

Board Policy Committee Minutes

February 8, 2017

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

**February 8, 2017 – 1:30 p.m.  
BAWSCA Offices, 155 Bovet Road, San Mateo, 1<sup>st</sup> Floor Conference Room**

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

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

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

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

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

3. **Public Comments:** There were no public comments received.
4. **Consent Calendar:** Approval of Minutes from December 14, 2016 meeting.  
Director Breault made a motion, seconded by Director Benton, that the minutes of the December 14, 2016 Board Policy Committee meeting be approved.  
The motion passed by roll call vote.

**6. Reports and Discussion**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The second is an assessment of the agencies' data and technical capabilities to comply with the state requirements, identifying the gaps in the capabilities, and determining the respective roles for BAWSCA and the member agencies in developing the information

needed to fill those gaps. This effort will be implemented as a BAWSCA core conservation program, which is an effort on behalf of all BAWSCA member agencies.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

In response to Director Mendall, Ms. Johnson explained that the State's current proposal has no specific percentage required for CII usage. If a CII user in Hayward reduces its water use by 1mgd, the savings will not be included in Hayward's overall target, because CII is not included. This applies to all member agencies, except for smaller agencies such

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as GVMID, Brisbane, Stanford and Purissima Hills, all of which are under a different category that will have less extensive requirements.

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

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

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

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

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

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

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

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

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

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

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

In response to Director Larsson's questions, Ms. Johnson explained that for landscape calculations, the State will give consideration to the types and age of the landscaping

installed to accommodate communities with established trees versus communities with lawns. Landscapes that were installed under the newer water efficient landscape ordinance will be subject to higher efficiency standards.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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implementation of two new subscription programs for a 3<sup>rd</sup> Party Water Audit Verification, and a Landscape Area Measurements and Verification will be beneficial for agencies.

As done in 2009, when San Francisco first adopted the WSIP and agencies were required to achieve a certain level of conservation, BAWSCA and the member agencies developed a plan that set expectations and identified the roles between BAWSCA and the agencies to achieve the conservation commitments efficiently and cost effectively. A similar plan will be developed to support the member agencies in meeting the new State requirements.

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

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

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

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

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

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

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

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

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Additional efforts to support agencies in their financial interests include the water utility best management practices workshop to address financial impacts of drought, and a benchmark study to evaluate the SFRWS operational efficiency and cost effectiveness. These activities were deferred from the FY 2016-17 work plan to accommodate the tasks associated with the SWRCB's SED.

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

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

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

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

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

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

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

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

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

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Director Mendall acknowledged and appreciated the continued focus on recycled and purified water projects in the work plan given that comments expressed at the planning session highlighted those issues. He also complimented the BAWSCA staff for coming up to speed efficiently to take on significant efforts for next fiscal year at full load with the same staff size. He suggested that tagging tasks as multi-year versus non-multi-year would be helpful for the Board's decision-making process and consideration of the budget.

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

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

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

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

**7. Reports:**

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

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

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

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

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

Public comments strongly urge the SWRCB to let the regulations expire given the improved water supply conditions. BAWSCA was a signatory to a letter submitted by ACWA. While ACWA and the signatories of the letter support the regulations during drought and for long-term wise use of water, maintaining the integrity of the message to the public that there is a water-use emergency will be a hard sell. Ms. Sandkulla stated that the public response to the emergency drought regulations were so effective, it will be a shame to lose that kind of response the next time there is a drought, because they continued to be restricted despite the up-turn on water supply conditions.

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

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

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

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

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

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

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

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

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

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

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

The panel will meet in early April to receive a briefing on the results of all of the analyses performed so that a final decision can be made on what the ultimate repair will be.

D. CEO's Letter: There were no discussions on the items.

E. Board Policy Committee Calendar: There were no discussions on the items.

7. Comments by Committee Members: Director Guzzetta noted the failure of the Oroville Dam spillway.

8. Adjournment: The meeting was adjourned at 3:29 pm. The next meeting is April 12, 2017.

Respectfully submitted,



Nicole Sandkulla, CEO/General Manager

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Attachments: 1) Attendance Roster

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY**

**BOARD POLICY COMMITTEE -- February 8, 2017**

**Roster of Attendees:**

**Committee Members Present**

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

**BAWSCA Staff:**

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

**Public Attendees:**

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