The RFP should include a criteria to illustrate that the consultant selected has broad conservation expertise.

To Director Schmid's point, Director Pierce suggested that the selected consultants should consider having ongoing communication with the agencies to know how frequently water customers' household and landscape characteristics changes.

Mr. Francis added that the development of the road map document in Phase I will highlight any gaps that agencies might have in their best practices and data collection.

In response to Director Guzzetta, Ms. Sandkulla explained that while the State regulation may have an allocated gpcd target, the agencies' aggregate consumption is the basis for the agencies' compliance with their allocation.

Director Guzzetta stated that it will be up to the individual agencies how they will meet their allocated water use target. Basing it on gpcd will be a huge expense to agencies as far as managing such a dynamic number.

Director Benton agreed and stated the need for some flexibility.

Director Benton made a motion, seconded by Director Zigterman, that the Board Policy Committee:

- 1. Recommend the Board authorize the CEO/General Manager to negotiate and execute an agreement for an amount not to exceed \$170,000 with a selected consultant, subject to legal review, to complete "Making Conservation a Way of Life" Strategic Plan – Phase 1.**

The Committee had no additional recommendation to the CEO/General Manager to provide for the Board's consideration in July.

The motion passed unanimously.

- B. Approval of Proposed Modifications to the Description, Title and Top step Salary for the Position of Sr. Administrative Analyst: Ms. Sandkulla reported that BAWSCA has historically analyzed the agency positions to ensure that position descriptions and compensation aligns with the work and responsibilities being fulfilled.

The duties and responsibilities of the Sr. Administrative Analyst has significantly increased and evolved over the past few years. New responsibilities for this position include the debt management associated with BAWSCA's issuance of revenue bonds in 2013, which brought about the administration of the \$24 M annual bond surcharge, and management of BAWSCA's \$28 M investment portfolio. The work involved with these activities takes approximately 1/3 of the position's time, and require a set of skills unique for that position.

Additionally, the review of the Wholesale Revenue Requirement, which is work that this position has traditionally done, has increased by 38% over the past 5 years. It is reflective of the increased cost of the system as a result of the progress of the WSIP.

Conducting a desk audit has been BAWSCA's historical practice to maintain market competitiveness and to ensure that job position descriptions match the required job skills and need for that position. Duties and responsibilities are compared to similar positions at Bay Area agencies. BAWSCA's standard comparator agencies include ACWD, Palo Alto, CCWD, EBMUD, SFPUC, and SCVWD.

In addition to conducting a desk audit, BAWSCA completes a salary survey to review salary ranges for comparable positions.

A desk audit and salary survey were conducted for the Sr. Administrative Analyst position, and the results indicate the need for modifications to reflect actual work performed.

Changes recommended include a title change from Sr. Administrative Analyst to Finance Manager, modification to the position description to reflect the current duties and responsibilities being performed, and a 26% increase to the top step salary range. Ms. Sandkulla noted that the 26% increase is not an increase in the current position's salary, but rather, is applied in the salary range for that position. The adjustment allows BAWSCA to maintain market competitiveness for this position.

Ms. Sandkulla explained that the proposed modifications have no impact on the approved FY 2017-18 Operating Budget. Salary adjustments will stay within the adopted allowance the Board approved for merit increases.

In response to committee members' questions, Ms. Sandkulla explained that BAWSCA's historical practice for salary adjustments have been to take the median salary ranges from the comparator agencies. The range for the position of Sr. Administrative Analyst was approximately \$25 K from the lowest to the highest.

The survey focused on salary only, as opposed to total compensation. Ms. Sandkulla reported that the salary survey conducted in FY 2015-16 did not show a significant difference in total compensation, therefore a survey on total compensation was not re-done for this one position. Ms. Sandkulla stated her confidence that the salary survey conducted for the Sr. Administrative Analyst position is a fair reflection of the market.

Director Pierce stated that she is pleased BAWSCA is addressing the evolution of the position.

Director Pierce made a motion, seconded by Director Schmid, that the Board Policy Committee recommend Board approval of the recommended modifications to the position description, title and top step salary by 26% for the position of Senior Administrative Analyst.

The motion passed unanimously.

- C. Process and Schedule for CEO Annual Evaluation: Board Chair Mendall reported that the CEO/General Manager evaluation process is forthcoming. The process and schedule is an item on the agenda for the Committee's comment and discussion on changes and/or additions to the evaluation form and procedure.

The item will be brought to the Board at its meeting in July for discussion and approval to use for the CEO/General Manager performance evaluation. With the Board's input, Director Mendall anticipates distributing the evaluation materials immediately following the July Board meeting.

Chair Mendall stated that the form and procedure has been refined by previous chairs into a process that works very well, and recommends using the same form and following the same procedure done last year. A particular request he will ask committee and Board members to provide are specific benchmarks to include in the FY 2017-18 evaluation.

Director Schmid stated his appreciation for the one-page evaluation form that manages to be very specific and include an open-ended comment field.

Director Pierce commented on setting personal and staff training objectives, succession planning, and identifying leadership capacity.

Director Mendall added the inclusion of a formalized plan on how BAWSCA intends to monitor the SFPUC's 10-year CIP.

Ms. Sandkulla stated that a CEO annual progress report summarizing the years' activities will be provided to the Board along with the evaluation form and procedure.

With no further discussion, Chair Larsson asked for a motion on staff recommendation #3.

Director Benton made a motion, seconded by Director Pierce, to recommend that the Board review the revised form during its July meeting for subsequent use as part of the CEO/GM performance evaluation.

The motion passed unanimously.

7. Reports:

- A. Water Supply Update: In the interest of Committee members, Ms. Sandkulla brought back the water supply conditions charts from the SFPUC that has been regularly presented to the Committee and Board during the drought.

Ms. Sandkulla reported that Hetch Hetchy is currently at full capacity. The SFPUC has recently been accessing local supplies as much as possible, and will be utilizing Hetch Hetchy supplies again shortly.

While precipitation and snowpack did not measure up to the wettest year on record, the year continues to be a wet year with snow remaining in the Sierras, and runoff anticipated to continue up to August and possibly September.

Ms. Sandkulla presented the graph with SFPUC's Regional Water System total deliveries. The graph shows an increase in system deliveries that represents the region's rebound from the drought as well as other factors that are resulting in some irregularities in the chart. Ms. Sandkulla noted that the graph includes the additional surface supplies agencies in Northern San Mateo County are taking from San Francisco in lieu of groundwater as part of the Regional Groundwater and Storage Recovery Project. The agencies include Cal Water-South San Francisco, San Bruno and Daly City. She noted that this did not occur in CY 2016 or 2013 at this time of year.

Additionally, ACWD is purchasing more water than normal at this time of year to ensure that they meet their minimum purchase requirement, which has been waived by the SFPUC since the beginning of FY 2013-14. This waiver will be lifted beginning June 30, 2017.

Ms. Sandkulla explained that the source of this chart is the large SF Regional Water System meters, which are currently the only source for weekly data. It represents total purchases from the Regional Water System rather than actual usage by the BAWSCA agencies. The proper accounting will be done for these supplemental water supplies so that they are accounted for accurately.

Committee members expressed some concerns with how the chart, on its own, can be misinterpreted. Ms. Sandkulla stated that the graph was developed in monitoring the impacts of the drought. She will revisit the graph with the SFPUC to see how it can best reflect actual demand given the anomalies that occur.

Ms. Sandkulla stated that water usage is certainly higher than last year's, but not as high as shown in the graph because of the caveats.

Director Guzzetta noted that this graph was used as a surrogate for demand which worked in the past. Moving forward, however, a total demand graph for the 26 wholesale customers would be more appropriate given the changes in agencies' water supply management.

- B. **Bay Delta Update:** Ms. Sandkulla reported that the settlement discussions continue with the goal of crafting a basis for voluntary agreement. While the Governor appears to continue to support a successful resolution, all indications show that the State Board intends to act in the Fall on the Draft SED.

The State Board staff is having external discussions about how the idea of a voluntary agreement can be incorporated into the State Board's action on the draft SED. The SED is an environmental document that sets the boundaries of the action that a public agency can take. A key component for a voluntary agreement would be how it fits within the boundaries of what was set up in the draft SED, so that the document does not have to be re-released and re-circulated.

BAWSCA continues to meet with the SFPUC and other agencies to protect the member agencies' customer interests. BAWSCA supports a voluntary agreement that serves the

interest of the environment, the Delta, and all water users. BAWSCA is reaching out to allies to apprise them of the current status.

- C. **Conservation Legislation:** Ms. Sandkulla reported that there are two competing bills, AB 1654 (Rubio) and AB 1668 (Friedman) on the Water Shortage Contingency Plan that passed the Assembly and the Senate. These bills outline the requirements on what water agencies would have to do and have to plan for in the event of drought. Both bills are currently waiting assignment to a Committee, but the bills would have to find resolution before they move forward.

Additionally, there are two competing bills on water efficiency targets that did not make it out of the Assembly. It is suspected that the Governor's budget trailer bill, which he continues to pursue, will be the likely path forward.

A revised trailer bill language has not been released, but is anticipated. A working group, which the SFPUC is a part of, was established to address stakeholder concerns. BAWSCA is communicating with the SFPUC regularly in developing revised language. Ms. Sandkulla explained that the budget has to pass, and if it does, the legislature can add the trailer bill language until August 21st.

In response to Director Benton, Mr. Francis explained that AB 1654 puts the control of water shortage contingency planning on the water agencies, whereas AB1668 is more of a regulatory requirement approach by the State Water Resources Control Board.

Mr. Francis noted the importance of BAWSCA and the SFPUC's continued efforts to encourage and inform the governor about the multiple ways of looking at how conservation targets can be met.

Ms. Sandkulla added that BAWSCA is working closely and relying heavily on ACWA with their presence in Sacramento. ACWA's position is in full alignment with BAWSCA's interest in supporting the idea of "broad opportunities".

The member agencies will be kept apprised on any developments that take place.

- 8. Comments by Committee Members:** There were no further comments from the Committee members.

Ms. Sandkulla announced that there will be no need for a Committee meeting in August.

- 9. Adjournment:** The meeting was adjourned at 2:52 pm. The next meeting is October 11, 2017.

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD POLICY COMMITTEE – June 14, 2017

Roster of Attendees:

Committee Members Present

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

BAWSCA Staff:

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

Public Attendees:

| | |
|------------------|---|
| Karla Dailey | City of Palo Alto |
| Peter Drekmeier | Tuolumne River Trust |
| Michelle Novotny | San Francisco Public Utilities Commission |
| Dave Warner | Palo Alto Resident |

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

**May 18, 2017 – 6:30 p.m.
Oak Room, San Mateo Public Library, San Mateo CA**

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|----------------|
| MINUTES |
|----------------|

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

BAWSCA Chair, Al Mendall, called the meeting to order and led the salute to the flag. CEO/General Manager, Nicole Sandkulla, called the roll. Fifteen (15) members of the Board were present at roll call, constituting a quorum. Two arrived after roll-call. A list of Directors present (17) and absent (9) is attached.

2. Comments by the Chair:

Chair Mendall noted that the CEO/General Manager will present the proposed FY 2017-18 Work Plan and Operating Budget which has an aggressive plan to ensure long-term water reliability including studies for advanced water recycling projects, partnerships for groundwater, and a pilot water transfer.

On March 17th, BAWSCA submitted written comments on SWRCB's draft Substitute Environmental Document (SED), which states that BAWSCA supports the objective of the Bay Delta Plan, but cannot support the details of the proposed plan for the Tuolumne River. BAWSCA stated its support for the alternative that the SFPUC proposed as part of its comments to the State.

Chair Mendall stated BAWSCA's sincere hope that a negotiated voluntary settlement can be reached to resolve the issue.

3. Board Policy Committee (BPC) Report: Committee Chair, Gustav Larsson reported the discussions by the Committee at its meeting on April 12, 2017. They are reflected in the BPC summary report included in the packet.**4. Public Comments:** Public Comments were made by Dave Warner, Palo Alto resident, and Spreck Rosekrans, Executive Director of Restore Hetch Hetchy.**5. Consent Calendar:**

Director Richardson made a motion, seconded by Director Kasperzak, to approve the Minutes of the March 16, 2017 meeting, receive and file the Budget Status Report, Investment Report, Bond Surcharge Collection Report, and Directors' Reimbursement Report as of March 31, 2017.

The motion carried unanimously.

6. SFPUC Report: SFPUC Deputy General Manager and Chief Operating Officer, Michael Carlin, addressed the Board on behalf of Harlan Kelly who was unable to attend the meeting.

7. Closed Session:

The meeting adjourned to Closed Session at 6:49pm, and reconvened to Open Session at 7:30pm.

Legal Counsel, Allison Schutte, reported that there was no action taken during Closed Session.

8. Action Calendar:**A. Amendment to Hanson Bridgett Professional Services Contract: .**

Director Keith made a motion, seconded by Director Richardson, to authorize the CEO/General Manager to amend the professional services contract with Hanson Bridgett by \$75,000 for a total not to exceed amount of \$726,000.

The motion carried unanimously.

B. Proposed Fiscal Year 2017-18 Work Plan and Results to be Achieved: .

Director Kasperzak made a motion, seconded by Director Benton, to:

- 1. Approve the Proposed FY 2017-18 Work Plan and Results to be Achieved;**
- 2. Approve the Proposed Operating Budget of \$3,704,572; and,**
- 3. Approve the recommended funding plan of a 3% assessment increase (\$3,543,957) and a transfer of \$160,615 from the General Reserve.**

The motion carried unanimously.

C. Approval of Professional Services Contracts for FY 2017-18:

Director Kasperzak made a motion, seconded by Director O'Mahony, to approve the twenty-one contracts, subject to legal counsel's review, for legal, engineering, financial, strategic and water conservation services needing to be in place by July 1, 2017.

The motion carried unanimously.

D. Consultant Selection to Develop Independent Regional Water System and Supply Modeling Tool.

Director Keith made a motion, seconded by Director Kasperzak to authorize the CEO/GM to Negotiate and Execute a Contract with Hazen and Sawyer, subject to legal counsel's final review, up to an amount not to exceed \$135,000, for development of the Regional Water System and Supply Modeling Tool.

The motion carried unanimously.

9. Reports:

There were no further discussions on the items included in the CEO letter, Board Policy Calendar, or Correspondence Packet.

10. Directors' Discussion: Comments, Questions and Agenda Requests: Director Kasperzak reported that a press release was issued stating that on May 23rd, the Mountain View Council will consider transferring 1mgd of its water rights to the City of East Palo Alto in exchange for a one-time payment of \$5 M. The City of Mountain View has consistently been under its minimum purchase requirement from the SFPUC, and has been paying for water it does not use.

Ms. Sandkulla clarified that the City of Mountain View's minimum requirement will remain the same, and the 1 mgd is a permanent transfer from Mountain View to East Palo Alto.

East Palo Alto Mayor, Larry Moody, stated his optimism that the Mountain View City Council will favor the recommendation. He thanked BAWSCA for supporting East Palo Alto in addressing the systemic issue that has impacted East Palo Alto like no other City in the Bay Area. He also thanked Director Kasperzak and Menlo Park Mayor, Kirsten Keith, for their support and collaborative efforts, following conversations that started at the 2016 Water Now Alliance conference, that established a relationship and fostered clear dialogs between the cities.

The relationship has brought East Palo Alto closer to implementing necessary development of its community. Mayor Moody stated that East Palo Alto wants to be a part of the growth and activities of the region, and the water transfer provides that opportunity to build schools, housing and a retail zone where East Palo Alto residents, as well as neighboring residents, can spend their disposable dollars.

He hopes to continue the conversation of finding a way to transfer unused water directly to the City of East Palo Alto, where it can be utilized.

Director Richardson reported that at the April 2017 Water Now Alliance Summit in Boulder, Colorado, Mike Kasperzak was honored with the first ever Water Now Alliance Leadership Award for his efforts. Director Richardson noted that Water Now Alliance is a great agency, and that the 2017 summit was one of the most informative meetings she has attended.

Director Mendall announced that Director Guzzetta will end his 11 years of service on the BAWSCA Board when his term expires on June 30, 2017. Director Guzzetta's wealth of experience, deep understanding of water issues, calm and professional demeanor was valuable to BAWSCA. As an engineer, he provided balance and expertise in BAWSCA's mix of elected officials and industry professionals. He will be missed.

Director Guzzetta expressed his appreciation for the Chair's kind words and for the opportunity to work with BAWSCA on one of the most unique water systems. It was a privilege to be on the BAWSCA Board alongside the fine people it is comprised of. He thanked the elected officials for allowing a non-elected person into the group to contribute. He will keep in touch.

11. Date, Time and Location of Next Meeting: The next meeting is scheduled on July 20, 2017 at the new time of 6:30pm, in the Oak Room, of the San Mateo Main Library.

12. Adjournment: The meeting adjourned at 8:20pm.

Respectfully submitted,

Nicole M. Sandkulla
Chief Executive Officer/General Manager

NMS/le
Attachments: 1) Attendance Roster

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY
Board of Directors Meeting
May 18, 2017**

Attendance Roster

Present:

| | |
|------------------|-----------------------------------|
| Robert Anderson | Purissima Hills Water District |
| Jay Benton | Town of Hillsborough |
| Tom Chambers | Westborough Water District |
| Rob Guzzetta | California Water Service Company |
| Mike Kasperzak | City of Mountain View |
| Kirsten Keith | City of Menlo Park |
| Gustav Larsson | City of Sunnyvale |
| Juslyn Manalo | City of Daly City |
| Al Mendall | City of Hayward |
| Larry Moody | City of East Palo Alto |
| Rosalie O'Mahony | City of Burlingame |
| Tom Piccolotti | North Coast County Water District |
| Barbara Pierce | City of Redwood City |
| Sepi Richardson | City of Brisbane |
| Gregg Schmid | City of Palo Alto |
| Louis Vella | Mid-Peninsula Water District |
| Tom Zigterman | Stanford |

Absent:

| | |
|-------------------|---------------------------------|
| Randy Breault | Guadalupe Valley Water District |
| Charlie Bronitsky | City of Foster City |
| Pat Kolstad | City of Santa Clara |
| Sam Liccardo | City of San Jose |
| Chris Mickelsen | Coastside County Water District |
| Irene O'Connell | City of San Bruno |
| Dan Quigg | City of Millbrae |
| Rich Tran | City of Milpitas |
| John Weed | Alameda County Water District |

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BAWSCA

Bay Area Water Supply & Conservation Agency

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

TO: Nicole Sandkulla, CEO/General Manager

FROM: Deborah Grimes, Office Manager

DATE: July 11, 2017

SUBJECT: Budget Status Report as of May 31, 2017

This memorandum shows fiscal year budget status for FY 2016-17. It includes major areas of spending, provides an assessment of the overall budget, and summarizes reserve fund balances. This report covers the budget and expenses for BAWSCA. The BAWSCA budget includes necessary resources for the RFA and BAWUA.

Operating Budget Summary:

For the eleven-month period ending May 31, 2017, 92 percent into the fiscal year, total expenditures were \$2,639,612 or 76 percent of the total budget of \$3,468,008.

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

| Cost Category | Budget | Year-To-Date Expenses | Percent |
|---|------------------|-----------------------|------------|
| Consultants /Direct Expenditures | | | |
| Reliability | 1,022,100 | 728,744 | 71% |
| Fair Pricing | 409,000 | 145,369 | 36% |
| Administration | 95,000 | 98,756 | 104% |
| Subtotal | 1,526,100 | 972,868 | 64% |
| Administration and General | | | |
| Salary & Benefits | 1,580,658 | 1,403,823 | 89% |
| Other Expenses | | | |
| BAWSCA | 356,450 | 262,020 | 73% |
| BAWUA | 1,050 | 0 | 0% |
| Subtotal | 3,464,258 | 2,638,712 | 76% |
| Capital Expenses | 2,500 | 0 | 0% |
| Budgeted Contingency | 0 | 0 | 0% |
| Regional Financing Authority | 1,250 | 900 | 72% |
| Grand Total | 3,468,008 | 2,639,612 | 76% |

Overview:

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

Consultants

The \$107,500 budget for technical review and tracking of the SFPUC's Water System Improvement Program was 63 percent expended. The Operating Budget allocation of \$150,000 for strategic counsel was 90 percent expended. Legal counsel's original budget of \$651,000 was 80 percent expended as of April 30. At the May board meeting, the Board approved a budget amendment of \$75,000. With a revised budget of \$726,000, legal counsel's expenses were 78 percent expended as of May 31. The \$381,600 budget for water management and conservation-related activities was 32 percent expended.

Administration and Other Expenses

Budgets for salaries and other expenses were 89 and 73 percent expended respectively.

Use of CEO's Discretionary Spending Authority:

The CEO entered into the following agreements under her discretionary spending authority:

- Alliance for Water Efficiency, in the amount of \$10,000, for outdoor water savings research initiative. (April 2017)

Expenses related to these actions are reflected in this budget status report. The total Operating Budget for FY 2016-17 remained the same.

Use of Reserve and Reserve Fund Balance:

Unspent funds at the end of FY 2015-16 were \$453,246. The BAWSCA reserve balance as of May 31, 2017 shown below, reflects this deposit. In accordance with the adoption of the FY 2016-17 annual budget in May 2016, the Board approved transferring \$27,274 from the General Reserve to fund the FY 2016-17 budget. The BAWSCA General Reserve balances shown below reflect this transfer.

Table 2. General Reserve Fund Balance

| Fund | Account Balance (As of 03/31/17) | Account Balance (As of 05/31/17) |
|-----------------|---|---|
| General Reserve | \$1,202,592 | \$1,202,592 |

BAWSCA

Bay Area Water Supply & Conservation Agency

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

MEMORANDUM

TO: Nicole Sandkulla, CEO/General Manager

FROM: Deborah Grimes, Office Manager

DATE: July 20, 2017

SUBJECT: Investment Report – As of June 30, 2017

In February 2004, the Board originally adopted an investment policy consistent with the Government Code that requires a report on the Agency's investments be provided to the Board. This report presents fund management in compliance with the current investment policy. The Board most recently reviewed the investment policy at the November 17, 2016 board meeting. No changes were recommended or adopted as part of that review.

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

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

| | |
|-----------------|-----------------|
| <u>03/31/17</u> | <u>06/30/17</u> |
| \$2,300,913 | \$2,305,278 |

Of the total in the BAWSCA LAIF account as of June 30, 2017, \$1,202,592 represents BAWSCA's General Reserve Fund, equivalent to approximately 35 percent of FY 2016-17 Operating Budget. The remaining amount consists of Subscription Conservation Program funds and unrestricted funds.

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

| | |
|-----------------|-----------------|
| <u>12/31/16</u> | <u>03/31/17</u> |
| 0.68% | 0.78% |

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BAWSCA

Bay Area Water Supply & Conservation Agency

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

MEMORANDUM

TO: Nicole Sandkulla, CEO/General Manager

FROM: Deborah Grimes, Office Manager

DATE: July 11, 2017

SUBJECT: Directors' Reimbursement Quarterly Report for the Period Ending June 30, 2017

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

There were no director expenses reimbursed for the quarter ending June 30, 2017.

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Authorize CEO/General Manager to Enter into a Contract with a Selected Consultant to Develop “Making Conservation a Way of Life” Strategic Plan – Phase 1**

Summary:

A key effort included in BAWSCA’s FY 2017-18 Work Plan and Operating Budget is support for BAWSCA member agencies in meeting the new water use efficiency targets as established by the “Making Conservation a California Way of Life” Executive Order and subsequent legislative actions. The BAWSCA “Making Conservation a Way of Life” Strategic Plan (Plan) is anticipated to be a multi-year effort, phased over the next three fiscal years to align with the state’s proposed schedule for implementing new water use efficiency targets and regulations. Phase 1 of the Plan, to be completed in FY 2017-18, includes: a) an assessment of member agency existing data and technical capabilities to comply with the anticipated state requirements and b) development of a roadmap for compliance with the proposed state requirements that identifies respective BAWSCA and member agency roles.

BAWSCA released the Request for Proposals (RFP) for Phase 1 on June 26, 2017. Proposals are due back to BAWSCA on August 8, 2017. It would create significant delay in the finalization and implementation of the consultant contract should BAWSCA staff have to delay Board approval of a consultant contract until the September 21st Board meeting. As such, the recommended action requests authority for the CEO to enter into a contract for up to \$170,000, prior to the final proposals being submitted and evaluated. This will allow BAWSCA to review proposals, conduct interviews, select a consultant, and bring a consultant under contract in August 2017 in order to complete Phase 1 of the Plan in FY 2017-18.

Board Policy Committee Action:

The Committee voted unanimously to recommend approval of the proposed Board action.

Fiscal Impact:

The proposed FY 2017-18 budget includes \$170,000 to complete Phase 1 of the Plan. It is anticipated that the Plan will be a multi-year effort and that the work completed in Phase 1 will inform the budget needs for FY 2018-19 and subsequent years. In addition, Phase 1 will help inform budget development within each BAWSCA member agency as they scope what individual efforts are needed to comply with the state requirements.

Recommendation:

That the Board authorize the CEO/General Manager to negotiate and execute an agreement for an amount not to exceed \$170,000 with a selected consultant, subject to legal counsel review, to complete “Making Conservation a Way of Life” Strategic Plan – Phase 1.

Discussion:

On April 7, 2017, the state released the “Making Water Conservation A California Way of Life, Implementing Executive Order B-37-16” final framework report. This report addresses the long-term water use efficiency requirements called for in Governor Brown’s Executive Orders and provides information to the Legislature and other interested parties on the proposed framework.

The BAWSCA “Making Conservation a Way of Life” Strategic Plan is anticipated to be a multi-year effort, phased over the next three fiscal years to align with the state’s proposed schedule for implementing the new water conservation targets. While legislation to implement the “Making Conservation a California Way of Life” framework has not yet been adopted, several pieces of legislation have passed through the Assembly and are awaiting Senate actions. It is anticipated that the legislation will be adopted in FY 2017-18 and that accompanying state regulations detailing requirements for water suppliers will also be developed during this period.

Phase 1 of the Plan, to be completed in FY 2017-18, includes:

- a) an assessment of member agency existing data and technical capabilities to comply with the anticipated state requirements, and
- b) development of a roadmap for compliance with the state requirements that identifies respective BAWSCA and member agency roles.

Phase 1 will provide critical information to assist BAWSCA in representing the interests of the BAWSCA member agencies with regard to proposed state regulations. In particular, Phase 1 will determine the feasibility of implementing the state’s proposed approach to assigning long-term conservation targets and the cost impacts to BAWSCA member agencies. In addition, Phase 1 will inform the BAWSCA Work Plan and Operating Budget development for FY 2018-19 and subsequent years.

Consultant Selection Process

The proposed selection and contracting process has been reviewed by BAWSCA’s legal counsel and is consistent with BAWSCA’s policies and procedures for acquiring professional services.

BAWSCA released the Request for Proposals (RFP) for Phase 1 on June 26, 2017. Proposals are due back to BAWSCA on August 8, 2017. As it is anticipated that proposing firms may need to partner to meet BAWSCA’s needs for this project, this schedule provides slightly longer than normal time so that interested consultants can secure partners as needed and then prepare proposals. A panel will review the proposals received. If necessary, consultant interviews will be held during the week of August 22nd. The panel will include BAWSCA staff, BAWSCA member agency staff, and a representative from an outside agency. All BAWSCA member agencies have been provided the option of observing the interview process.

Consultants will be evaluated based on the following criteria:

- Qualifications and experience of firm and key personnel (25%);
- Understanding of the project and approach to the scope of work (25%);
- Ability to meet project timeline (25%); and

- Overall value illustrated by the proposer as provided within the project budget (25%).

Based on the evaluation of the written proposals and interviews (if conducted), the panel will recommend a consultant for consideration by the CEO. In the event that interviews are not required, it is expected that the CEO will be prepared to enter into a contract with the consultant by August 21st. If interviews are required, it is expected that the decision on consultant selection will be made by August 30th. Due to the timing of this work, the selected consultant will not be known at the time of this recommended July Board authorization action as detailed above. At the July Board meeting, the recommended action is to authorize the CEO to negotiate and execute a professional services agreement with a selected consultant for the specified services, with a not-to-exceed contract amount of \$170,000, subject to legal counsel review. At the September Board meeting, the CEO will provide an update to the Board on the results of the selection process, noting the selected consultant.

This schedule will ensure that Phase 1 is completed within FY 2017-18 and that the key results to inform the FY 2018-19 Work Plan and Budget are available by March 2018 such that the next phase of work can be planned and scoped as part of FY 2018-19 budget development for BAWSCA and the member agencies.

Scope of Work

The Phase 1 Scope of Work, to be included in the RFP, is included as Attachment A. As the new state long-term targets are still in development, BAWSCA anticipates that adjustments to the scope of work, within the total project budget, may be required to align with the final legislation and regulations.

The key tasks include:

- Review “Making Conservation a California Way of Life” Regulations and Existing Conservation Efforts: Consultant will review legislation and regulations related to “Making Conservation a California Way of Life” long-term water conservation targets and associated actions that will be required of water suppliers to calculate and report on these targets.
- Assess Outdoor Landscape Area Measurements Existing Capabilities and Best Practices: Consultant will assess the existing capabilities and practices of each BAWSCA member agency regarding the collection, management, and use of landscape area measurements. Consultant will also evaluate water industry best practices for developing landscape area measurements.
- Assess Commercial, Industrial and Institutional (CII) Account Classification Capabilities and Best Practices: Consultant will assess the existing capabilities and practices of each BAWSCA member agency regarding classification of CII accounts. Consultant will also determine existing BAWSCA member agency practices for sub-metering CII accounts, if used to separate landscape water use from indoor use. Additionally, Consultant will assess existing CII audit programs. Consultant will evaluate water industry best practices for CII account classification and best practices for CII water use efficiency.
- Evaluate Water Loss: Consultant will assess current practices of each BAWSCA member agency regarding water auditing and water loss and will evaluate water industry best practices for water audit data management and water loss control.

- **Meetings and Workshops:** Consultant will conduct meetings with BAWSCA staff and BAWSCA member agency staff as part of performing the data collection. Consultant will facilitate two workshops with BAWSCA and all member agencies to review goals and deliverables and to determine the preferred approach for compliance.
- **Develop Roadmap for Compliance:** Consultant will develop a multi-year roadmap for complying with “Making Conservation a California Way of Life” requirements that outlines specific actions for BAWSCA to implement to assist agencies in complying with requirements as well as specific actions for BAWSCA member agencies to take to achieve compliance.

Schedule

BAWSCA anticipates commencing work in September 2017, and proposes the following overall schedule to ensure that key information is available in time to inform the FY 2018-19 budget development for BAWSCA and the member agencies.

| ACTIVITY | SCHEDULE |
|---|-----------------------|
| Review of Proposed Requirements | Sep. 2017 |
| Data Collection and Agency Interviews | Sep. 2017 – Dec. 2017 |
| Evaluation of Best Practices for Compliance | Nov. 2017 – Feb. 2018 |
| Technical Memorandums Complete | Mar. 2018 |
| Draft Report Complete | May 2018 |
| Final Report Complete | Jun.2018 |

Alternatives Considered:

The following alternatives to achieve the necessary results have been considered:

- **Alternative #1: Support the Recommended Actions.** An immediate start on the project provides two key benefits: 1) it allows completion of Phase 1 within sufficient time to inform budget needs for BAWSCA and the member agencies for FY 2018-19 and 2) it provides BAWSCA with information on the potential impacts of the proposed regulations to the member agencies, which will be beneficial in advocating for the member agencies’ interests in discussion with the state regarding proposed regulations.
- **Alternative #2: Postpone Contract Consideration until September 2017.** The BAWSCA Board can choose to delay consideration of this contract until the consultant selection process has been completed and a recommended consultant has been identified. This alternative would delay the project start by at least one month, which would pose a significant challenge in completing the work within FY 2017-18. In particular, the Phase 1 results may not be available in time to support discussions with the state on proposed regulations and to inform the BAWSCA FY 2018-19 Work Plan and Operating Budget development. **This alternative is not recommended.**

Attachment A

DRAFT Scope of Work: “Making Conservation a Way of Life” Strategic Plan - Phase 1

BAWSCA seeks to select a firm (Consultant) to complete Phase 1 of BAWSCA “Making Conservation a Way of Life” Strategic Plan (Plan) to align with the state’s new “Making Conservation a California Way of Life” long-term water conservation targets as dictated by the Governor’s Executive Orders B-37-16 and B-40-17. It is anticipated that new long-term regulations will be developed in FY 2017-18 and that the regulations will require a range of actions by BAWSCA and its member agencies to calculate and ultimately achieve each agency’s conservation target.

It is anticipated that the Plan will be a multi-year effort to align with the state’s implementation of the long-term conservation targets. Phase 1 of the Plan, to be completed in FY 2017-18 through this solicitation, will include:

- Assessment of BAWSCA member agency capabilities to comply with proposed new water conservation targets;
- Evaluation of options for complying with the requirements and their associated costs; and
- Development of a roadmap for BAWSCA and its member agencies for the overall compliance process.

The Phase 1 effort will also include development of a scope of work for Phase 2 of the Plan, anticipated to be completed in FY 2018-19 subject to future approval by the BAWSCA Board.

As the new state long-term targets are still in development, BAWSCA anticipates that adjustments to the scope of work, within the total project budget, may be required to align the Project with final legislation and regulations.

The Project will include the following tasks:

1. Review “Making Conservation a California Way of Life” Regulations and Existing Conservation Efforts: Consultant will review legislation and regulations related to “Making Conservation a California Way of Life” long-term water conservation targets and associated actions that will be required of water suppliers to calculate and report on these targets.

Consultant will review BAWSCA and member agency existing conservation efforts and planning documents, including the Drought Report (BAWSCA, 2017), the BAWSCA FY 2015-16 Annual Conservation Report, and the Regional Demand and Conservation Projections Report (BAWSCA, 2014).

2. Assess Outdoor Landscape Area Measurements Existing Capabilities and Best Practices: Consultant will assess the existing capabilities and practices of each BAWSCA member agency regarding the collection, management, and use of landscape area measurements. Consultant will also research and evaluate water industry best practices for developing landscape area measurements. The

deliverable for this task will be Technical Memorandum #1 (TM-1) detailing the results.

As part of this task, Consultant will determine, at a minimum:

- Whether each BAWSCA member agency has measured irrigated and/or irrigable landscape area within its service area for (a) large landscapes and (b) residential properties
- What methods were used to conduct and verify landscape area measurements, and what level of accuracy was found if verification was conducted
- What each agency used as criteria for determining whether to measure landscape area
- Whether each agency maintains parcel level data for its service area (e.g. lot size, installation date, landscape installation date, etc.) and, if so, how this data is obtained, how it is tracked, and how often it is updated
- Whether BAWSCA member agencies have conducted any studies or pilots on landscape area measurement
- What platform each agency uses for maintaining landscape area measurement data, if applicable
- What challenges agencies have encountered in the past regarding conducting or managing landscape area measurements
- What existing investments BAWSCA member agencies have made in landscape area measurements
- What are the current Industry best practices for conducting landscape area measurements, including a comparison of options and costs

Task 2 Deliverable

- TM-1 summarizing the results of Task 2.
3. **Assess CII Account Classification Capabilities and Best Practices:** Consultant will assess the existing capabilities and practices of each BAWSCA member agency regarding classification of CII accounts. Consultant will also determine existing BAWSCA member agency practices for sub-metering CII accounts to separate landscape water use from indoor use. Additionally, Consultant will assess existing CII audit programs.

As part of this task, Consultant will determine, at a minimum:

- Existing practices for each BAWSCA member agency regarding sub-metering of landscape water use for CII accounts, including criteria for determining whether to separately meter landscape water use and the associated costs
- Existing practices and capabilities for each BAWSCA member agency for classifying accounts within the CII sector, including classification system used and level (degree of detail) of the data collected
- Triggers and process for each BAWSCA member agency for updating CII account classifications, if applicable

- Platform used by each agency for tracking CII account classifications, or capability of agency's existing billing system to track CII account classifications
- Existing or planned programs for each BAWSCA member agency for developing knowledge related to CII water use or promoting reductions in CII water use
- Industry best practices for CII account classifications, including a comparison of options and costs
- Industry best practices for CII water audits, including a comparison of options and costs

Task 3 Deliverable

- TM-2 summarizing the results of Task 3.
4. **Evaluate Water Loss:** Consultant will assess current practices of each BAWSCA member agency regarding water auditing and water loss accounting and will evaluate water industry best practices for water audit data management and water loss control.

As part of this task, Consultant will, at a minimum:

- Compile results from the AWWA Water Audits completed by BAWSCA member agencies per SB 555 requirements
- Inventory each BAWSCA member agency's existing water auditing practices and water loss control practices
- Determine, in conjunction with BAWSCA and member agencies, goals and timeline for improving water audit data and water loss control activities
- Develop a water loss control program roadmap scoping tasks and timeline for implementation of further water loss assessment and intervention needs

Task 4 Deliverable

- TM-3 summarizing the results of Task 4.
5. **Meetings and Workshops:** BAWSCA member agency input will be vital to the success of this effort; therefore, Consultant is required to provide a detailed approach and budget for facilitating member agency participation. Consultant must allot sufficient hours within the overall budget to accommodate this necessary input.

Consultant will conduct meetings with BAWSCA staff and BAWSCA member agency staff to complete the data collection required for Tasks 2-4. It is anticipated that meetings and/or phone interviews with each of the 25 BAWSCA member agencies will be required to perform this task.

In addition, it is anticipated that 2 workshops with BAWSCA and all BAWSCA member agencies will be required to review Phase 1 goals and deliverables and to determine the preferred approach for compliance with the adopted regulations.

6. Develop Roadmap for Compliance: Consultant will develop a multi-year roadmap for complying with “Making Conservation a California Way of Life” requirements. The roadmap will include:
- Identification of gaps between current BAWSCA member agency capabilities and practices and the capabilities and practices that will be needed to comply with the requirements of the adopted regulations
 - An evaluation of options for BAWSCA agencies to develop and implement the expertise and/or staff capabilities as needed for compliance with the adopted regulations, including an estimate of the associated costs and benefits related to the options available, as well as the recommended preferred approach
 - Identification of actions to be taken by BAWSCA to support member agency compliance, including timing of actions
 - Identification of actions to be taken by BAWSCA member agencies to achieve compliance, including timing of actions

For budget and schedule purposes, Consultant should plan to prepare two drafts and incorporate comments received for each draft: one draft for BAWSCA review and a second draft for BAWSCA member agency review. BAWSCA will provide a compiled set of comments from member agencies

Task 6 Deliverable

- Final Report
7. Project Management: To keep the project on schedule and budget, Consultant must provide BAWSCA with monthly status and budget updates by task. The information can be shared via phone or email in combination with updated Excel spreadsheets detailing budget and schedule status.

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: Approval of Proposed Modifications to the Description, Title and Top Step Salary for the Position of Senior Administrative Analyst

Summary:

The duties and responsibilities of the position of Senior Administrative Analyst have evolved significantly over the past several years. This position is now responsible for debt management associated with BAWSCA's 2013 revenue bonds, including administering the \$24 million annual bond surcharge collection to ensure timely debt service payments, and treasury management associated with BAWSCA's \$28 million investment portfolios. None of these critically important tasks or associated skills are included in the existing position description. In addition, the level of effort and overall financial responsibility in review of the annual Wholesale Revenue Requirement has increased significantly with the new 2009 Water Supply Agreement and the 38% increase in the annual Wholesale Revenue Requirement over the past five years.

An outside compensation analyst was hired to perform a desk audit and a comparison with positions at Bay Area water utilities that conduct similar work. An adjustment is recommended to maintain the Agency's ability to retain and attract high quality professionals to perform these critical financial tasks for the Agency.

Fiscal Impact:

The recommended adjustment would increase the top step salary for this position by \$35,411 per year to \$166,956. The actual salary paid to the employee is based on performance but cannot exceed the top step salary for the position.

Approval of these recommended modifications will not result in any necessary changes to BAWSCA's approved FY 2017-18 Operating Budget. Specifically, any salary adjustments made by the CEO as a result of these proposed modifications will stay within the allowance for merit increases within allocated budget for Salaries & Benefits in the approved FY 2017-18 Operating Budget.

Board Policy Committee Action:

The Committee voted unanimously to recommend approval of the proposed Board action.

Recommendation:

That the Board approve the recommended modifications to the position description, title and top step salary by 26% for the position of Senior Administrative Analyst.

Discussion:

In May 2017, Koff and Associates conducted an independent classification review and compensation study for the position of Senior Administrative Analyst. This review included questionnaires and interviews with the CEO as well as with Ms. Tang, BAWSCA's Senior Administrative Analyst.

As has been the practice of the Agency, Koff and Associates compared the duties and responsibilities to similar positions at Bay Area water utilities. Also, as in the past, the top step salary for the current position was compared to the median of top step salaries paid to the comparable positions at the other utilities.

Through this review, Koff and Associates identified that the Senior Administrative Analyst position is now responsible for the following new tasks:

- Debt management associated with BAWSCA's 2013 revenue bonds, including administering the \$24 million annual bond surcharge collection to ensure timely debt service payments, as well as compliance with bond covenants and federal and state laws; and
- Treasury management associated with BAWSCA's \$28 million investment portfolios, including forecasting future cash flow needs, analyzing investment opportunities, and making recommendations during annual review of the Investment Policy.

In addition, the level of effort and overall financial responsibility in review of the annual Wholesale Revenue Requirement has increased significantly with the new 2009 Water Supply Agreement and the 38% value increase in the annual Wholesale Revenue Requirement over the past five years.

As a result of this review, the consultant recommended specific changes to the current position description, a change to the title of the position and an adjustment to the top step salary for the position. The proposed title of the position is Finance Manager. This title reflects the duties and level of responsibility that characterize the position and the titles of comparable positions at other agencies. A revised position description is attached.

BAY AREA WATER SUPPLY & CONSERVATION AGENCY

POSITION DESCRIPTION

CLASS TITLE: FINANCE MANAGER

Brief Description:

Reporting directly to the CEO/General Manager, the Finance Manager manages the Water Supply Agreement between the City and County of San Francisco (City) Public Utilities Commission (SFPUC) and Wholesale Customers (BAWSCA members) for City and BAWSCA compliance with agreement provisions; implements a comprehensive financial audit and management reporting program of the annual Wholesale Revenue Requirement; manages BAWSCA's debt administration and investment policy; ensures assigned programs meet generally accepted accounting principles and governmental auditing standards. This position description does not limit the CEO's ability to assign other work.

The responsibilities of the Finance Manager require a high-level of independent judgement, problem-solving, analysis of unique issues or increasingly complex problems without precedent and/or structure, and formulating, presenting, and implementing strategies and recommendations for resolution. The employee receives occasional instruction or assistance as new or unusual situations arise and is fully aware of the operating procedures and policies of assigned projects. Assignments are given with general guidelines and the employee is responsible for establishing objectives, timelines, and methods to deliver work products. Work is typically reviewed upon completion for soundness, appropriateness, and conformity to policy and requirements, and the methodology used in arriving at the end results are not reviewed in detail. Interpersonal skills in both individual and group settings are critical for successful performance of the work.

Principal Duties and Responsibilities:

- Manages the Water Supply Agreement between the SFPUC and BAWSCA members on an annual basis for compliance by the City and BAWSCA with agreement provisions; conducts annual compliance audit; negotiates interpretation and application of agreement provisions; as needed, evaluates feasibility of agreement amendments and provides recommendations to the CEO for amendment approval.
- Audits wholesale revenue requirement by researching and analyzing the financial impact and allocation methodology used by the SFPUC in assessing costs to BAWSCA members; ensures that the member agencies are being charged an appropriate wholesale price for water supplied.
- Develops annual bond surcharge rate schedule; meets with member agencies to explain basis of rate schedule; monitors surcharge revenue collected; presents proposed bond surcharge rate schedule to the Board of Directors for approval.
- Reviews and analyzes SFPUC's wholesale water rate projections; prepares independent analyses as necessary; analyzes and prepares recommendations.
- Manages the debt management program, including administering the debt portfolio to ensure timely debt service payments and compliance with bond covenants and federal and state laws; coordinates with bond counsel, underwriters, and financial advisors on developing and implementing short- and long-term financing strategies and refunding.
- Manages the treasury management program, including working with financial advisors in making investment decisions, tracking cash flows and forecasting future cash flow needs,

analyzing investment opportunities, maintaining current knowledge of appropriate laws and their applications, and making recommendations and reporting on investing surplus funds in compliance with BAWSCA's Investment Policy; regularly reviews BAWSCA's Investment Policy and General Reserve Policy.

- Reviews and analyzes the SFPUC's draft Operating Budget, including changes and trends, and makes recommendations. May testify before the SFPUC on matters related to the Operating Budget.
- Performs general accounting, budgeting, and financial reporting functions to ensure compliance with laws, regulations, BAWSCA and Board policies, and professional standards, as well as to ensure financial internal controls are in place.
- Assists the CEO with the development, implementation, and maintenance of BAWSCA's annual operating budget.
- Serves on the San Francisco Revenue Bond Oversight Committee; represents BAWSCA at various committee, SFPUC, and other meetings.
- Develops consultant requests for proposals and qualifications for professional services; evaluates proposals and recommends project award; develops, negotiates, and reviews contract terms and amendments; ensures contractor compliance with BAWSCA policies and contract terms and agreements; analyzes and resolves complex problems that may arise.

Other Duties and Responsibilities:

- Conducts a variety of special studies and analyses as requested; evaluates alternatives, makes recommendations and prepares narrative, statistical and graphic reports.
- Prepares agenda materials for Board and committee meetings and makes presentations.
- Prepares a variety of reports, correspondence, policies, procedures, and other written materials.
- Maintains accurate records and files.

Education and Experience:

Equivalent to possession of Bachelors or Master's degree in business or public administration, public policy, economics or a field related to the work and five years of professional-level experience in financial analysis, financial forecasting, or a field which will have produced the required knowledge and skills.

Knowledge and Skills:

Knowledge of:

- Principles, practices, and procedures and methods of public agency financial, budget, investment, and debt management.
- Principles and practices of forecasting, financial analysis, and auditing.
- General accounting and auditing principles and practices including GAAP, GASB, and related standards.
- Applicable federal, state, and local laws, regulatory codes, ordinances, and procedures relevant to assigned area of responsibility.
- Principles and practices of contract administration and review for both professional services and capital improvement projects.
- Principles and practices conducting analytical studies, evaluating alternatives and

preparing effective narrative, statistical, financial and graphic reports.

- Principles and practices of strategic planning.
- Principles and practices of internal and external auditing.
- Computer applications related to the work.
- Standard office practices and procedures and the operation of standard office equipment.
- Working knowledge of applicable state laws governing local public entities.

Skill and Ability to:

- Direct and participate in the analysis of a variety of complex financial, budgetary, administrative and operational problems and make effective operational and/or administrative recommendations.
- Interpret, apply, explain, and ensure compliance with federal, state, and local policies, procedures, laws, and regulations.
- Develop and implement assigned programs, projects, and activities in an independent and cooperative manner, evaluate alternatives, make sound recommendations, and prepare effective financial and staff reports.
- Research, analyze, interpret, summarize, and present financial and technical information and data in an effective manner.
- Negotiate agreement among groups and individuals with differing objectives.
- Prepare, review, and interpret complex financial reports, summaries and data.
- Effectively represent BAWSCA in meetings with the Board, SFPUC, member agencies, governmental agencies, community groups, and various businesses, professional, and regulatory organizations and in meetings with individuals.
- Communicate effectively, both orally and in writing, including making effective oral presentations.
- Establish and maintain effective working relationships with those contacted in the course of the work.

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BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

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

Summary:

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

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

At the July 20th Board meeting, Chair Mendall will present the procedure and evaluation form to the Board of Directors for input. The CEO's performance report and the evaluation form will be e-mailed to each Director following the July 20th Board meeting. The Closed Session performance evaluation will take place at the September 21st Board meeting.

In addition, the Chair will work with Ms. Sandkulla to develop new personal benchmarks to be included in her FY 2017-18 performance plan. Input from the Board on possible personal benchmarks for the CEO is requested.

Board Policy Committee Action:

The Committee voted unanimously to recommend approval of the proposed Board action.

Recommendation:

That the Board review the procedure and evaluation form during its July meeting for subsequent use as part of the CEO/GM performance evaluation during Closed Session at the September 21st Board meeting,

Attachments:

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

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**CHIEF EXECUTIVE OFFICER
ANNUAL PERFORMANCE REVIEW: EVALUATION PROCEDURE
July 2017**

Evaluation procedure design

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

Evaluation steps

1. CEO Activities

- CEO provides a copy of the evaluation criteria for the current year.
- CEO produces a summary of annual activities and a copy of the CEO's job description.

2. Preliminary Board Chair activities

- Board Chair sends evaluation criteria, evaluation form, CEO summary report, and CEO job description to all Board members on July 21st.

3. Directors submit forms and written comments

- Board members to return completed evaluation forms and written comments to BAWSCA Chair by August 9th.

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

- Board Chair compiles scores and compiles all written comments.
- Board Chair may edit if director comments are inappropriate under law.
- Board Chair may ask CEO to clarify or fact-check information referenced in directors' comments.
- Board Chair should exercise caution to avoid the fact or appearance of serial communications with directors.
- Board Chair produces a written draft report (in collaboration with legal counsel) consisting of:
 1. Tabulated scores and totals.
 2. Compilation of directors' comments.
 3. Summary CEO evaluation.
- Board Chair distributes these products to directors in advance of closed session discussion.

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

5. The Board meets in closed session

- Board Chair presents the written materials for discussion:
 1. Board Chair notes any comments deleted or revised, and the reasons for doing so.
 2. Board Chair discusses with the Board other potential quantifiable benchmarks that could be included in evaluation process for FY 2017-18 if desired.
 3. Board Chair may ask that any significant new information be put in writing, perhaps as an amendment to the director's original input, so as to ensure the input is accurately reproduced.
 4. The Chair may ask the CEO to join the closed session for clarification or discussion of matters.
 5. The Chair may ask legal counsel to join the closed session for legal guidance.

6. Board Chair activities following closed session

- Following the closed session, the Board Chair finalizes the written materials, including the summary evaluation.
- Board Chair meets with the CEO to go over and discuss the materials.
 1. The packet is signed by both the Board Chair and CEO to signify that the meeting and discussion took place.
 2. The CEO should acknowledge whether he/she accepts the report or wishes to provide written responses to specific statements.
- All of the written material will be retained in the CEO's personnel file.
- Board Chair shares the finalized evaluation with the Board, or makes it available to them.

7. Board Chair activities for subsequent year's evaluation

- Following the evaluation process, the Board Chair considers suggestions from directors and establishes the evaluation criteria and other potential quantifiable benchmarks for the coming evaluation period.
- Board Chair and the CEO meet to discuss and agree on the revised criteria.
- The Board Chair reviews the revised criteria with the Board of Directors.

BAY AREA WATER SUPPLY & CONSERVATION AGENCY
CEO/GENERAL MANAGER
ANNUAL PERFORMANCE REVIEW: EVALUATION FORM

Employee: _____ Date of Evaluation: _____ Evaluator: _____

Instructions:

Please return to the Chair of the Board by August 9, 2017.

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

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

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

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

**BAY AREA WATER SUPPLY & CONSERVATION AGENCY
CEO/GENERAL MANAGER
ANNUAL PERFORMANCE REVIEW: EVALUATION FORM**

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

What does the CEO do very well?

What could the CEO do better?

Other comments?

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

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

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: Water Recycling and Potable Reuse White Paper

Summary:

This memorandum provides a summary of a White Paper (Paper) prepared by BAWSCA staff on the topic of water recycling and potable reuse. The Paper was developed to document the on-going efforts by BAWSCA and its member agencies to integrate water recycling into the greater water supply portfolio for the region. The Paper also provides an overview of the regulations that have been developed at the state level, an overview of the SFPUC's interest on the topic, and of BAWSCA's strategy moving forward. An [electronic copy](#) of the Paper is available on the BAWSCA website, and hard copies will be provided to Board members at the July 20, 2017 Board meeting.

Recommendation:

There is no recommended action for this item. This item is for information only.

Discussion:

California water agencies, including a subset of BAWSCA member agencies, produce recycled water and rely on it as a component of their overall water supply. BAWSCA staff are participating in the initial planning of several advanced purified water projects as part of the ongoing implementation of the Long-Term Reliable Water Supply Strategy. The amount of water recycling, for both potable and nonpotable uses, is expected to greatly expand in the coming years.

Given the BAWSCA Board and member agencies' interest in supplemental water supply opportunities, and in recycled water opportunities specifically, documentation on this topic at this time is appropriate. This Paper was prepared to provide key details on the broad topic of water recycling and the specifics of work being done on recycled water by BAWSCA and its member agencies.

The Paper includes sections to define terms commonly used in discussions regarding the topic, details regarding regulations that govern recycled water and potable reuse project operations, discussion of BAWSCA's role in efforts to further project development, and summary of member agency efforts. The Paper is organized as follows:

- Introduction;
- Terminology;
- Regulatory Framework;
- Advanced Purification;
- BAWSCA Area Wastewater Facilities;
- BAWSCA Interest;
- San Francisco Public Utilities Commission (SFPUC) Interest;
- BAWSCA Efforts Including Partnerships;
- Bay Area Regional Reliability (BARR) – IPR Project;
- BAWSCA Member Agency Efforts; and
- BAWSCA Strategy Moving Forward.

Linkage to BAWSCA's FY 2017-18 Work Plan

During the January 2017 planning session with the Board for the FY 2017-18 Work Plan, the Board expressed interest in greater focus on recycled water project opportunities. There was the desire to have BAWSCA staff assist member agencies as they embarked upon recycled water projects, promote regional potable reuse partnership opportunities, and to become more involved in state legislation and regulatory development surrounding recycled water.

The adopted FY 2017–18 Work Plan reflects this increased focus, and includes the following elements:

- Regular focused communications to the BAWSCA Board and member agencies on project opportunities and issues surrounding recycled water;
- Continued participation in existing water recycling and reuse partnership opportunities; and
- Participation in specific statewide discussions.

To record and communicate to the Board the significant strides related to recycled water made since BAWSCA completed the Phase II Final Strategy Report published in February 2015, the preparation of a Paper was seen as appropriate.

BAWSCA Strategy Moving Forward

BAWSCA is implementing the following three Strategy actions as it relates to water recycling:

- Element 1 - Working with regional partners (SFPUC, Santa Clara Valley Water District (SCVWD), and other agencies including BAWSCA member agencies) on studies aimed at identifying opportunities for the use of purified water;
- Element 2 - Tracking legislative efforts and regulations related to IPR and DPR in California (through participation in technical organizations such as WateReuse) to stay current on requirements; and
- Element 3 – Engaging with BAWSCA member agencies to remain current regarding their plans and efforts as associated with recycled water projects and programs.

Regular updates to the BAWSCA Water Management Representatives and the Board will continue to be provided on key developments in the Strategy actions described above.

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: Los Vaqueros Expansion Project Update

Summary:

This memorandum provides an update regarding engineering studies and environmental documentation prepared in conjunction with Contra Costa Water District's (CCWD) ongoing effort to consider the possible expansion of its Los Vaqueros Reservoir, increasing storage capacity from the current 160,000 Acre Feet (AF) volume to a new total volume of 275,000 AF.

BAWSCA is one of eleven water agencies partnering with CCWD on the expansion analyses. A portion of the proposed storage created is to be made available to partner agencies, as well as use of facilities built by CCWD to wheel water. BAWSCA's share in storage is proposed to be a maximum of 10,000 AF. On June 30, 2017, CCWD, together with the Bureau of Reclamation (Bureau), released the draft environmental documentation for the project. During July 2017, CCWD is holding six public meetings throughout the Bay Area to collect comments. Comments are currently due by September 5, 2017. CCWD intends to submit a grant application by August 14, 2017 to the California Water Commission to secure Prop 1 "Water Storage Investment Program" funding to cover a portion of the expansion cost.

Recommendation:

There is no recommended action for this item. This item is for information only.

Discussion:

In March of 2010, Contra Costa Water District (CCWD) and the Bureau of Reclamation (Reclamation) completed the Final Environmental Impact Statement/Environmental Impact Report (EIS/EIR) for the Los Vaqueros Reservoir Expansion Project (LVE Project). In 2012, CCWD completed construction of the first phase of the reservoir expansion, increasing the storage from 100,000 AF to 160,000 AF. In 2015, CCWD and Reclamation began jointly studying the potential for further expansion of Los Vaqueros Reservoir (Phase 2), potentially increasing total storage to 275,000 AF. Included as part of the study are other desired facilities, such as a conveyance pipeline that would link Los Vaqueros Reservoir to State Water Project conveyance facilities.

Phase 2 Los Vaqueros Expansion Project

In 2016, CCWD reached out to water agencies, including SFPUC and BAWSCA, to determine if there was interest in a portion of the new storage that would be created as part of Phase 2. Interested agencies were asked to enter into agreements formalizing their respective participation in studies and environmental documentation. A financial contribution toward the cost of the associated work effort was a stipulation of participation.

In February of 2017, BAWSCA entered into an MOU with CCWD formalizing BAWSCA's potential interest in a share of future Los Vaqueros storage and willingness to participate in the work effort. Similarly, SFPUC entered into an MOU, and provided a financial contribution of \$100,000 on behalf of both BAWSCA and SFPUC. In-kind services are also being provided by both BAWSCA and SFPUC. As part of this process, BAWSCA has a unique and separate interest in the Phase 2 Los Vaqueros Expansion project from SFPUC's interest which is related to BAWSCA's identified need for increased dry-year reliability, consistent with the its Long-Term Reliable Water Supply Strategy.

CCWD released an administrative draft of the Supplemental EIS/EIR for Phase 2 in late March 2017. The document was reviewed by BAWSCA and other partnering agencies. BAWSCA provided

comments to clarify the discussion regarding how BAWSCA and its member agencies operate, and its interest in a share of the storage created.

On June 30, 2017, CCWD and Reclamation released the Draft Supplemental EIS/EIR for public review. Comments can be made in writing or at one of the six public meetings hosted by CCWD in July 2017. Comments are currently due by September 5th.

As detailed in the Draft Supplemental EIS/EIR, storage developed by the expansion would serve to make additional water available for environmental management for fish and environmental habitats, increase water supply reliability, and improve the quality of water deliveries. The environmental document details how each of the eleven partner water agencies, including BAWSCA, would benefit from the expanded project. As evaluated, BAWSCA would be provided with up to 10,000 AF in storage. There are two routes by which water could be wheeled to BAWSCA. The first route is via new conveyance piping that would link Los Vaqueros Reservoir to the State Water Project's South Bay Aqueducts. The second route is via the EBMUD-SFPUC system intertie located in Hayward. As part of its commitment for in-kind services, BAWSCA worked closely with CCWD in detailing these alternatives and the resulting evaluations presented in the Draft Supplemental EIS/EIR.

Next Steps

As of the date of the BAWSCA Board meeting (July 20, 2017), three public meetings will have taken place, a fourth will be held concurrent with the BAWSCA Board meeting, and two additional meetings will be held later in July. All meetings start with an open house and presentation in the first hour by CCWD staff, followed by a public hearing in the second hour.

At the same time, CCWD is currently preparing a grant application to the California Water Commission for monies available under the State's Proposition 1 "Water Storage Investment Program". Applications are due in August 2017. If successful, grant dollars could provide up to 50% of the total expansion cost. BAWSCA will provide comments on a draft grant application package when it is provided to partners for review.

At this time, there are no request to partner agencies for additional participation, commitment(s), and/or funding by CCWD. BAWSCA anticipates that such a request will take place sometime in mid-2018. The exact financial contribution request is uncertain at this time,

Attached is a Fact Sheet developed by CCWD for Los Vaqueros Expansion. It provides details regarding current project development activities as well as an overall schedule of significant tasks through the year 2022, at which time CCWD assumes all funding will have been secured, the final design completed, and construction bid packages ready for release to interested contractors.

Attachment: Los Vaqueros Reservoir Expansion Project Fact Sheet

LOS VAQUEROS RESERVOIR EXPANSION PROJECT



RESERVOIR EXPANSION

275,000 acre-feet **PROPOSED PHASE 2**
Proposed project builds upon the successful implementation of the Phase 1 expansion

160,000 acre-feet **PHASE 1 2012**
The dam was increased in height by 34 feet to a new height of 218 feet

100,000 acre-feet **1998**
Los Vaqueros Dam was completed

OBJECTIVES

- Develop water supplies for environmental water management
- Increase municipal and industrial water supply reliability
- Improve the quality of water deliveries

PURPOSE

WATER FOR REFUGES



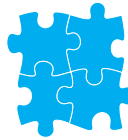
Reliable water supply for South of Delta wildlife refuges

WATER FOR PARTNERS



Reliable water supply for local water agencies

REGIONAL INTEGRATION



High potential for regional water system integration

WATER QUALITY



Protection of delivered water quality

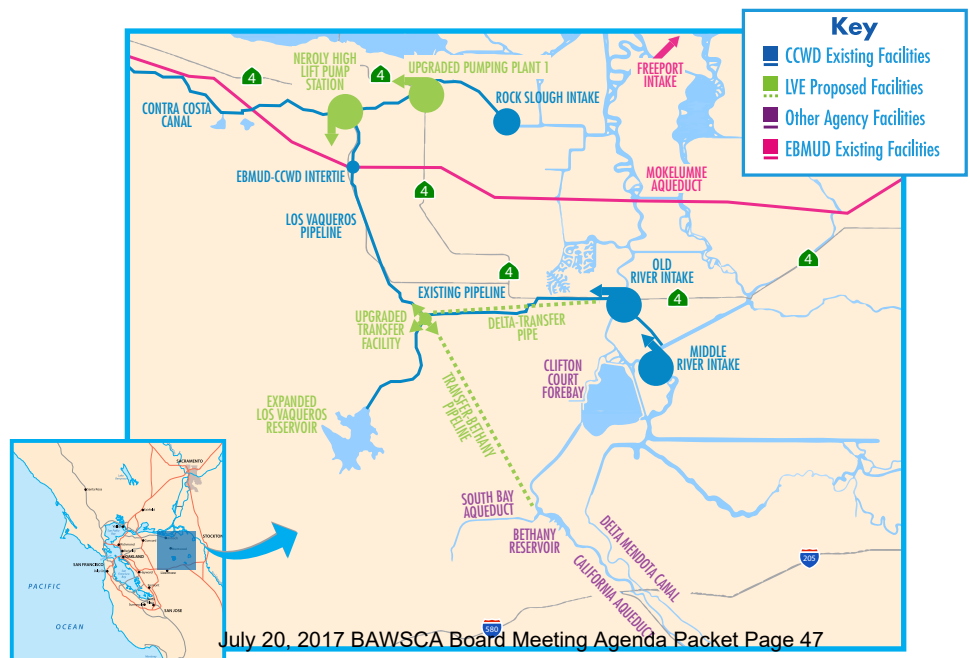
RECREATION



Recreation facility enhancement

HOW IT WORKS

- 1 Water is pumped into the system from one of four existing Delta Intakes.
- 2 Once in the system, water is sent to an upgraded Transfer Facility pump station.
- 3 From the Transfer Facility, water can be delivered directly to local agency partners and wildlife refuges or pumped into an expanded Los Vaqueros Reservoir for later delivery.



FUNDING

- Estimated project cost:

\$800 Million

(2015 dollars)

- Prop. 1 funding could pay for the public benefits of Los Vaqueros Reservoir Expansion Project

PROP 1 PUBLIC BENEFIT CATEGORIES

- Ecosystem improvement
- Water quality improvement
- Emergency response
- Recreation

- Up to 50% of project cost may be paid for by California Proposition 1

\$400 Million

- Remainder of project cost could be covered by local agency partners and federal funding (for wildlife refuge benefits)



POTENTIAL PARTNERS

These agencies have provided funding and in-kind services, and are evaluating potential participation in the project to diversify their water supply portfolios against drought, emergencies, climate change and regulatory challenges.

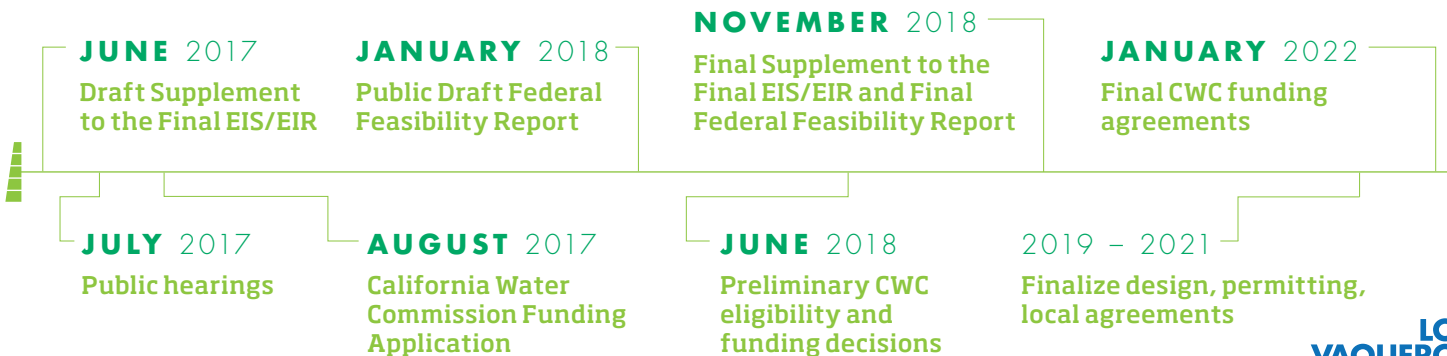
Los Vaqueros Reservoir

- | | |
|---|---|
| 1 Alameda County Water District | 7 Grassland Water District |
| 2 Bay Area Water Supply and Conservation Agency | 8 Santa Clara Valley Water District |
| 3 Byron Bethany Irrigation District | 9 San Francisco Public Utilities Commission |
| 4 City of Brentwood | 10 San Luis & Delta-Mendota Water Authority |
| 5 East Bay Municipal Utility District | 11 Zone 7 Water Agency |
| 6 East Contra Costa Irrigation District | 12 Contra Costa Water District |



NEXT STEPS

CCWD is currently working with Reclamation and the local potential partners and wildlife refuge managers to evaluate project alternatives, facilities, and operations.



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: July 14, 2017
SUBJECT: Chief Executive Officer/General Manager’s Letter

Mountain View Water Transfer to East Palo Alto

On June 20th, the East Palo Alto City Council approved a water transfer of 1 million gallons per day (MGD) from the City of Mountain View to the City of East Palo Alto for a one-time payment of \$5 million. The transfer had previously been authorized by the Mountain View City Council.

Consistent with the requirements of the 2009 Water Supply Agreement (WSA), on June 23, East Palo Alto notified the SFPUC of the proposed transfer and requested SFPUC’s approval. The SFPUC issued that approval on June 26th, and on June 29th, the transfer was fully executed by the two parties.

As required by the WSA, BAWSCA, in coordination with the SFPUC, will prepare and distribute by September 30th an update of Attachment C “Individual Supply Guarantees” to the WSA documenting this 1 MGD transfer.

Regional Reliability Model Development

BAWSCA has contracted with Hazen and Sawyer to develop a regional water supply reliability model (Model). The Model will assist BAWSCA in understanding the impacts of the reliability of other regional water supplies (e.g., surface water from Santa Clara Valley Water District, State Water Project supplies) on the BAWSCA agencies and on the reliability of the SF RWS. The Model will also be used to evaluate the benefits of developing additional regional water supplies. A project kickoff meeting is scheduled for July 18th with BAWSCA staff and the consultant team.

BARR Drought Contingency Plan

Eight of the San Francisco Bay Area’s largest public water agencies are working together through the Bay Area Regional Reliability (BARR) partnership toward regional solutions to improve water supply reliability. BARR’s first project has been to develop a regional Drought Contingency Plan (DCP). The DCP addresses potential drought-related impacts. In addition, the DCP identifies regional drought mitigation projects that, when implemented, could provide increased drought reliability and redundancy.

The DCP’s public input process was completed on June 26, 2017. Public comments were recorded as part of the DCP effort and will be housed in an appendix to the DCP. Agency staff and the DCP’s consultant made final edits to the DCP to address key comments as made by the public as well as by key stakeholders. The DCP was provided to the U.S. Bureau of Reclamation on June 30, 2017 for their final review and approval.

To continue the BARR effort, BARR agencies have applied for a Federal WaterSMART Drought Response Grant to fund a pilot project consistent with the DCP. The proposed project is a pilot “regional water marketing program”, that would test the concept of interagency water transfers/exchanges. EBMUD, BAWSCA, ACWD, SFPUC, and other BARR partners have potential pilot transfers/exchanges that they have been investigating individually, and that will be considered for the pilot if assuming grant funding is secured. EBMUD is serving as the grant applicant on behalf of the BARR partners. BARR agencies have yet to hear from the Bureau as to whether the application is successful at securing a grant award.

San Francisco Regional Water System Emergency Response Tabletop Exercise

On June 21, 2017, the SFPUC held a “tabletop exercise” with participation by 17 of the BAWSCA member agencies following its quarterly Wholesale Customers meeting. A tabletop exercise is a training session where key personnel discuss a simulated emergency situation, and the actions the parties would take in such an emergency are reviewed and discussed. These exercises allow for the testing of an emergency plan in an informal, low-stress environment.

The purpose of this tabletop exercise was to test communication processes and to identify communication gaps between the SFPUC, BAWSCA, and the Wholesale Customers after a 6.0 earthquake on the San Andreas Fault. The exercise also addressed the use of mutual assistance/mutual aid, and lessons learned from the 2014 Napa earthquake.

Per participant suggestions, the SFPUC intends to have a functional component in the next emergency exercise for the Regional Water System. A functional exercise examines and/or validates the coordination, command, and control between various multi-agency coordination centers. Initial ideas are to practice filling out Incident Command System (ICS) forms and practicing requesting and receiving mutual assistance/mutual aid. The SFPUC plans to involve San Mateo County Office of Emergency Services (OES) in the exercise planning, design, and facilitation, as they play the key role in coordinating mutual assistance/mutual aid for SFPUC Wholesale Customers in San Mateo County.

Drought Report Update

On January 17, 2014, following months of continued low precipitation, reduced snow pack levels, and diminishing water supplies in California’s major rivers and reservoirs, Governor Edmund G. Brown, Jr. issued an Executive Order declaring a Drought State of Emergency. Over the next three years, responding to the drought represented a substantial effort by the Bay Area Water Supply and Conservation Agency (BAWSCA) and its member agencies, as well as by state agencies and water suppliers throughout California.

BAWSCA identified the need to document (1) the drought response actions taken by BAWSCA, BAWSCA member agencies, and the State, and (2) critical knowledge gained through these actions, during the 2014 to 2017 drought period. The draft Drought Report has been prepared and is undergoing final review by member agencies. Member agency input was sought to craft sections of the report. The draft Report incorporates that information along with suggested additions as requested by member agencies. The Final Report will serve as a reference document for future drought response and planning efforts.

The draft Report undergoing member agency review includes:

- A timeline of the major drought action by the state, SFPUC, and Santa Clara Valley Water District (SCVWD);
- BAWSCA drought response actions, including demand management actions, water supply actions, and regulatory and policy support provided;

- BAWSCA member agencies' local drought response actions and feedback on BAWSCA drought response activities;
- Fiscal considerations, including fiscal impacts for BAWSCA, the SF RWS, and individual member agencies;
- Water quality issues observed during the drought and responses taken;
- Water use reductions achieved for the SF RWS and individual BAWSCA member agencies; and
- Lessons learned, as well as ongoing and potential future activities related to drought response.

Following receipt of member agency comments, the report will be finalized and distributed to the Board and member agencies as well as uploaded to the BAWSCA website. Staff anticipate that the work on the report will be completed by August, 2017.

2018 Projected Wholesale Purchases from San Francisco

As part of the 2009 Water Supply Agreement between the City and County of San Francisco and its Wholesale Customers, BAWSCA is required to provide the SFPUC with water purchase projections for year 2018. This information is due to the SFPUC on or before June 30th of each year. Attached is a copy of the letter for the Board's reference.

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June 30, 2017

The Hon. Anson Moran, President
San Francisco Public Utilities Commission
525 Golden Gate Avenue, 13th Floor
San Francisco, CA 94102

SUBJECT: Projected Wholesale Customer Water Purchases from the San Francisco Regional Water System in Compliance with Section 4.05 of the 2009 Water Supply Agreement between San Francisco and its Wholesale Customers

Dear President Moran,

Section 4.05 of the July 2009 Water Supply Agreement (Agreement) between the City and County of San Francisco (San Francisco) and its Wholesale Customers requires the San Francisco Public Utilities Commission (SFPUC) to annually prepare a Water Supply Development Report (Report) for consideration by the Commission each December. The purpose of the Report is to assess progress made toward meeting the Interim Supply Limitation (265 million gallons per day, MGD) adopted by the Commission and in effect through December 31, 2018.

The Agreement provides that the Bay Area Water Supply and Conservation Agency (BAWSCA) will provide the SFPUC with water purchase projections for the Wholesale Customers utilized in the Reports. These projections are to be submitted by BAWSCA to the Commission by June 30 each year beginning 2010.

Based on information provided to BAWSCA by its member agencies, the aggregate Wholesale Customer Water Purchases in 2018 are currently projected to be 130 MGD.

130 MGD was projected using actual water purchases in FY 2015-16 (a year when demand was heavily impacted by a drought and associated use restrictions) coupled with FY 2020-21 estimates. BAWSCA's FY 2015-16 Annual Survey serves as a reference. The enclosed Table 1 presents the projected purchases from San Francisco for each Wholesale Customer in 2018. We have made adjustments in the table to reflect the recent 1 mgd transfer from Mountain View to East Palo Alto.

BAWSCA looks forward to working with your staff as the Report is prepared for the Commission's consideration this coming December. If you have any questions, please feel free to contact me.

Sincerely,

A handwritten signature in blue ink that reads "Thomas B. Francis".

Thomas B. Francis
Water Resources Manager

Enclosure:

- Table 1: Projected SFPUC Purchases by the BAWSCA Member Agencies in 2018

cc: Harlan Kelly, SFPUC General Manager
BAWSCA Board of Directors
BAWSCA Member Agency Representatives
Allison Schutte, Hanson Bridgett

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Table 1
Projected SFPUC Purchases by the BAWSCA Member Agencies in 2018

| BAWSCA Member Agency | Individual Supply Guarantee | Interim Supply Allocation | Projected SFPUC Purchases in 2018 (a) |
|--|-----------------------------|---------------------------|---------------------------------------|
| | (mgd) | (mgd) | (mgd) |
| Alameda County WD | 13.76 | 13.76 | 6.80 |
| Brisbane/GVMID | 0.98 | 0.96 | 0.63 |
| Burlingame | 5.23 | 4.97 | 3.77 |
| Coastside County WD | 2.18 | 2.18 | 1.23 |
| CWS - Bear Gulch, Mid-Peninsula, and SSF Districts | 35.68 | 35.68 | 27.61 |
| Daly City | 4.29 | 4.29 | 4.37 |
| East Palo Alto (c) | 2.96 | 2.96 | 2.05 |
| Estero Municipal ID | 5.90 | 5.85 | 3.86 |
| Hayward | --(b) | 22.92 | 15.95 |
| Hillsborough | 4.09 | 3.72 | 2.53 |
| Menlo Park | 4.46 | 4.1 | 2.79 |
| Mid-Peninsula WD | 3.89 | 3.71 | 2.60 |
| Millbrae | 3.15 | 3.13 | 2.14 |
| Milpitas | 9.23 | 8.96 | 4.72 |
| Mountain View (c) | 12.46 | 10.43 | 7.47 |
| North Coast County WD | 3.84 | 3.67 | 2.38 |
| Palo Alto | 17.08 | 14.7 | 9.17 |
| Purissima Hills WD | 1.63 | 1.63 | 1.50 |
| Redwood City | 10.93 | 10.88 | 8.30 |
| San Bruno | 3.25 | 2.65 | 1.74 |
| San Jose | 0 (b) | 4.13 | 4.25 |
| Santa Clara | 0 (b) | 4.13 | 3.20 |
| Stanford University | 3.03 | 2.91 | 1.63 |
| Sunnyvale | 12.58 | 10.59 | 8.76 |
| Westborough WD | 1.32 | 1.08 | 0.81 |
| Member Agency Total (d): | -- | 184 | 130 |
| Total Supply Assurance: | 184 | -- | -- |

Notes:

- (a) Source: BAWSCA FY 2015-16 Annual Survey, Table 3-1 (Demand Projections by Source). Projections derived by straightlining the actual purchases in FY 2015-16 and the projected purchases in FY 2020-21.
- (b) Hayward does not have a fixed ISG. San Jose and Santa Clara are temporary and interruptible customers of the SFPUC and do not have an ISG.
- (c) Individual Supply Guarantees and Interim Supply Allocations for East Palo Alto and Mountain View were adjusted to address a 1 MGD transfer.
- (d) There remains a degree of uncertainty with 2018 projections, due to the fact that 2016 actual purchases were impacted by drought restrictions.

Abbreviations:

- CWS = California Water Service
- GVMID = Guadalupe Valley Municipal Improvement District
- ID = Improvement District
- ISG = Individual Supply Guarantee
- mgd = million gallons per day
- WD = Water District

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Board of Directors Policy Calendar Through May 2018

| Committee Meeting | Purpose | Issue or Topic |
|--------------------------|-------------------|---|
| July 2017 | D&A D&A D&A | Consideration of Consultant Selection to Develop BAWSCA’s “Making Conservation a California Way of Life” Strategic Plan – Phase 1 Consideration of Proposed Modifications to the Description, Title, and Top Step Salary for the Position of Sr. Administrative Analyst. Discussion of the process and schedule for completing the CEO Annual Evaluation and Benchmarks |
| September 2017 | D&A D&A | Resolution Approving Temporary Appointment of A. Jensen as Special Counsel to the CEO/GM CEO/GM Evaluation |
| November 2017 | D&A R | Annual Review and Consideration of Statement of Investment Policy Update on BAWSCA’s Regional Water Supply Modeling Tool Development |
| January 2018 | D&A R&D | FY 2017-18 Mid-Year Work Plan and Budget Review FY 2018-19 Work Plan and Budget Preparation |
| March 2018 | D&A R&D | Consideration of BAWSCA Bond Surcharges for FY 2018-19 Presentation of Preliminary FY 2018-19 Work Plan and Budget |
| May 2018 | D&A D&A | Presentation of Proposed FY 2018-19 Work Plan and Budget Consideration of Annual Consultant Contracts |

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

Meeting Schedule through June 2018

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

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

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