

**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)

(One member of the Board may participate in this meeting by Teleconference. Locales shall be: South Rim Grand Canyon Mather Campground and 55 W. 3rd Ave., San Mateo, Oak Room. If any member of the board participates by teleconference, all votes taken at this meeting will be by roll call vote.)

Thursday, May 17, 2018

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. Board Policy Committee Report <i>(Attachment)</i>	(Zigterman)	<i>Pg 5</i>
3. Comments by the Chair	(Mendall)	
4. Public Comments	(Mendall)	
<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>		
5. Water Bond Initiative	(Meral)	
6. SFPUC Report	(Kwon/Kelly)	
7. Consent Calendar <i>(Attachments)</i>	(Mendall)	
A. Approve Minutes of the March 15, 2018 Meeting		<i>Pg 19</i>
B. Receive and File Budget Status Report – As of March 31, 2018		<i>Pg 23</i>
C. Receive and File Investment Report – As of March 31, 2018		<i>Pg 25</i>
D. Receive and File Bond Surcharge Collection Report – As of March 31, 2018		<i>Pg 27</i>
E. Receive and File Directors’ Reimbursement Report – As of March 31, 2018		<i>Pg 29</i>
F. Authorize Negotiation and Execution of Contract with Water Systems Optimization, Inc. to Implement Water Loss Management Program in FY 2018-19.		<i>Pg 31</i>
<i>The Committee voted unanimously to recommend approval of the proposed Board action for Consent Item #7F.</i>		
8. Action Calendar		
A. Proposed FY 2018-19 Work Plan and Operating Budget <i>(Attachment)</i>	(Sandkulla)	<i>Pg 39</i>
1. Approval of Proposed FY 2018-19 Work Plan and Results to be Achieved;		
2. Approval of Proposed Operating Budget of \$3,901,085; and,		
3. Approval of recommended funding plan of 1% assessment increase (\$3,543,957).		

The Committee voted 5:3 to recommend approval the proposed Board Action.

B. Approval of Professional Services Contracts for FY 2018-19 (*Attachments*) **(Sandkulla)** Pg 65
Consultant Contracts for Technical and Administrative Services

1. Burr, Pilger, Mayer (Auditing, WSA) Pg 71
2. Geosyntec (Engineering) Pg 73
3. Hanson Bridgett, LLP (Legal Counsel) Pg 75
4. Harlan Wendell (Strategic Counsel) Pg 81
5. Hazen & Sawyer (Engineering) Pg 85
6. Hilton, Farnkopf, Hobson (Engineering/Financial Consultant, WSA) Pg 89
7. Immersiv Media (Database) Pg 93
8. J.L Ortiz Consulting (Engineering) Pg 97
9. Kelling, Northcross, Norbriga (Financial Advisor) Pg 101
10. Maddaus Water Management (Making Conservation a Way of Life) Pg 103
11. Orrick, LLP (Bond Documents Legal Support) Pg 111
12. Public Trust Advisors, LLC (Investment Advisor) Pg 113
13. Stetson Engineering (Water Analyses, WSA) Pg 115
14. Terry Roberts (Engineering Consultant – WSIP, 10-year CIP) Pg 119

Consultant Contracts for Conservation Programs

15. ConserveTrack, LLC (Online Database System) Pg 123
16. EarthCapades (School Assembly Program) Pg 131
17. Global Sun Landscape (Lawn Be Gone Inspection Services) Pg 137
18. Resource Action Program (School Education Programs) Pg 141
19. Tuolumne River Trust (Classroom Education Program) Pg 161
20. Waterfluence, LLC (Large Landscape Conservation Services) Pg 167
21. WaterSmart (Home Water Use Survey) Pg 173
22. Western Municipal District (Free Sprinkler Nozzle Program) Pg 191

As these items are considered annually and do not represent new policy action for board consideration, and therefore, were not presented to the Committee.

C. Adoption of Resolution 2018-01 Approving the Extension of the Tier 2 Drought Allocation Plan (*Attachment*) **(Sandkulla)** Pg 199

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

9. Reports **(Sandkulla)**

- A. Water Supply and Use Update
- B. CEO/General Manager's Letter (*Attachment*) Pg 205
- C. Board Policy Calendar (*Attachment*) Pg 209
- D. Correspondence Packet ([Under Separate Cover](#))

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)**

- B. Conference with Legal Counsel – Existing Litigation pursuant to Paragraph (1) of subdivision (d) of Government Code Section 54956.9 **(Schutte)**
Federal Energy Regulatory Commission Final License Application Proceedings for Don Pedro Hydroelectric Project, P-2299-082, and La Grange Hydroelectric Project, P-14581-002
- C. Conference with Legal Counsel – Anticipated Litigation **(Schutte)**
Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Government Code 54956.9 (1 potential case)
- 11. Reconvene and Report from Closed Session **(Mendall)**
- 12. Directors’ Discussion: Comments, Questions and Agenda Requests **(Mendall)**
- 13. Date, Time and Location of Future Meetings **(Mendall)** Pg 211
(See attached schedule of meetings)
- 14. Adjourn to next meeting scheduled for July 19, 2018 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 Bovee Road, Suite 650, San Mateo, CA 94402** or by e-mail at bawasca@bawasca.org*

*All public records that relate to an open session item of a meeting of the BAWSCA Board that are distributed to a majority of the Committee less than 72 hours before the meeting, excluding records that are exempt from disclosure pursuant to the California Public Records Act, will be available for inspection at **BAWSCA, 155 Bovee 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.

(This page intentionally left blank)

BAWSCA

Bay Area Water Supply & Conservation Agency

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

MEMORANDUM

TO: BAWSCA Board Members

FROM: Nicole Sandkulla, Chief Executive Officer/General Manager

DATE: May 11, 2018

SUBJECT: Summary of Board Policy Committee meeting held April 11, 2018

1. **Call to Order:** Committee Vice Chair, Tom Zigterman, called the meeting to order at 1:32 pm. A list of Committee members who were present (8), absent (1), and other attendees is attached.

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

2. **Public Comments:** There were no public comments.
3. **Consent Calendar:** Approval of Minutes from the February 14, 2017 meeting.
Director Pierce made a motion, seconded by Director Kasperzak, that the minutes of the February 14, 2018 Board Policy Committee meeting be approved.
The motion passed unanimously.
4. **Comments by Committee Chair:** Committee Vice-Chair Zigterman welcomed members of the Committee.
5. **Action Items**

Item #5D was moved up as the first item for discussion and action.

- D. **General Reserve Management:** This item is a follow up to the Committee's discussion at the February 14, 2018 meeting regarding potential modifications to the General Reserve Policy to accommodate long-term planning.

CEO/General Manager, Nicole Sandkulla, explained that the General Reserve Policy is designed to protect the agency against unanticipated deviations in revenue and expenditures, specifically, unpaid quarterly assessments and/or unplanned litigation/arbitration. Ms. Sandkulla noted that this has been the focus of the General Reserve from the very beginning, as well as to stabilize variations in assessments to member agencies.

The current budgetary guideline for the General Reserve is 20% - 35% of the current operating budget. The current General Reserve balance is at 42%.

Ms. Sandkulla stated that the General Reserve Policy provides a budgetary guideline that is permissive rather than being a requirement. The current balance being above the upper end of 35% is not in violation of the General Reserve Policy. The policy also provides that if the General Reserve falls outside the guideline, then the budget shall include a prudent and practical schedule for restoring the reserve balance to within those guidelines.

Ms. Sandkulla reported that there are identified long-term water supply planning efforts that will need additional funds in the future. The most significant effort is updating the Regional Water Demand Projections in FY 2019-20. Ms. Sandkulla reported that BAWSCA's last update of the Regional Water Demand Projections was completed in September 2014 at a cost of \$365,000. It was a significant task that was funded by the General Reserve, and which will have a similar, if not higher, cost when updated in FY 2019-20.

The proposed modification to the current General Reserve Policy establishes a Long-Term Planning Fund (Planning Fund), in which, unexpended or unobligated budgetary funds in excess of the 35% maximum in the General Reserve, can be transferred to.

Ms. Sandkulla stated that given current litigation activity and anticipated long-term planning expenditures, the proposed establishment of a Planning Fund would provide BAWSCA additional funding to support necessary tasks.

The recommended action is for the Committee to recommend Board adoption of Resolution 2018-02 to amend the General Reserve Policy establishing, within the General Reserve, a Long-Term Planning Fund.

Committee discussions ensued following completion of the CEO's prepared remarks.

Ms. Sandkulla clarified that the policy states that unexpended or unobligated funds will not be transferred into the Planning Fund until the General Reserve balance is at the maximum of 35%. However, the Board has the discretion to manage the General Reserve balance within the Policy's range of 20%-35%, and transfer funds it deems prudent from the General Reserve to the Planning Fund before the General Reserve reaches the maximum 35%.

While the policy is written so that the "default" action would not transfer available monies to the Planning Fund until the General Reserve balance is at the maximum of 35%, the language permits the Board to transfer unexpended or unobligated funds into the Planning Fund, if and when the Board chooses to do so, in accordance with the General Reserve Policy.

Director Mendall stated that the projects (including estimated project costs), which the Planning Fund is being used for, would need to be identified, thereby establishing a target amount for the Planning Fund. There should be language in the Policy that would indicate "when" the Planning Fund is considered "full", which should be when the projects that have been authorized by the Board to be funded by the Planning Fund, are fully funded.

Director Mendall noted that previous discussions, which he believes deserve further evaluation, have included the consideration of refunding money back to the member agencies. Whether it be to add a project to save up for, or to rebate money back to the member agencies, both of which would require action by the Board, Director Mendall stated

that there must be a plan for what happens when both the General Reserve and Planning Fund are at the maximum.

Director Kasperzak expressed concern that the Planning Fund seems open-ended.

Director Kuta concurred with the need to have a cap on the Planning Fund. In response to his question, Ms. Sandkulla stated that the Board has the flexibility to fund projects and efforts with the General Reserve, which it has done in the past. However, given the current litigation activity, Ms. Sandkulla recommends keeping the General Reserve robust for the Board to have the funding capabilities it may need in the next couple of years.

Ms. Sandkulla supported having an identified maximum value for the Planning Fund and a plan for when both the General Reserve and Planning Fund are full. She recommends for the plan to be permissive in the language than being required, so that the Board can consider various options.

Ms. Sandkulla clarified that currently unspent budgetary funds at the close of the fiscal year are transferred into the General Reserve in accordance with the General Reserve Policy and without separate Board action. With the proposed modifications to the General Reserve Policy, any unspent budgetary funds at the end of the fiscal year, in excess of the maximum 35% in the General Reserve, would be transferred into the Planning Fund without separate Board action. The Board, however, can choose to manage the funds differently, and make that determination at Mid-year Budget review or anytime during the year.

Director Benton suggested consideration of managing a long-term fund where a specified amount is allocated towards the Planning Fund.

Director Kasperzak cautioned against introducing the opportunity to budget more than necessary. He emphasized that BAWSCA's assessments are monies from member agencies that they can be using for their jurisdiction as opposed to sitting with BAWSCA.

Director Breault does not oppose having a Planning Fund, but questions what the proposed Policy can do that the Board is not already able to do, other than automatically transfer money to the Planning Fund when the General Reserve reaches 35%. The Board has discretion to do what it deems prudent whether or not the maximum General Reserve balance of 35% is reached.

Director Breault did not see how the Planning Fund could save up for long-term planning projects more efficiently than the Board's ability to discuss and consider funding mechanisms for long-term projects annually or biannually, if and when necessary.

Director Pierce stated that the establishment of a Planning Fund is to address two matters: maintain a robust General Reserve due to litigation risks, and save up for anticipated long-term planning projects. In the past, BAWSCA has been able to use the General Reserve to fund special projects. However, because of litigation activities, the General Reserve must be maintained at its maximum level. Instead of continuing to increase the General Reserve balance, establishing a Planning Fund would allow the Board to maintain a robust General Reserve within the policy guideline, and have the ability to save up for upcoming long-term planning projects that would otherwise be funded by the General Reserve.

Ms. Sandkulla explained that the Committee does not have to take action on the proposed modification of the General Reserve Policy.

Director Mendall made a motion, seconded by Director Breault, to direct the CEO/General Manager to bring back a revised staff recommendation to the Committee for further review and discussion that includes the following modifications:

- 1. Language that defines when the Planning Fund is full; and**
- 2. A plan, for Board consideration, on what happens when the General Reserve and the Planning Fund are full.**

In response to a question from Director Kasperzak, Ms. Sandkulla noted that the proposed policy states that; "...the Agency will transfer revenue received by the Agency during a fiscal year, that is not expended or obligated by June 30 of that year, and that is in excess of the maximum balance guideline of 35% of the budget year's operating expense, to the Planning Fund."

Director Benton acknowledged the litigation risks BAWSCA has to anticipate which has contributed to the growing reserve.

There being no further discussions, the motion passed unanimously.

- A. Proposed Fiscal Year 2018-19 Work Plan and Results to be Achieved: Ms. Sandkulla reminded the Committee that the proposed work plan is aligned with BAWSCA's legislated authority and three goals of a reliable supply of high quality water at a fair price. The work plan addresses critical issues identified between now and the year 2050, and produces results to protect the water interests of the region.

Ms. Sandkulla noted a slight change from the preliminary budget to the proposed budget of 1% less due to OPEB fluctuations. The proposed operating budget for FY 2018-19 is \$3,901,085. It is 5.2% more than the current budget, and is \$2.16 per residential customer, an \$0.8 cent increase per residential customer.

At the request of the Board, alternative combinations of assessment increases and use of the General Reserve to fund the budget were examined.

Ms. Sandkulla stated that the current operating budget was funded with an increase in assessments and a transfer from the reserve. To date, the known year-end General Reserve balance, which takes into account what was carried over from FY 2016-17, is \$1.6 million, or 42% of the current operating budget. Based on that information, four funding alternatives were developed for the Committee's discussion and consideration.

Alternative #1 presents no assessment increase, and a transfer of \$357,128 from the General Reserve to fund the Budget. Assuming that there are no unexpended funds carried over from FY 2017-18, this alternative puts the known year-end General Reserve balance at 31% of the FY 2018-19 Operating Budget.

Alternatives 2, 3 and 4 present subsequent increases in assessments of 1%, 2%, and 3%. Each alternative provides a gradual reduction of the amount transferred from General Reserve, therefore maintaining a General Reserve Balance between 32% - 34%.

Ms. Sandkulla noted that unlike a city or water district, BAWSCA does not operate a utility with a large number of staff and other fixed costs. Rather, with a relatively small staff, BAWSCA uses consultants as an extension of staff to provide technical and other expertise for very specific scope of services at a not-to-exceed budget. Ms. Sandkulla reported that the FY 2017-18 operating budget is anticipated to be 95% expended. This provides potentially \$185,000 that could be transferred into the General Reserve after all receivables are processed. Under this circumstance, the potential year-end General Reserve balance for FY 2018-19 will be between 36%-38%.

At BAWSCA's meeting with the agencies' Water Management Representatives, a range of 0-5% assessment increase was reported and received well by the representatives. Ms. Sandkulla recommends Alternative #4 with a 3% assessment increase and a transfer of funds from the General Reserve that would result in an estimated FY 2018-19 year-end General Reserve balance at 38% of the operating budget.

Committee discussions ensued with the completion of the CEO's presentation.

Director Benton supported the CEO's recommendation of a 3% increase in assessments. He noted that the budget is increasing by 5% because there is a need. There are potential litigation activities that unfortunately creates a sizable "unknown" in the horizon. From a financial perspective, it is appropriate to have an increase in assessments because a 0% increase would suggest that there is no budget increase when there is one. While a 0% increase may alleviate the impact to agencies, it takes money away from the reserves to fund the FY 2018-19 budget, which may be more essential in FY 2019-20 or the following years. Furthermore, Director Benton stated that even at the risk of having more money at the end of the fiscal year, he prefers to smooth out the curve of assessment increases and decreases.

Director Kasperzak stated his hesitation with an assessment increase when there will be unexpended funds that can be rolled back into the General Reserve to fully fund the operating budget and still have a balance that is well within the 20%-35% policy guideline. He acknowledged the money member agencies save from BAWSCA's audit of SFPUC's wholesale rates. In response to his question, BAWSCA Financial Manager Christina Tang stated that BAWSCA's review of the wholesale revenue requirements have saved \$44.2 million in the past 15 years, and \$3.5 million on an annual basis from the issuance of the bonds. Director Kasperzak emphasized his concern with whether BAWSCA is funding its operations in excess of its reserves.

Director Mendall agreed with Director Benton's sentiment about smoothing out the curve of increasing or decreasing assessments, but noted that the same sentiment has led to a trend in raising assessments and a growth in the reserves that is beyond the agency's policy guideline. The Planning Fund would have established a mechanism for managing unexpended or unobligated funds that 1) is put towards long-term planning needs, and 2) would have put the General Reserve balance within the policy guideline. However, establishment of the Planning Fund has not moved forward yet.

Director Mendall stated his opinion that the Board needs to either change the existing policy according to what the agency needs, or bring the General Reserve within the policy guideline. Having said that, there would need to be a compelling reason for him to support an increase in assessments.

Director Schmid noted BAWSCA's efforts towards protecting the member agencies' interests in long-term water supply. They include the extension of the Tier 2 plan, the Governor's Executive Order on Making Conservation a Way of Life, threats on the Hetch Hetchy Reservoir, and collaboration with the Bay Area Regional Reliability (BARR) partnership. Additionally, he referenced the number of Bay Area water agencies directly affected by the Governor's Water Fix. All of which are growing concerns affected by external forces from the State, the SFPUC, and others. He would like BAWSCA to be in a position to address the growing issues, and have sufficient resources to do so.

Nicole stated that the proposed operating budget is sufficient to address those issues in the FY 2018-19 work plan. Because the threats are outside of BAWSCA's control, BAWSCA must remain forceful in protecting the interests of the member agencies. The Board has been very supportive of BAWSCA's efforts to deal with the uncertainties of litigation activities. BAWSCA will continue its efforts to ensure the SFPUC meets its water supply commitments to its wholesale customers, as well as in identifying options for new sources of supply. Combined, these efforts are designed to, despite the threats and unknown resolution, put the region in a secure spot with a reliable supply of high quality water at a fair price.

Director Kasparzak made a motion to recommend Alternative #1, 0% increase in assessments. Director Breault seconded.

Further discussions ensued.

Director Kuta stated his support for Alternative #1, but recognized the need for a Planning Fund for long-term planning and the importance of staying within the policy guideline. He noted the importance for his constituents that BAWSCA is not increasing assessments when there are unexpended funds.

Director Breault asked if the CEO/General Manager could provide a 3-5 year outlook on what can be expected regarding potential costly efforts that BAWSCA might need to implement, so that if a 10% increase in the budget is anticipated in the next 5 years, the Board can apply incremental increases to reach that. Ms. Sandkulla agreed, provided that unknown litigation activities are set aside. Director Kuta expressed his support for that effort.

Director Kasperzak suggested the Board's consideration of a revolving fund that is part of the budget instead of the proposed Planning Fund.

In support of Director Schmid's comments, Director Benton pointed out BAWSCA's efforts on the FERC, Bay Delta Plan, and the Governor's Executive Order; "Making Conservation A California Way of Life." BAWSCA continues to face new challenges that require BAWSCA to modify its work plan and overall operation. In addition, all of these challenges are from an external source.

Director Mendall noted that addressing what is foreseen and issues as they develop is the nature of the agency and how the work plan and operating budget is developed.

The Committee took a vote:

Ayes: Kasparzak, Kuta, Breault, Mendall
Nayes: Pierce, Benton, Schmid, Zigterman

Director Schmid made a motion to recommend Alternative #2, 1% increase in assessments. Director Benton seconded.

The Committee took a vote:

**Ayes: Schmid, Benton, Pierce, Mendall, Zigterman
Nays: Kasperzak, Breault, Kuta**

The motion for Alternative #2 passed by a vote of 5:3

- B. Tier 2 Drought Allocation Plan: Water Resources Manager, Tom Francis, explained that the 2009 Water Supply Agreement (WSA) included the Tier 1 and Tier 2 Water Shortage Allocation Plans that take effect in the event of a systemwide shortage due to a drought or an emergency water supply shortage. The Tier 1 Plan allocates water between the SFPUC's retail and the collective wholesale customers. The Tier 2 Plan allocates water between the 26 wholesale customers through a detailed methodology.

The existing Tier 2 Plan was developed by a BAWSCA-facilitated workgroup comprised of member agency representatives. The plan was adopted by the governing body of each member agency between Winter 2010 and Spring 2011.

The plan was purposely given the expiration of December 31, 2018, in anticipation of the SFPUC's 2018 decision, anticipated increased purchases from wholesale customers, interim supply limitations, and resolution of the FERC process.

The recent drought and its overriding influences have caused the delay in the efforts to update the Tier 2 Plan. As previously reported to both the Committee and the Board, the Governor's Executive Order on "Making Water Conservation a California Way of Life" issued in 2016, superseded the Tier 2 Plan during the drought. If passed in the Legislature, it will substantially impact the normal and dry year water use within the BAWSCA member agencies' service area. Until those impacts are known, the development of a new Tier 2 Plan is postponed.

The BAWSCA Board has the ability to adopt the existing Tier 2 Plan with a revised end date, in accordance to Section 3.11(C)(3) of the WSA. The proposed Board action is to extend the Tier 2 plan by one year, to December 31, 2019. This approach would allow the BAWSCA agencies to develop a plan that incorporates new State requirements.

Updating the Tier 2 Plan is included in the work plan for FY 2018-19. BAWSCA has discussed the upcoming effort with the Water Management Representatives, and will work closely with them on the principles for developing a new Tier 2 Plan.

In response to Director Schmid, Ms. Sandkulla explained that the Tier 2 Plan applies to systemwide shortages up to 20%. The Tier 2 Plan provides a method of how the BAWSCA agencies will share the wholesale share of available supply during a drought or other systemwide shortage.

Ms. Sandkulla explained that the Tier 1 and Tier 2 plans were not put into place during the most recent drought because the region responded well to San Francisco's call for 10% voluntary water use reduction such that the SFPUC never needed to ask for mandatory water

use reductions. In addition, as the drought continued, the State drought restrictions became the regulatory requirement and superseded SFPUC's actions.

Developing a new Tier 2 plan does not affect the SFPUC's decision to make San Jose and Santa Clara permanent customers. The function of the plan is to provide a method of how, during a drought or systemwide shortage, the existing supply will be shared among the agencies, including San Jose and Santa Clara, as agreed upon by the agencies. However, the State can supersede the Tier 2 plan with its own Executive Order.

Ms. Sandkulla explained that if the Board does not extend the Tier 2 Plan, it will expire on December 31, 2018. At this point, member agencies cannot develop a new Tier 2 Plan before the expiration date. Extending Tier 2's expiration date puts a plan in place in the event that next year is a drought year.

In response to questions from Director Mendall and Director Kuta, Ms. Sandkulla stated that the Board is not limited to a single 1-year extension. The Board can extend the policy year after year, if needed and if that is the best option for the agencies. A 1-year period, as opposed to a 2 or 3-year period provides the Board flexibility in case the agencies develop a new Tier 2 Plan within a period of 12-months or less.

Director Pierce made a motion, seconded by Director Kasperak, to recommend Board adoption of Resolution 2018-01 to adopt the Tier 2 Plan drought allocation methodology for 1 year beginning January 1, 2019 through December 31, 2019.

The motion passed unanimously.

- C. Authorize the CEO/General Manager to enter into a contract with a selected Consultant for the Water Loss Management Program: Sr. Water Resources Specialist, Andree Johnson reported that as part of BAWSCA's FY 2018-19 work plan, BAWSCA is implementing a new regional water conservation program to support member agencies in meeting the State's water loss regulatory requirement that is currently in place. This effort is part of BAWSCA's "Making Water Conservation a Way of Life" Strategic Plan.

Ms. Johnson clarified that "water loss" regulation refers to water lost within an agencies' distribution system. It is the difference between water that an agency would pump from the ground or purchase from San Francisco, and the water that is sold to customers. It is not water lost to leaks on the customer's side of the meter.

Water Loss represents a significant volume of water that amounts to approximately 9% of total water production from both BAWSCA agencies and statewide.

BAWSCA member agencies' water loss performance is in line with current statewide averages. However, there are some significant opportunities to improve water audits and water loss management practices.

Water Loss Management is one of the items under the proposed State legislation, SB 555, and therefore brings significant interests from member agencies for a regional program in the near-term that would support their water loss management efforts.

SB 555, signed into law in October 2015, requires urban water suppliers to submit validated water audits to DWR annually beginning October 1, 2017, and for the State Board to adopt Water Loss performance standards by July 1, 2020.

The proposed water loss regulatory requirements in the “Making Water Conservation a California Way of Life” legislation are complementary to the existing regulations.

Most of the member agencies who submitted their first validated water audits in October 2017 received assistance from the State Water Board through a one-year program that provided technical assistance and a 3rd party validation, as required by the legislation.

To continue the support member agencies need for compliance, BAWSCA is proposing a 2-part program. First is a Technical Assistance Program (TAP) that would provide member agencies individual support in completing audits, validating the audits, and improving their water loss management. This will be offered as a subscription program and will have a multi-year, phased implementation, which would allow agencies to pick and choose the assistance they need. The second is a one-year Pilot for a Regional Water Loss Control (RWLC) Work Group which will provide member agencies water loss control as well as peer to peer learning opportunities. This will be implemented as core conservation program funded by BAWSCA’s Making Conservation A Way of Life strategic plan at a cost of up to \$30,000.

Because water loss is handled by different staff members within the agencies, there is no existing regional coordination to date. The hope is for the pilot to allow agencies to learn from each other and keep them apprised of the regulations as they develop. Continuation of the program will depend on how successful the pilot program proves to be.

BAWSCA seeks one consultant to implement both programs. A Request for Proposals (RFP) was issued on March 21st, and are due April 20th. Staff anticipates presenting a recommendation to the Board on the selected consultant at the May Board meeting.

The consultant contract will reflect BAWSCA’s multi-year implementation approach. It will be a one-year contract with four options to extend. The program will be phased over multiple years to allow agencies to 1) improve their data quality, (2) to identify cost-justified actions for reducing water loss, and (3) to implement the identified actions.

Ms. Johnson reported that there is a high level of interests among member agencies to participate in the program. Twenty-one (21) agencies indicated their interest on all of the components of the core and subscription programs.

Director Breault asked that the scope of work for the RWLC component of the program including language clarifying that cost of the work group will come out of the \$30,000 consultant budget.

With the recommended amendment to the recommendation, Director Breault made a motion, seconded by Director Pierce, to recommend the Board to:

- 1) Authorize the CEO/General Manager to negotiate and execute an agreement with the selected consultant, for a BAWSCA contract cost share not to exceed \$30,000 to fund the Regional Water Loss Control Work Group, subject to legal counsel review, for implementation of the Water Loss Management Program-in**

FY 2018-19; and

- 2) Offer participation in the Water Loss Management Technical Assistance Program to interested BAWSCA agencies on a subscription basis.**

The motion passed unanimously

6. Reports:

- a. Water Supply Conditions: Ms. Sandkulla reported that the Regional Water System is in a good position at this point in the water year. As of April 1, 2018, the water bank is at 99%, and SFPUC was lowering Hetch Hetchy in anticipation of incoming storms. SFPUC notified the BAWSCA agencies on April 10th that the system is projected to fill.

Precipitation as of April 1st is slightly above the median, but snowpack remains below median. The March precipitation for Tuolumne and local watersheds was significant. The service area's monthly water use is slightly above 2017 water use for the same month, but remains at 10% below the pre-drought year of 2013.

Ms. Sandkulla reported that out of 16 California agencies that continued to use less than 50gpcpd in 2017, 6 were BAWSCA member agencies. As a region, it was a largest grouping of agencies in the State.

- b. SFPUC WaterMAP and 2018 Decisions: Ms. Sandkulla reminded the Committee that the 2009 WSA anticipates the SFPUC's completion of necessary CEQA decisions by the December 2018. This has been referred to by the Board as "SFPUC's 2018 decisions."

The SFPUC Water Management Action Plan (WaterMAP) is essentially SFPUC's planning study related to the deferred water-supply decisions that will support SFPUC's 2018 decisions.

The anticipated decisions are part of the environmental approval for the WSIP. The decisions include 1) whether to make San Jose and Santa Clara permanent customers, 2) how much water, if any, in excess of the Wholesale Customers' contractual 184 mgd supply assurance, San Francisco will supply to others to meet projected future water demands until 2030, and 3) whether to offer a corresponding increase in the supply assurance.

Ms. Sandkulla noted that if the SFPUC makes San Jose and Santa Clara permanent customers, or provides water in excess of the 184 mgd supply assurance, it is critical that SFPUC is able to determine that long-term water supplies are available for San Jose and Santa Clara without compromising the reliability of water supply to its Retail and Wholesale Customers with permanent status.

Since the adoption of the 2009 WSA, several unexpected events have developed that are affecting SFPUC's 2018 decisions, and are raising the question of whether those decisions should be made now.

Specifically, wholesale demands are low and are projected to remain below the 184 mgd through 2040.

There are regulatory risks, brought on by the Executive Order, “Making Water Conservation a California Way of Life, the Bay-Delta Water Quality Control Plan Phase 1 Update, and the ongoing FERC relicensing process, that are yet to be defined, but can impact SFPUC’s supply reliability.

Population growth, as projected by ABAG’s Plan Bay Area 2040, presents uncertainties on future water demands, and challenges that continue to delay the implementation of a pilot water transfer leave voids in the evaluation of transfers.

BAWSCA, along with San Jose and Santa Clara, have been working closely with the SFPUC in the investigation and assessment of alternatives.

Discussions are ongoing with the goal of looking at all possibilities for getting San Jose and Santa Clara what they need without putting the rest of the wholesale customers at risk.

SFPUC and BAWSCA legal counsels will work on a WSA amendment if a proposal is developed for consideration. Ms. Sandkulla noted that this is one of the amendments included in the workplan for FY 2018-19. Developments are expected in May or July of 2018. Consideration of a WSA amendment is expected in the Fall of 2018.

In response to Director Schmid, Ms. Sandkulla stated that any member agency can purchase more than its supply assurance from San Francisco, when supply is available. The Supply Assurance of 184 mgd is allocated among the existing permanent member agencies. San Jose and Santa Clara are not included in the 184 mgd Supply Assurance.

Ms. Sandkulla explained that the Interim Supply Guarantee (ISG) is 265 mgd; 81 mgd for San Francisco, and 184 mgd for the collective permanent member agencies. San Jose and Santa Clara have been able to purchase water from the Regional Water System because overall purchases are less than 265 total and less than 184 mgd for the wholesale customers, including San Jose and Santa Clara.

Director Benton asked if San Jose and Santa Clara can purchase water directly from San Francisco, outside of BAWSCA. Ms. Sandkulla explained that San Francisco, per the Water Supply Agreement, must determine that the Regional Water System has long-term water supplies available beyond the 184 mgd Supply Assurance in order to sell water permanently to San Jose and Santa Clara

Ms. Sandkulla reported BAWSCA is working with San Jose and Santa Clara in negotiating San Francisco’s 2018 decisions.

In response to Director Kuta, the advanced water treatment plant is a potential supply source for San Jose and Santa Clara, however, that option is not fully developed yet.

- c. Water System Improvement Program: Ms. Sandkulla reported that the SFPUC adopted the proposed WSIP scope, schedule and budget changes, in compliance with AB 1823, at its meeting on April 10th. The changes included scope refinements to seven projects, a 24-month extension to the completion date, and a budget revision that has a \$42M increase for regional projects.

BAWSCA provided comments on the proposed revisions and made seven recommendations. Ms. Sandkulla was pleased to report that the Commission included all seven of BAWSCA's recommendation into their adopted action.

BAWSCA's comments and recommendations noted 2 major concerns. The first was with the Regional Groundwater Storage and Recovery Project, where the SFPUC deleted 2 permanent wells that resulted to the reduction of drought yield by 1mgd. With SFPUC's installation of additional test wells and extended tests, BAWSCA's recommendation is for SFPUC staff to provide written reports on the analysis of the test wells, its potential impact on the yield, and options to make the test wells permanent.

The second concern was related to how a forecasted \$100M cost reduction in the program was presented. BAWSCA recommended clarification of the source of the savings, as this is not a project savings but rather forecast reduction in finance costs.

The SFPUC will be submitting the adopted changes to the State oversight agencies, which includes the California Seismic Safety Commission and the SWRCB Division of Drinking Water. The State oversight agencies will prepare reports to the Joint Legislative Audit Committee, identifying any impacts of the changes to the public's health and safety.

BAWSCA provided copies of its recommendations to the State oversight agencies and will provide further assistance if requested.

7. **Closed Session:** The meeting adjourned to Closed Session at 3:25pm
8. **Open Session:** The meeting convened to open session at 3:31pm. Legal Counsel, Nathan Metcalf reported that no action was taken during Closed Session.
9. **Comments by Committee Members:** There were no further comments from the Committee members.
10. **Adjournment:** The meeting was adjourned at 3:31 pm. The next meeting is June 13, 2018.

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD POLICY COMMITTEE – April 11, 2018

Roster of Attendees:

Committee Members Present

Tom Zigterman, Stanford (Vice Chair)

Jay Benton, Town of Hillsborough

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

Mike Kasperzak, City of Mountain View

Al Mendall, City of Hayward (BAWSCA Chair)

Barbara Pierce, City of Redwood City (BAWSCA Vice Chair) *by teleconference*

Gregg Schmid, City of Palo Alto

Committee Members Absent:

Gustav Larsson, City of Sunnyvale (Chair)

BAWSCA Staff:

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

Public Attendees:

Michelle Novotny San Francisco Public Utilities Commission

(This page intentionally left blank)

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

**March 15, 2018 – 6:30 p.m.
Foster City Community Building, Foster City CA**

MINUTES

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

BAWSCA Chair, Al Mendall, called the meeting to order and led the salute to the flag. Nicole Sandkulla called the roll. Fourteen (14) members of the Board were present at roll call, constituting a quorum. Three arrived after roll-call. A list of Directors present (17) and absent (9) is attached.

2. Comments by the Chair:

Chair Mendall thanked members of the Board for their participation in the Budget Planning session held during the January Board Meeting, in which the Board provided 15 suggestions. Ten of the 15 comments are included in the preliminary work plan and results to be achieved for FY 2018-19.

Director Mendall appreciated the positive and valuable process in place for developing the annual work plan and budget. He thanked members of the BPC and the Board for their constructive and helpful input, and the CEO for her thoughtful response.

Final Board action on the work plan and operating budget will take place at the May Board meeting.

3. Board Policy Committee (BPC) Report: Director Larsson reported the discussions and actions taken by the Board Policy Committee at its meeting on February 14, 2018. They are reflected in the BPC summary report included in the packet.**4. SFPUC Report:** Steve Ritchie, Assistant General Manager for Water Enterprise, reported on current water supply conditions and water storage.

Water System Improvement Program Director, Dan Wade, provided an update on the progress of the WSIP. He reported on the WSIP's remaining key challenges and risks, cost and schedule forecast, and proposed scope, schedule and budget changes that will be presented to the Commission for adoption in April.

5. Public Comments: There were no public comments:**6. Consent Calendar:**

Director Richardson made a motion, seconded by Director Kasperzak, to approve the minutes of the January 18, 2018 Board meeting, receive and file the Budget Status Report as of January 31, 2018, and receive and file the Bond Surcharge Collection, Account Balance and Payment Report as of December 31, 2017.

The motion carried unanimously.

7. Reports and Discussion:

- A. Preliminary Fiscal Year 2018-19 Work Plan and Results to be Achieved: Ms. Sandkulla presented the FY 2018-19 preliminary work plan, preliminary operating budget, and considerations for funding the budget. Major tasks in the work plan are aligned with BAWSCA's goals of ensuring a reliable supply of high quality water at a fair price.

8. Reports:

Ms. Sandkulla reported that member agencies' current water use remains below the pre-drought year of 2013. BAWSCA agencies' potable water use in Calendar 2017 is 17% less than 2013.

Board members were reminded of their FPPC Form 700 filing requirements for FY 2017-18. The deadline is April 2, 2018. Board members can file electronically through BAWSCA's electronic filing system with SouthTech.

9. Closed Session:

The meeting adjourned to Closed Session at 7:53 pm.

10. Report from Closed Session:

The meeting reconvened to Open Session at 8:10 pm.

Legal Counsel Allison Schutte reported that no action was taken during closed session.

- 11. Directors' Discussion: Comments, Questions and Agenda Requests:** Director Kasperzak suggested BAWSCA's consideration of Proposition 72, a ballot measure dealing with Prop 13, created to exclude rainwater catchment systems from property tax amendments. Chair Mendall directed the CEO to bring, to either the Board leadership or the BPC, the discussion of BAWSCA's procedures for supporting types of measures without making an impact on the work plan and budget.

- 12. Date, Time and Location of Next Meeting:** The next meeting is scheduled on May 17, 2018 at 6:30pm, in the Oak Room, of the San Mateo Main Library.

- 13. Adjournment:** The meeting adjourned at 8:17pm.

Respectfully submitted,

Nicole M. Sandkulla
Chief Executive Officer/General Manager

NMS/le

Attachments: 1) Attendance Roster

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY
Board of Directors Meeting
January 18, 2018

Attendance Roster

Present:

Jay Benton	Town of Hillsborough
Tom Chambers	Westborough Water District
Mike Kasperzak	City of Mountain View
Kirsten Keith	City of Menlo Park
Pat Kolstad	City of Santa Clara
Rob Kuta	California Water Service Company
Gustav Larsson	City of Sunnyvale
Al Mendall	City of Hayward
Chris Mickelsen	Coastside County Water District
Irene O'Connell	City of San Bruno
Rosalie O'Mahony	City of Burlingame
Dan Quigg	City of Millbrae
Sepi Richardson	City of Brisbane
Gregg Schmid	City of Palo Alto
Louis Vella	Mid-Peninsula Water District
John Weed	Alameda County Water District
Tom Zigterman	Stanford

Absent:

Robert Anderson	Purissima Hills Water District
Randy Breault	Guadalupe Valley Water District
Charlie Bronitsky	City of Foster City
Sam Liccardo	City of San Jose
Juslyn Manalo	City of Daly City
Larry Moody	City of East Palo Alto
Tom Piccolotti	North Coast County Water District
Barbara Pierce	City of Redwood City
Rich Tran	City of Milpitas

(This page intentionally left blank)

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: May 1, 2018

SUBJECT: Budget Status Report as of March 31, 2018

This memorandum shows fiscal year budget status for FY 2017-18. 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 nine-month period ending March 31, 2018, 75 percent into the fiscal year, total expenditures were \$2,440,449 or 66 percent of the total budget of \$3,704,572.

Table 1. Operating Budget Summary as of March 31, 2018

Cost Category	Year-To-Date		
	Budget	Expenses	Percent
Consultants /Direct Expenditures			
Reliability	1,082,400	709,804	66%
Fair Pricing	439,750	143,017	33%
Administration	95,000	102,650	108%
Subtotal	1,617,150	955,471	59%
Administration and General			
Salary & Benefits	1,644,372	1,228,099	75%
Other Expenses			
BAWSCA	373,250	254,120	68%
BAWUA	1,050	0	0%
Subtotal	3,635,822	2,437,689	67%
Capital Expenses	10,000	0	0%
Budgeted Contingency	57,500	0	0%
Regional Financing Authority	1,250	2,760	221%
Grand Total	3,704,572	2,440,449	66%

Overview:

Overall expenditures for FY 2017-18 are tracking within budget.

Consultants

The \$135,000 budget for technical review and tracking of the SFPUC's Water System Improvement Program was 51 percent expended. The Operating Budget allocation of \$150,000 for strategic counsel was 70 percent expended. The Operating Budget allocation of \$669,000 budget for legal counsel was 61 percent expended. The \$276,400 budget for water management and conservation-related activities was 76 percent expended.

Administration and Other Expenses

Budgets for salaries and other expenses were 75 and 67 percent expended respectively.

Use of CEO's Discretionary Spending Authority:

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

- Kingston Media, in the amount of \$20,000 for services related to BAWSCA's 15th anniversary video. (April 2018)
- A contract amendment in the amount of \$10,000 for KNN Public Finance, Inc. for services related to the Water Supply Agreement. (April 2018)
- A contract with the Center for Advanced Decision Support for Water and Environmental Systems for \$6,560 for purchase of a RiverWare software license to be used to operate BAWSCA's new Regional Water System & Supply Modeling Tool (Model). This purchase was anticipated and referenced in the May 18, 2017 memorandum to the BAWSCA Board recommending the consultant selection for development of the Model.
- Hanely Communications in the amount of \$20,000 for services related to conservation program materials and reporting, and other presentation materials. (May 2018)

Expenses related to these actions will be reflected in the budget status report period ending June 30, 2018. The total Operating Budget for FY 2017-18 remains the same.

Use of Reserve and Reserve Fund Balance:

Unspent funds at the end of FY 2016-17 were \$519,167. The BAWSCA reserve balance as of March 31, 2018, shown below, reflects this deposit. In accordance with the adoption of the FY 2017-18 annual budget in May 2017, the Board approved transferring \$160,615 from the General Reserve to fund the FY 2017-18 budget. The BAWSCA General Reserve balance shown below reflects this transfer.

Table 2. General Reserve Fund Balance

Fund	Account Balance (As of 01/31/18)	Account Balance (As of 03/31/18)
General Reserve	\$1,561,144	\$1,561,144

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: April 30, 2018

SUBJECT: Investment Report – As of March 31, 2018

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 and re-affirmed the investment policy at the November 16, 2017 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>12/31/17</u>	<u>03/31/18</u>
\$2,456,997	\$2,330,456

Of the total in the BAWSCA LAIF account as of March 31, 2018, \$1,561,144 represents BAWSCA's General Reserve Fund, equivalent to approximately 42 percent of FY 2017-18 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>12/31/17</u>	<u>03/31/18</u>
1.20%	1.51%

(This page intentionally left blank)

BAWSCA

Bay Area Water Supply & Conservation Agency

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

MEMORANDUM

TO: Nicole Sandkulla, CEO/General Manager

FROM: Christina Tang, Finance Manager

DATE: May 7, 2018

**SUBJECT: Bond Surcharge Collection, Account Balance and Payment Report
as of March 31, 2018**

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

Bond Surcharge Collections

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

All surcharges billed for the months of January and February in 2018 have been collected. Payments of surcharges billed for March 2018 are still being received. Table 1 below presents a summary of financial transactions related to BAWSCA's Bond Series 2013A and 2013B for the three months.

Table 1: Summary of Surcharges Remitted to Trustee for Quarter Ending 03/31/2018

<u>Month</u>	<u>Amount Billed</u>	<u>Amount Remitted to Trustee</u>
January 2018	\$2,057,216	\$2,057,216
February 2018	\$2,057,216	\$2,057,216
March 2018	<u>\$2,057,216</u>	<u>\$1,463,450</u>
Total	\$6,171,648	\$5,577,882

Bond Surcharge Account Balances

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

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

Table 2: Bank of New York Bond Trustee Account Activity for Quarter Ending 03/31/2018

22,196,646	Account Market Value as of 12/31/2017
<i>plus:</i> 5,986,368	Surcharge Collected in January 2018 through March 2018
<i>plus:</i> 32,118	Money Market Fund Interest Received
<i>plus:</i> (54,131)	Change in Market Value of Held Treasury Bonds
<i>plus:</i> 12,099	Change in Market Value of Matured Treasury Bonds
28,173,100	Account Market Value as of 3/31/2018

There are two ways interest is earned by BAWSCA on the collected surcharge payments and balances held in the stabilization funds. First, interest is automatically earned on the account balance in the Bank of New York Bond Trustee money market account at a current rate of approximately 1.54%. Last quarter, interest earnings received were \$32,118. Second, BAWSCA can invest the collected surcharge payments by purchasing US Treasury securities, possibly earning a higher rate of return than the money market account.

Based upon an evaluation of the available yields, it was determined that BAWSCA would realize a moderate earning benefit by purchasing U.S. Treasury securities instead of staying invested in the money market account. In October 2015, following further evaluation, BAWSCA determined that a strategy that involved both a rolling and a ladder security structure provided the Agency with the most appropriate balance of safety, liquidity, and yield.

With the Investment Advisor's assistance, BAWSCA recently re-evaluated the investment strategy and determined that a modest extension of portfolio maturity was appropriate to pursue higher yields while still satisfying the primary objectives of safety and liquidity. Following the March 2018 debt service payment, BAWSCA has begun to transition to a 0-5 year ladder portfolio strategy. As of April 30th, the market yield on BAWSCA's revised portfolio strategy was 2.51% compared to 1.59% for the money market fund.

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

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

The recent debt service payment of \$6,272,535 was made on April 1, 2018. It was paid using the bond surcharges collected from the agencies, consistent with the bond indenture. The next debt service payment of \$18,402,535 will be made on October 1, 2018. There are sufficient funds in the Trustee account to make the payment. Debt service payments are made on April 1st and October 1st of each year until 2034.

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: April 30, 2018

**SUBJECT: Directors' Reimbursement Quarterly Report for the Period Ending
March 31, 2018**

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 March 31, 2018.

(This page intentionally left blank)

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Authorize Negotiation and Execution of Contract with Water Systems Optimization, Inc. to Implement Water Loss Management Program**

Summary:

BAWSCA is currently completing Phase 1 of its “Making Water Conservation a California Way of Life” Strategic Plan. Phase I discussions identified implementation of a Regional Water Loss Management (WLM) Program as a key action for FY 2018-19 in order to provide the BAWSCA agencies the necessary technical assistance to comply with current regulatory requirements and to benefit from cost-effective water loss interventions.

The BAWSCA WLM Program is proposed to contain two components:

1. The **WLM Technical Assistance Program (TAP)**, which will provide technical assistance to individual BAWSCA agencies in completing annual water audits and improving water loss management practices. This program will be offered as a Subscription Conservation Program, and therefore, those agencies wishing to participate in the program will fully fund the cost of implementation in their service area.
2. The **Regional Water Loss Control (RWLC) Work Group**, which will provide water loss control education and peer to peer learning opportunities for all BAWSCA agencies. The RWLC Work Group is recommended to be implemented as a Core Conservation Program, funded by BAWSCA for FY 2018-19 to the benefit of all BAWSCA agencies as a component of the BAWSCA “Making Conservation a Way of Life” workplan item.

BAWSCA released a Request for Proposals (RFP) for the WLM Program on March 21, 2018. Proposals were due back to BAWSCA on April 20, 2018 so that a selected consultant can be recommended to the Board at its meeting in May. This schedule was presented to the Board Policy Committee at its April 11th meeting to ensure that the WLM Program is available to the BAWSCA agencies beginning July 1, 2018. The Committee action recommended Board approval of the negotiation and execution of a contract with a selected consultant.

Two proposals were received. A selection panel consisting of BAWSCA staff and three member agency representatives reviewed the proposals, as well as the responses to follow-up questions, and completed proposal scoring. The panel recommended that BAWSCA award the contract to Water Systems Optimization, Inc. (WSO). The WSO proposal demonstrated strong technical qualifications, a realistic approach to implementing the program within the BAWSCA Subscription Program structure, and competitive costs.

Fiscal Impact:

The proposed FY 2018-19 budget includes \$187,000 to complete Phase 2 of the “Making Conservation a Way of Life” Strategic Plan work effort. It is anticipated that \$30,000 of this budget will fund the RWLC Work Group for FY 2018-19. The Technical Assistance Program will be offered on a subscription basis, and only those agencies that elect to participate in the program will pay the cost of the selected outside service provider.

Board Policy Committee Action:

The Committee unanimously voted to recommend negotiation and execution of a contract with a selected consultant.

Recommendation:

That the Board Policy Committee recommend the Board:

- 1) Authorize the CEO/General Manager to negotiate and execute an agreement with Water Systems Optimization, Inc., for a BAWSCA contract cost share not to exceed \$30,000 to fund the Regional Water Loss Control Work Group, subject to legal counsel review, for implementation of the Water Loss Management Program in FY 2018-19; and**
- 2) Offer participation in the Water Loss Management Technical Assistance Program to interested BAWSCA agencies on a subscription basis.**

Discussion:

In October of 2015, the Governor of California signed Senate Bill (SB) 555 into law to improve water system auditing throughout the state. SB 555 requires all California Urban Retail Water Suppliers to submit validated water audits to the Department of Water Resources (DWR) annually, beginning in October 2017. SB 555 also requires that, by July 1, 2020, the State Water Resources Control Board (SWRCB) adopt rules requiring urban retail water suppliers to meet performance standards for water loss. Most of BAWSCA's 26 member agencies have completed their first validated audits and submitted the audits to DWR in 2017.

Most of the WLM Program will be implemented as a Subscription Program, funded by the individual agencies that elect to participate and implemented for their respective service areas. One portion of the WLM Program, the RWLC Work Group, is recommended to be implemented as a Core Program, funded by BAWSCA for FY 2018-19 to the benefit of all BAWSCA agencies as part of the BAWSCA "Making Conservation a Way of Life" workplan item. The RWLC Work Group will provide water loss control education and peer to peer learning opportunities for the BAWSCA member agencies.

As the specific needs of each BAWSCA agency differ, BAWSCA anticipates that for the WLM TAP, each Participating Agency will implement a selection of the specific tasks outlined below to meet its individual needs. BAWSCA also anticipates that tasks may be phased over multiple years. Therefore, the annual budget for each Participating Agency is expected to vary, as is the number of agency participants. It is estimated that twelve BAWSCA agencies will opt to participate in the technical assistance task in the first year of the program.

Consultant Selection Process

The 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 a Request for Proposals (RFP) for the WLM Program on March 21, 2018. Proposals were due back to BAWSCA on April 20, 2018 so that a selected consultant can be recommended to the Board at its meeting in May. This schedule was presented to the Board Policy Committee at its April 11th meeting to ensure that the WLM Program is available to the BAWSCA agencies beginning July 1, 2018.

Two proposals were received. A selection panel consisting of BAWSCA staff and three member agency representatives reviewed the proposals, as well as the responses to follow-up questions, and completed proposal scoring. All BAWSCA member agencies were provided the option of reviewing the proposals and observing the interview process.

Consultants were 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%).

The panel recommended that BAWSCA award the contract to Water Systems Optimization, Inc. (WSO). The WSO proposal demonstrated strong technical qualifications, a realistic approach to implementing the program within the BAWSCA Subscription Program structure, and competitive costs.

Scope of Work

The Scope of Work, included in the RFP, is provided in 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:

- **Technical Assistance for Preparation and/or Validation of Distribution System Water Audits:** Contractor shall assist Participating Agencies in preparation of distribution system water audits, and/or in the Level 1 Validation of water audits, consistent with SB 555 requirements.
- **Component Analysis: Volume and Value of Real and Apparent Losses:** Contractor will provide technical assistance to Participating Agencies who desire a higher level of investigation into real and apparent losses occurring in their systems. Real losses are attributed to leakage in transmission and distribution mains, leakage and overflows at utility storage tanks, and leakage at service connections. Apparent losses are attributed to unauthorized consumption, metering inaccuracies and data handling errors.
- **Meter Accuracy Testing:** Contractor shall conduct volumetric meter accuracy testing for source meters and/or customer meters.
- **Comprehensive Leak Detection:** Contractor shall survey participating agencies' distribution systems for leakage.
- **Report Preparation:** For each Participating Agency, Contractor shall prepare report documenting water loss investigation and findings, including recommendations for next steps to cost-effectively improve data quality, water loss understanding, and water loss performance.
- **RWLC Work Group:** Contractor will coordinate RWLC Work Group meetings to provide water loss control education and peer to peer learning opportunities for BAWSCA member agencies.
- **Program Management:** Contractor shall provide administrative services to oversee the day to day implementation of the WLM Program, including monthly status and budget updates by task.

Schedule

BAWSCA anticipates commencing work in July 2018. The WLM Program is anticipated to be implemented over a period of three to five years, to enable agencies to collect missing information, improve data sources, consider economics of water loss management, and refine Participating Agency's local water loss management practices. BAWSCA proposes to enter into a one-year contract with the Contractor with four additional one-year options to extend the contract at BAWSCA's discretion.

Alternatives Considered:

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

- Alternative #1: Support the Recommended Actions. Both components of the WLM Program have been requested by the BAWSCA member agencies to meet an existing need to address water loss regulatory requirements and improve water loss management. A July 1st launch will provide BAWSCA agencies with the necessary support to meet State water loss reporting requirements in 2018.
- Alternative #2: Support only the subscription program portion of the WLM Program. The BAWSCA Board can choose to offer only the subscription portion of the WLM Program, the WLM TAP. This alternative would eliminate the RWLC Work Group, which is recommended to provide support to all agencies in understanding State water loss requirements and expanding knowledge on water loss management. **This alternative is not recommended.**

Attachment A

Scope of Work: Water Loss Management Program

BAWSCA seeks to select a firm (Contractor) to implement the BAWSCA's WLM Program. The WLM Program is anticipated to be implemented over a period of three to five years, to enable agencies to collect missing information, improve data sources, consider economics of water loss management, and refine Participating Agency's local water loss management practices. BAWSCA intends to enter into a one-year contract with the Contractor with four additional one-year options to extend the contract at BAWSCA's discretion.

As the specific needs of each BAWSCA agency differ, BAWSCA anticipates that each Participating Agency will implement a selection of the specific tasks outlined below to meet its individual needs. BAWSCA also anticipates that tasks may be phased over multiple years. Therefore, the annual budget for each Participating Agency is expected to vary, as is the number of agency participants. It is estimated that 12 BAWSCA agencies will opt to engage in the technical assistance task in the first year of the program.

The WLM Program shall include the following tasks:

Task 1 - Program Management

Contractor will provide administrative services to oversee the day to day implementation of the WLM Program. To keep the work on schedule and budget, Contractor must provide BAWSCA with monthly status and budget updates by Participating Agency and by task. The information can be shared via phone or email in combination with updated Excel spreadsheets detailing budget and schedule status.

Task 2 - Technical Assistance for Preparation and/or Validation of Distribution System Water Audits

Contractor will assist Participating Agencies in preparation of distribution system water audits, and/or in the Level 1 Validation of water audits, consistent with SB 555 requirements. For each Participating Agency, specific support activities may include:

- a) Water Audit Compilation: Collect and review existing records and compile water audit and associated documentation.
- b) Level 1 Validation: Complete Level 1 Validation of agency's audit and compose documentation for submission to DWR for SB 555 compliance.
- c) Source Meter Volumetric Accuracy Testing: Design a volumetric source meter accuracy test to establish a field-validated water supplied baseline for the water audit. Document test procedures for future meter accuracy investigation.
- d) Billing Data Chain Assessment: Map meter read collection and billing processes. Compare raw data across billing data management platforms (e.g. read collection system, billing data system, and reporting system). Identify data transmission errors.
- e) Field Pressure Survey: If desired by or if determined to be necessary for a Participating Agency, 1) determine average system pressure, 2) conduct pressure transient investigation, and/or 3) prepare district metered area (DMA) potential assessment.

It is anticipated that this effort will help to identify data components that require further validation and recommend improvements to data validation processes. Direction and advice shall be

provided to each Participating Agency regarding how to best improve its data process and improve audits in subsequent years.

Task 2 Deliverable

- A completed and/or Level 1 Validated water audit for each Participating Agency.
- A memorandum documenting Task 2 activities and results for each Participating Agency.

Task 3 - Component Analysis: Volume and Value of Real and Apparent Losses

Contractor will provide technical assistance to Participating Agencies who desire a higher level of investigation into real and apparent losses occurring in their systems. Real losses are attributed to leakage in transmission and distribution mains, leakage and overflows at utility storage tanks, and leakage at service connections. Apparent losses are attributed to unauthorized consumption, metering inaccuracies and data handling errors.

- a) Component Analysis of Real Losses: Establish methods and data requirements to quantify background leakage, unreported leakage, and reported leakage. Tasks shall be customized based on the characteristics of the Participating Agency and may include:
 - Collect and review leakage repair documentation.
 - Evaluate leak repair process.
 - Determine participating agency's leakage profile (background, unreported, and reported leakage).
 - Develop analysis of cost-effective interventions against leakage. Design leak management program.
- b) Component Analysis of Apparent Losses: Establish methods and data requirements to quantify customer metering inaccuracies, systematic data handling errors, and unauthorized consumption. Tasks shall be customized based on the characteristics of the Participating Agency and may include:
 - Design small meter testing protocol.
 - Prioritize large customer meters for testing.
 - Analyze meter testing results.
 - Calculate and determine value of apparent losses due to meter inaccuracy.
 - Recommend further study areas and customer meter management practices.

Task 3 Deliverable

- A memorandum documenting Task 3 activities and results for each Participating Agency.

Task 4 – Meter Accuracy Testing

Contractor will conduct volumetric meter accuracy testing. For each Participating Agency, tasks may include:

- Source Meter Volumetric Accuracy Testing: Design and conduct volumetric source meter accuracy test(s). Establish a field-validated water supplied baseline for the water audit. Document test procedures for future meter accuracy investigation.
- Customer Meter Volumetric Accuracy Testing: Design and conduct volumetric small meter customer tests to quantify customer metering inaccuracies. Design

and conduct volumetric large customer meter tests to quantify customer metering inaccuracies.

Task 4 Deliverable

- A detailed Meter Testing report containing a list of each meter tested, meter age and cumulative flow information, details of the meter testing protocol employed, and meter testing results.
- A report summarizing findings and recommendations as pertaining to meter maintenance and replacement program development and water audit results.

Task 5 – Comprehensive Leak Detection

Contractor will survey participating agencies' distribution systems for leakage. Participating Agencies may choose to have their entire systems surveyed or to elect to survey only those portions of their systems suspected to have leaks. Contractor will calculate water savings resulting from the leak detection and associated repairs.

Task 5 Deliverable

- A detailed Leak Report containing a photo showing each leak location, X-Y GPS coordinates, satellite photo with location of leak, details of the type of leak found, estimated leak flow rate in gallons per minute, leak classification and prioritization, and equipment and technique used to locate the leak. Pinpoint leaks need to be marked on the asphalt in accordance with Participating Agency requirements.
- A prioritized list of leaks, including the specific location within the distribution system and a quantification of the volume of water for each identified leak.
- A report summarizing findings as pertaining to water audit results.

Task 6 – Report Preparation

For each Participating Agency, Contractor shall prepare report documenting water loss investigation and findings for Tasks 2 through 5, as applicable to the Participating Agency. Report shall include recommendations for next steps to cost-effectively improve data quality, water loss understanding, and water loss performance.

Task 7 - RWLC Work Group

Contractor will coordinate RWLC Work Group meetings to provide water loss control education and peer to peer learning opportunities for BAWSCA member agencies. Activities will include:

- a. Coordination of quarterly meetings.
- b. Development of meeting curriculum.
- c. Preparation of meeting materials and handouts.
- d. Communication with BAWSCA on water loss regulatory updates and industry news.

(This page intentionally left blank)

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Proposed Fiscal Year 2018-19 Work Plan and Operating Budget**

Summary:

This memorandum presents the proposed Fiscal Year 2018-19 Work Plan and Results to be Achieved, proposed Operating Budget, and proposed considerations for funding the Operating Budget. Comments received from the Board at the January 18, 2018 Budget Planning Session have been reviewed and addressed. The proposed Work Plan represents the CEO's recommendations for those comments and feedback provided by the Committee in February.

The proposed Work Plan is aligned with BAWSCA's legislated authority and its three goals: a reliable supply of high quality water at a fair price. Major work areas include increased activity in implementing the recommended Long-Term Reliable Water Supply Strategy (Strategy) actions, scenario planning (i.e., new water supply options, etc.) through the use of the newly developed regional water supply reliability modeling tool for the BAWSCA service area, continuation of activities to support BAWSCA member agency efforts to meet new State of California "Making Water Conservation a Way of Life" requirements, participation in the State Water Resources Control Board (SWRCB) Bay Delta Water Quality Control Plan Update to ensure member agency interests are represented, participation as an intervenor in the Federal Energy Regulatory Commission (FERC) proceedings associated with the licensing of Don Pedro Reservoir, and participation in the Restore Hetch Hetchy litigation in which BAWSCA is a named party. BAWSCA also proposes to continue increasing its oversight of the SFPUC's Capital Improvement Program and Regional Water System Asset Management Program, as well as initiate an audit of SFPUC's asset management practices.

The proposed FY 2018-19 Operating Budget is \$3,901,085, which is 5.3% above the current FY 2017-18 Operating Budget. The proposed Operating Budget represents approximately an 8-cent increase in annual cost per person in the service area for an estimated cost to the water customer of \$2.16 per person per year. Considerations for funding the proposed Operating Budget are presented below for further discussion. Based on an evaluation of four funding alternatives, the Board Policy Committee voted to recommend a 1% assessment increase combined with a transfer from the General Reserve to fund the proposed Operating Budget.

Board Policy Committee Action:

At its April 11 meeting, the Board Policy Committee voted 5 to 3 in support of the recommendation below. In addition, the Committee asked for further information about potential large cost project expenditures (budget items) in the future that the Board may want to be aware of as part of its continued deliberation of how to fund the FY 2018-19 Operating Budget and beyond. This information is provided in Table 4 of this memo.

Recommendation:

That the Board approve the:

- 1. Proposed Fiscal Year 2018-19 Work Plan and Results to be Achieved,**
- 2. Proposed Operating Budget of \$3,901,085, and**
- 3. Proposed funding plan of a 1% assessment increase and a transfer of \$321,688 from the General Reserve.**

Discussion:

Proposed Work Plan:

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

The proposed FY 2018-19 Work Plan includes the following major efforts:

- Oversight of the SFPUC's Water System Improvement Program (WSIP), 10-Year Capital Improvement Program (CIP), and Regional Water System Asset Management Program, including the following actions:
 - Secure legislative extension of State oversight on WSIP through completion.
 - Complete the comparison study of long-term CIP development efforts of SFPUC and other major water utilities.
 - Initiate an audit of the SFPUC's asset management practices per Section 3.10c of the 2009 Water Supply Agreement.
- Implementation of BAWSCA's Strategy, as documented in the Strategy Phase II Final Report, including the following actions:
 - Complete Phase 2 pre-feasibility studies for two potential purified water projects in partnership with SFPUC, Silicon Valley Clean Water, SCVWD, and others. Engage with advocacy groups (e.g., WaterReuse) to access and exchange critical technical, legislative, and legal information to support these studies.
 - Finalize Pilot Water Transfer Agreements with EBMUD, Hayward, and others to implement BAWSCA's Pilot Water Transfer in FY 2019-20.
 - Participate in development of the Bay Area Regional Reliability (BARR) Partnership Bay Area Regional Water Market (Exchange/Transfer) Program, with inclusion of BAWSCA's Pilot Water Transfer.
 - Participate in Los Vaqueros Expansion Studies to ensure participation in upcoming project decisions.
 - Promote the continued sustainable use of San Mateo Plain Groundwater Basin (Basin) for long-term water supply reliability through the Groundwater Reliability Partnership, participation in San Mateo County's Basin Assessment, and other multi-party efforts.
- Evaluate potential water supply projects using BAWSCA's new regional water supply reliability modeling tool;
- Support BAWSCA member agency efforts to meet the new State of California "Making Water Conservation a Way of Life" requirements, including the following actions:
 - Implement a new Residential Indoor-Outdoor Water Use Study.
 - Implement a new Pilot Regional/Commercial/Industrial (CII) Audit Program.
 - Implement a new Water Loss Control Subscription Program.
 - Develop and implement a Regional Source Meter Testing Plan.
- Implement regional conservation programs to support member agencies and their customers;
- Take actions to protect member agencies' water supply interests in administration of the 2009 WSA, including addressing the upcoming 2018 decisions and contractual drought allocation methods;

- Participate in the Restore Hetch Hetchy litigation in which BAWSCA is a named party;
- Participate in the SWRCB’s Bay Delta Water Quality Control Plan Update to ensure member agency interests are represented;
- Participate in the Don Pedro Project and La Grange Project FERC proceedings to protect regional water supplies;
- Administer the 2009 Water Supply Agreement (WSA), including development and adoption of up to four amendments to the 2009 WSA; and
- Administer BAWSCA’s bonds.

Table 1 presents the proposed FY 2018-19 Work Plan and major results to be achieved. The activities are grouped according to the agency goals they support.

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

New or Significantly Rescoped Activities for FY 2018-19: There are four new, significantly rescoped, or expanded activities included in the proposed FY 2018-19 Work Plan. In each case, these activities relate directly to ensuring water supply reliability for the customers served by the BAWSCA member agencies.

1. Initiate an audit of SFPUC’s asset management practices for the Regional Water System (RWS)

Estimated FY 2018-19 Cost: \$55k

Through this task, BAWSCA would perform an audit of the SFPUC’s asset management practices for the RWS. The 2009 Water Supply Agreement (WSA) anticipated this issue and requires San Francisco to cooperate with such an audit, consider findings and recommendations of such an audit, and provide written response within 90 days after receipt of a final audit report. The scope and schedule for this audit is not complete at this time. Outside consultant services will be used to perform this audit with support and management provided by BAWSCA staff.

2. Implement BAWSCA’s “Making Water Conservation a Way of Life” Phase 2 Plan

Estimated FY 2018-19 Cost: \$187k

The primary goal of this activity is to support BAWSCA member agencies in meeting the new water use efficiency targets as established by the “Making Conservation a California Way of Life” Executive Order and subsequent legislative actions. BAWSCA has been phasing critical tasks over three fiscal years, beginning in FY 2017-18, to align with the proposed State schedule for implementation.

Phase 1 will be completed in FY 2017-18. A report documenting the results of Phase 1 will be completed by June 2018, including the two key results:

- Assessment of member agency existing data and technical capabilities to complete required landscape area measurement calculations, and to assess their existing processes and capabilities for necessary Commercial, Industrial, and Institutional (CII) account classifications.
- Development of a plan that identifies respective BAWSCA and member agency roles in developing information necessary for compliance with new State conservation

requirements.

These early results have formed the basis for the development of a preliminary Phase 2 scope of work. The proposed Phase 2 scope includes the following critical results:

- Complete an Indoor-Outdoor Water Use Study that will determine current indoor and outdoor residential water use for BAWSCA member agencies and evaluate efficiency relative to proposed State standards. Cost estimate = \$114,500
- Implement a pilot program that will test up to three different options for meeting the CII Water Audit requirements that may include a web-based self-audit, staff training to support agency-led audits, and a software tool to facilitate agency-led audits. Cost estimate = \$32,500
- Implement a Regional Water Loss Management Subscription Program to assist agencies in complying with SB 555 requirements. This work item also includes the creation of a BAWSCA Water Loss Control Workgroup open to all member agencies to support their efforts to reduce water losses, improve data quality, and comply with regulations. Cost estimate = \$27,500
- Assist in the development and implementation of a Regional Source Member Testing Plan to help insure that agency questions regarding regional source meter testing and calibration are addressed and to help coordinate ongoing data and testing requirements between member agencies and the SFPUC to support SB 555 compliance. Cost estimate = \$12,500

The proposed scope and estimated cost included in the proposed Work Plan are based on results and input received to date from the member agencies.

**3. Participation in BARR Water Marketing Strategy Project with inclusion of BAWSCA's Pilot Water Transfer
Estimated FY 2018-19 Cost: \$57k**

Eight of the 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. In September, the U.S. Bureau of Reclamation notified BARR agencies of a successful \$400,000 grant award for the Bay Area Regional Water Market Program to test the concept of interagency water transfers and exchanges.

BAWSCA is promoting the inclusion of the BAWSCA Pilot Water Transfer as part of this study. Indications are that BARR agencies are supportive of that possibility. The cost included in the proposed Work Plan reflects inclusion of BAWSCA's Pilot Water Transfer in BARR, support for necessary CEQA compliance, and completion of necessary agreements with transfer partners and other participating agencies. Implementation of the Pilot Water Transfer is anticipated to occur in FY 2019-20, coincident with a shutdown on the Hetch Hetchy system, so costs to implement the pilot water transfer (e.g., purchase of the water, any necessary storage) are not included at this time.

**4. Develop & Implement Online Video Water-Efficient Landscape Education Classes
Estimated FY 2018-19 Cost: \$30k**

BAWSCA began offering Water-Efficient Landscape Education Classes throughout the BAWSCA region in Spring 2006. Through Fall 2017, 12,747 water customers have participated in a BAWSCA supported landscape class. There have been no major changes to the structure of these classes since inception. During the drought, there was increasing customer interest in accessing this education material, especially in support of BAWSCA's turf removal rebate program, the Lawn Be Gone Program. Updating

BAWSCA's landscape education materials and developing educational videos to support BAWSCA's water-efficient landscape program will continue to promote water-efficient gardens throughout the service area. These materials and videos will be made available to member agencies for their independent use and educational purposes.

Results of January 18, 2018 Work Plan and Budget Preparation Planning Session: During BAWSCA's January 18, 2018 meeting, a work plan and budget planning session was held with the Board as part of its regular meeting agenda. The focus of the planning session was to receive input from Board members on possible work plan items for the coming fiscal year. Table 3 presents the detailed comments provided by Board members during the planning session and the staff response that was subsequently prepared. These comments and responses are reflected in the proposed FY 2018-19 Work Plan and results to be achieved.

Potential Future Large Cost Project Expenditures: During the April 11 Board Policy Committee, staff was requested to identify for the Board its "crystal ball" list of potential future large cost project expenditures or budget items, as a means of assisting the Board in its deliberation of both the current funding plan for FY 2018-19 and beyond. Table 4 presents this requested information as can be identified at this time.

Alternatives to the Proposed Work Plan and Results to be Achieved: The proposed Work Plan includes (1) the development and implementation of new online video water-efficient landscape education classes, (2) the initiation of an audit of the SFPUC's asset management practices for the Regional Water System, and (3) the organization and hosting of a workshop on Advanced Metering Infrastructure (AMI) and innovative water conservation technologies. These three work areas are budgeted with \$30k, \$55k, and \$4k respectively. If the goal is to reduce the proposed Operating Budget, an alternative to the proposed Work Plan would be to reduce effort or remove one or more of these new activities.

In addition, the proposed Work Plan anticipates analyzing three different scenarios using BAWSCA's new regional water supply reliability modeling tool as recommended by the water resources team to support BAWSCA's evaluation of future water supply projects. The number of scenarios could be reduced to two with an associated reduction in cost of \$50k.

Proposed FY 2018-19 Operating Budget:

The proposed Operating Budget of \$3,901,085 presented in Table 5 reflects the funding necessary to achieve the full Work Plan and includes estimated costs to fund the Annual Required Contribution (ARC) for Other Post-Employment Benefits (OPEB). This is included as a separate line item to highlight its inclusion in this fourth year of funding.

Explanation and Alternatives for Salaries and Benefits: The increase for salaries and benefits of \$27,208 shown in the proposed budget is a result of a variety of changes. These changes include increases in health benefit costs and salary adjustments. The proposed Operating Budget also includes the following for all employees except the CEO:

- \$25,670 for a COLA adjustment to existing FY 2017-18 top step salary
- \$30,651 merit allowance separate from COLA adjustment

A Cost of Living Allowance (COLA) adjustment of 3.084% to the top step of salaries is consistent with the December value for the Consumer Price Index for Urban Wage Earners and Clerical Workers in the San Francisco-Oakland-San Jose area. COLA increases for employees are not automatic, but can be granted by the CEO on the basis of merit. The history of salary and benefit adjustments for BAWSCA is presented in Appendix B to this memo.

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

The Board authorized modification of the Senior Administrative Analyst position to a Finance Manager position in July 2017. Because of the timing at the beginning of the fiscal year, the July Board action did not provide for an increased budget allowance associated with the salary range for the new position. It is appropriate for the FY 2018-19 Operating Budget to reflect the Board's action. The merit allowance values above reflect that modification. At the same time, the budget allowance for Mr. Art Jensen has been reduced significantly, providing an offset for these increases and resulting in a net increase in total salaries and benefits of \$27,208.

Consistent with practice over the past two years, a budget allowance of \$21,365 for a potential merit increase for the CEO has been included in the proposed Operating Budget. For budgeting purposes, this amount is consistent with the merit increase budgeted for the CEO in FY 2017-18.

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

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

The adopted FY 2017-18 funding plan increased assessments to \$3,543,957 (a 3% increase) and used \$160,615 from the General Reserve to fund the FY 2017-18 Operating Budget, thereby enabling the General Reserve to remain within the budgetary guidelines established by the Board. BAWSCA's General Reserve Policy identifies a range of 20% to 35% of the budget year's operating expense as a budgetary guideline for the General Reserve balance.

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

At this time, it is estimated that the FY 2017-18 Operating Budget will be 95% expended at year end, or an estimated unspent budget of \$185,229 at the end of the fiscal year. Any post-audit excess funds will be transferred to the General Reserve in Fall 2018.

As of January 31, 2018, the General Reserve balance exceeds the upper end of the budgetary guideline at \$1,561,144, or 42% of the FY 2017-18 Operating Budget. At the same time, given the outstanding legal issues facing BAWSCA next fiscal year and beyond, use of the General Reserve to fund a portion of the Operating Budget should be considered very carefully.

Alternatives for Funding the Proposed Operating Budget: Based on feedback received from the Board at its March meeting, four alternatives (0%, 1%, 2%, and 3% assessment increase) for funding the Proposed FY 2018-19 Operating Budget are presented in Table 6. In each case, before the transfer of any surplus FY 2017-18 funds to the General Reserve, the General Reserve balance is within the budgetary guideline of 20% to 35%, ranging from 31% to 34% of the Operating Budget.

For each of the four funding alternatives examined, Table 6 presents an estimate of the potential General Reserve balance for FY 2018-19 assuming \$185,229 in surplus FY 2017-18 funds is transferred to the General Reserve at the end of the fiscal year. In each case, when considering the potential impact of an estimated surplus funds transfer, the General Reserve balance is outside the budgetary guideline at 36% to 38% of the FY 2018-19 Operating Budget.

Table 6 also presents a calculation of the Annual Assessment to Budget ratio for each funding alternative evaluated with the results ranging from 91% to 95%.

Table 1. FY 2018-19 Work Plan and Results to Be Achieved (Proposed)

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

RELIABLE WATER SUPPLY

- 12.7%** 1. **Facility Reliability: Monitor the SFPUC’s WSIP, 10-Year CIP, and Asset Management Program**
- a. Monitor WSIP scope, cost, and schedule as San Francisco continues an aggressive construction schedule through to completion. Press the SFPUC and the city's political leadership to meet the adopted schedule, satisfy the requirements of AB 1823, and respond promptly to BAWSCA's reasonable requests. *Work with the legislature to extend State oversight of WSIP.*
 - b. Review and monitor SFPUC’s Regional 10-Year Capital Improvement Program to ensure that identified projects and programs meet the needs of the BAWSCA member agencies in a cost-effective and appropriate manner.
 - c. Review and monitor SFPUC’s Asset Management Program to ensure long-term protection of system assets.
 - d. *Initiate audit of SFPUC's asset management practices per WSA Section 3.10.c.*
- 12.2%** 2. **Long-Term Supply Solutions: Implement the Long-Term Reliable Water Supply Strategy to Ensure a Reliable, High Quality Supply of Water is Available Where and When Needed**
- a. *Complete Phase 2 pre-feasibility studies for two potential purified water projects in partnership with SFPUC, Silicon Valley Clean Water and Santa Clara Valley Water District.* Engage with advocacy groups (e.g. WaterReuse) to access and exchange critical technical, legislative, and legal information to support these studies.
 - b. *Finalize Pilot Water Transfer Agreements with EBMUD, Hayward, & others to implement a pilot water transfer in FY 2019-20.*
 - c. *Participate in development of Bay Area Regional Reliability (BARR) Phase 2 (Water Marketing Strategy) in partnership with other Bay Area water agencies & promote implementation of BAWSCA’s Pilot Water Transfer as a component of the Phase 2 work effort.*
 - d. Participate in CCWD’s Los Vaqueros Expansion Studies to ensure BAWSCA’s interests are considered in upcoming decisions.
 - e. Promote the continued sustainable use of San Mateo Plain Groundwater Basin (Basin) for long-term water supply reliability through the Basin Partnership, participation in San Mateo County’s Basin Assessment Program, and other multi-party groundwater efforts.
 - f. Facilitate development of other local water supply options including monitoring/tracking member agency efforts.
 - g. Perform up to three regional water supply reliability model scenario studies to analyze adequacy & flexibility of existing water supplies under various stresses (e.g., drought, policy changes) & identify how add'l regional water supplies can enhance reliability.
- 14.6%** 3. **Near-term Supply Solutions: Water Conservation and Drought Response**
- a. *Implement Phase 2 of BAWSCA’s “Making Water Conservation a Way of Life” work plan:*
 - *Implement a Residential Indoor-Outdoor Water Use Study.*
 - *Implement a Pilot Regional/Commercial/Industrial/Institutional (CII) Audit Program.*
 - *Implement a new subscription conservation program, the Water Loss Control Subscription Program.*
 - *Develop and implement a Regional Source Meter Testing Plan.*
 - *Represent member agencies in regional and State-level discussions relative to the development of guidelines to implement the “Making Water Conservation a Way of Life” framework (assumes that regulations will pass in FY 2017-18).*
 - b. Represent agencies in regional and State-level discussions related to water conservation-related regulations.
 - c. Administer, implement, and expand core water conservation programs that benefit all customers.
 - d. Administer subscription conservation rebate programs that benefit, and are paid for by, participating member agencies.
 - e. *Organize and host a workshop on automated metering instrumentation (AMI) and/or innovative water conservation technologies.*

- 7.2%** **4. Take Actions to Protect Members' Water Supply Interests in the Administration of the 2009 Water Supply Agreement**
- a. Prepare temporary extension of existing Tier 2 drought allocation plan that expires Dec. 2018.
 - b. Develop principles for a new Tier 1 and Tier 2 drought allocation plan that aligns with the proposed State Water Shortage Contingency Plan requirements and new State conservation requirements.
 - c. Protect members' water supply and financial interests in the SFPUC's upcoming 2018 decisions (including possible extension(s) of said decisions) and associated Water Management Action Plan (WaterMAP).
 - d. Protect members' water supply interests to ensure that the SFPUC meets its adopted Water Supply Level of Service Goals.
- 11.5%** **5. Protect Members' Interests in a Reliable Water Supply**
- a. Participate in the Restore Hetch Hetchy litigation in which BAWSCA is a named party.
 - b. Participate in SWRCB Bay Delta Plan Update to ensure member agency interests are represented.
 - c. Participate in the Don Pedro Project/La Grange Project FERC licensing process, via legal intervention, to protect customers' long-term interests in Tuolumne River water supplies.
- 0.2%** **6. Pursue Grant Opportunities Independently and in Coordination with Regional Efforts**
- a. Pursue and use grant funds for water conservation programs and for regional supply projects and programs.
 - b. Pursue, with regional partners, grant funding to support studies that aim to improve regional water supply reliability, such as possible future BARR Phase 3 effort(s).
 - c. Investigate potential for grant funds to support the implementation of the Strategy, including possible opportunities that may be available in the event that a proposed 2018 California Water Bond vote is successful.
- 0.5%** **7. Reporting and Tracking of Water Supply and Conservation Activities**
- a. Complete BAWSCA FY 2017-18 Annual Survey.
 - b. Complete BAWSCA FY 2017-18 Annual Water Conservation Report.
 - c. In partnership with member agencies, operate and maintain BAWSCA's Water Conservation Database.

HIGH QUALITY WATER

- 1.2%** **8. Support Member Agencies in Receiving Reliable Communication of Water Quality Issues**
- a. Coordinate member agency participation in Water Quality Committee established by the 2009 Water Supply Agreement to ensure it addresses Wholesale Customer needs.
 - b. Relay important water quality information (notices as received from SFPUC) to BAWSCA member agencies when made aware of changes that have the potential to impact water quality (e.g., taste, odor, blending, etc.).
 - c. Review and act on, if necessary, State legislation affecting water quality regulations.

FAIR PRICE

- 14.0%** **9. Perform Matters that Members Delegated to BAWSCA in the Water Supply Agreement**
- a. Administer the Water Supply Agreement with SF to protect the financial interests of member agencies.
 - b. Support development & member agency adoption of up to four contract amendments to address resolution of several issues including FY 2010-11 WRR settlement, implementation of the RGSR project and *SFPUC's anticipated 2018 decisions*.
 - c. Administer bonds issued by BAWSCA to retire capital debt owed to San Francisco.

AGENCY EFFECTIVENESS

- 5.2% 10. Maintain Community Allies and Contacts with Environmental Interests**
- a. Maintain close relationships with BAWSCA's local legislators and allies, and activate them if necessary, to safeguard the health, safety, and economic well-being of residents and communities.
 - b. Maintain a dialogue with responsible environmental and other groups, who will participate in the permitting and approval process for efforts to maintain system reliability.
 - c. Maintain effective communications with member agencies, customers, & others to achieve results and support goals.
 - d. In conjunction with San Francisco, conduct or co-sponsor tours of the water system for selected participants.
- 20.4% 11. Manage the Activities of the Agency Professionally and Efficiently**

Table 2: Activities Not Included in Proposed Work Plan and Operating Budget for FY 2018-19
(New/Expanded items shown in *blue italic font*)

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

**Table 3. FY 2018-19 Work Plan and Budget Planning Session – Comments and Suggested Work Plan Items for Further Consideration
(Questions presented in alphabetical order by Board Member)**

#	Board Member	Board Member Comment	Staff Response
1	Kuta	BAWSCA should develop a plan or an approach that supports member agency resiliency to recover following an unforeseen event and or disaster	At this time, the proposed FY 2018-19 Work Plan does not include a task to develop a regional emergency resiliency plan. BAWSCA actively supports the Regional Water System emergency exercises coordinated by the SFPUC with the member agencies. In April 2016, the SFPUC completed the Mountain Tunnel Emergency Response Plan which identifies specific actions to be taken by the SFPUC in the event of an extended Hetch Hetchy outage emergency. As part of that Plan, BAWSCA worked with the SFPUC and the member agencies to identify flexibility within the region for the use of local supplies to mitigate the impact of a Hetch Hetchy emergency. BAWSCA proposes to continue to look for opportunities to expand emergency preparedness among the member agencies.
2	Kuta	BAWSCA should evaluate and track SFPUC’s Asset Management Program to ensure that assets are fully utilized and adequately maintained	Included in Task 1.d. BAWSCA continued to increase its oversight of the SFPUC’s CIP in FY 2017-18. Task 1.d of the proposed FY 2018-19 Work Plan includes BAWSCA initiation of an audit of SFPUC’s asset management practices. BAWSCA’s ability to audit said practices is provided for in Section 3.10.c. of the 2009 Water Supply Agreement.
3	Mendall	BAWSCA should, in the mid-term, extend the horizon for its Water Supply Planning studies (e.g., demand studies) through 2050, consistent with the timeline employed for BAWSCA’s identified long-range challenges	Not included in the proposed FY 2018-19 Work Plan. BAWSCA is planning to update overall water demand and supply projections for the member agencies through 2050 in FY 2019-20. This timing will coincide with agency-specific schedules for updates of their Urban Water Management Plans. This task is not recommended for FY 2018-19 as the specifics of implementing “Making Water Conservation a California a Way of Life” will not be clear until next fiscal year. Updated water demand projections are a component of implementation of BAWSCA’s Long-Term Reliable Water Supply Strategy.
4	Mendall	BAWSCA should plan for future budgetary needs associated with water supply planning to determine alternative funding mechanisms (e.g., one-time assessment, building and using financial reserve)	This fiscal year, BAWSCA is in discussion with legal counsel and others regarding potential alternatives available. One alternative is the creation of a new long-term planning reserve, in which surplus funds at the end of the year can be transferred into it for use on specified long-term planning studies per Board direction. A discussion item related to this potential new reserve is agendized for the February 14, 2018 Board Policy Committee meeting.

5	Mendall	As “new” technologies are employed by member agencies (such as AMI), implement a means to improve knowledge and information sharing amongst member agencies (i.e., regular or recurring workshops) on emerging technologies	Included in Task 3.e. For FY 2018-19, BAWSCA is proposing to organize and host a workshop on automated metering infrastructure (AMI) and innovative water conservation technologies. BAWSCA has held workshops in past years to foster knowledge sharing among our member agencies. BAWSCA has found such information sharing workshops to be highly effective at providing information to member agencies on new and emerging technologies and their implementation.
6	Mendall	Host a workshop or promote information sharing on the topic of “water loss audits and new state conservation requirements” such that member agencies can compare how individual agencies are addressing the topics	Included in Task 3.a. BAWSCA is taking a phased approach to the implementation of “Making Water Conservation a Way of Life”. Phase 1 will be completed in FY 2017-18 and Phase 2 will commence at the start of FY 2018-19. As part of Phase 2, BAWSCA is proposing to conduct two pilot projects (one on outdoor water budgeting and a second on commercial, industrial and institutional account (CII) classifications). BAWSCA is also proposing to implement a new subscription program to assist agencies in meeting the State’s new water loss control requirements. BAWSCA will continue to represent member agencies in regional and State-level discussions relative to the development of guidelines to implement the “Making Water Conservation a California Way of Life” framework.
7	Mendall	BAWSCA should develop and implement an approach to sharing information regarding new water utility related technologies that may be of interest to member agencies (e.g., biotechnologies and their use in water purification, AMI systems, etc.) – <i>voiced in support of Zigterman comment (see comment #14 in this table)</i>	Included in Task 3.e. Refer to the response to Question 5.
8	Pierce	Many of the comments by fellow Board Members appear to already be listed on the table provided by BAWSCA’s CEO / GM. As a “next step”, BAWSCA staff should point out whether these requests fall within the proposed work plan and results to be achieved	Agreed. Responses in this table are formatted to speak to whether the requests are included in the proposed work plan and results to be achieved.

9	Richardson	Collaborate with WaterNow Alliance on partnership opportunities that could prove mutually beneficial	Included in Task 11.b. As part of this task, BAWSCA staff will maintain a dialogue with responsible environmental and other groups, including WaterNow Alliance. In FY 2017-18, BAWSCA partnered with WaterNow Alliance on a grant proposal to the Santa Clara Valley Water District to secure monies to implement a pilot program to investigate emerging customer-focused automated water meter technologies. BAWSCA's CEO/GM will be attending the upcoming WaterNow Alliance annual summit on March 28 and 29, 2018, to continue to build a relationship with that organization.
10	Schmid	BAWSCA should have ongoing dialogue and continued involvement with the Association of Bay Area Governments (ABAG) and the Metropolitan Planning Commission (MPC) as it relates to their Plan Bay Area efforts	Included in Task 11.c. In FY 2018-19, BAWSCA proposes to continue the ongoing dialogue with ABAG as it relates to its Plan Bay Area efforts and the potential impact on regional water supplies and water reliability. In FY 2019-20, as part of the updated water demand studies, BAWSCA will work with its member agencies to identify how growth as proposed by Plan Bay Area 2040 is incorporated into the member agencies long-term plans and how it may impact predicted water needs.
11	Weed	BAWSCA should encourage the State to apply guidelines regionally (as it relates to water supply development efforts) akin to policies and procedures as proposed by ACWA	Included in Task 11.b. In FY 2018-19 and beyond, BAWSCA will continue to work to strengthen the relationship(s) with responsible groups in charge of the permitting and approval of BAWSCA's water supply initiatives and interests (e.g. State Water Resources Control Board, Department of Water Resources, California Fish and Wildlife Department). As part of that ongoing dialogue, BAWSCA will encourage regulators to promote regional approaches to water supply development.
12	Weed	BAWSCA should provide information regarding alternative rate structures that could enable member agencies to avoid (or lessen) the financial hardships incurred during times of drought (when water sales are reduced)	Included in Task 10.a in the current FY 2017-18 Work Plan. A member agency financial workshop is scheduled on March 22, 2018. Member agencies have provided input on desired topics, which will include alternative rate structures. No further work on this topic is proposed in the FY 2018-19 Work Plan at this time.
13	Weed	BAWSCA should foster relationships between and among the 26-member agencies such that when and if a disaster strikes, regional support can be provided to those most impacted for repairs, etc., following such emergencies	Included in Task 11.c. BAWSCA maintains effective communications with member agencies, customers, & others. For emergency planning and communications, BAWSCA will continue to support SFPUC sponsored Regional Water System emergency planning exercises. In addition, the SFPUC has recognized a role for BAWSCA as part of emergency situations for communication with the member agencies and others in the region.

14	Zigterman	Given BAWSCA's unique geographic presence (covering the heart of Silicon Valley), develop and implement an approach to share technological advances on topics such as water metering technologies, monitoring devices, control systems, etc. that are more "advanced" than those currently employed by water agencies	Included in Task 3.e. Refer to the response to Question 5.
15	Zigterman	Consider incorporating a "one water" approach toward management of water resources, and looking further out into the future to evaluate what key issues BAWSCA should be looking at closely as resource "opportunities" to meet BAWSCA's objectives (e.g., impacts of climate change, potential for storm water capture, improvements to groundwater management, expansion of recycled water)	Included in Task 2, which reflects BAWSCA's implementation of its Reliable Water Supply Strategy (Strategy). "One Water" is defined as an integrated planning and implementation approach to managing finite water resources for long-term resilience and reliability, meeting both community and ecosystem needs. While BAWSCA's Strategy predated the concept of One Water, BAWSCA's Strategy implementation to date is consistent with the One Water philosophy. For example, under Tasks 2.a and 2.b., BAWSCA is proposing to continue to participate in water reuse planning studies (both direct and indirect potable reuse) with other regional partner agencies. Under Task 2.c, BAWSCA is proposing its continued participating in the Bay Area Regional Reliability effort to investigate water marketing strategies. Task 2.e addresses groundwater opportunities. As part of Task 2.g, in FY 2018-19 BAWSCA is proposing to evaluate the water supply impact of adding new alternative water supplies into its water supply portfolio, using the BAWSCA Regional Reliability Model built in FY 2017-18.

Table 4. Potential Future Large Cost Project Expenditures

Project Name/Task	Potential Cost Range	Discussion
Update to Regional Demand Projections	\$500K - \$750K	BAWSCA last updated the regional water demands in 2014 for a cost of \$365k. By comparison, EBMUD has just initiated an update to its water demand study for a total cost of \$1M.
Implement Pilot Water Transfer	\$1M - \$1.5M	BAWSCA anticipates implementing a pilot water transfer in FY 2019-2020. The CEO has identified the ability to fund this task via a transfer from the Wholesale Customer Balancing Account with SFPUC. The 2009 Water Supply Agreement permits the Wholesale Customers, acting through BAWSCA, to apply a positive balance in the account to “water conservation or water supply projects administered by or through BAWSCA”.
Expanded Los Vaqueros: Design	\$500K - \$1M	BAWSCA is current partner in the Expanded Los Vaqueros Project, which is in the planning stages. No decision has been made by BAWSCA regarding participating beyond the current effort. This cost represents a potential cost share for BAWSCA to participate in the next phase of the project, facility design.
PREP Phase 3	\$500K - \$1M	BAWSCA is current partner in the Potable Reuse Exploratory Plan (PREP), which is in the early planning stage. No decision has been made by BAWSCA regarding participating beyond the current effort. This cost represents a potential cost share for BAWSCA to participate in the next phase of the project, anticipated to include design and further environmental analysis.

Table 5. Proposed FY 2018-19 Operating Budget by Major Expenditure Category

Cost Category	Approved FY 2017-18 Budget (\$)	Proposed FY 2018-19 Budget (\$)	Change from FY 2017-18 Budget, (\$)
Consultants/ Direct Expenditures			
Reliability	1,081,400	1,376,080	293,680
Fair Pricing	439,750	301,000	(138,750)
Administration	95,000	110,000	15,000
<i>Subtotal Consultants</i>	1,617,150	1,787,080	169,930
Administration			
Employee Salaries & Benefits	1,564,372	1,591,580	27,208
Other Post-Emp. Benefits (net)	80,000	82,375	2,375
Operational Expenses	373,250	376,850	3,600
<i>Subtotal Administration</i>	2,107,622	2,050,805	33,183
Total Operating Expenses	3,634,772	3,837,885	203,113
Capital Expenses	10,000	3,000	(7,000)
Budgeted Contingency	57,500	57,500	-
Regional Financing Authority	1,250	1,650	400
Bay Area Water Users Assn.	1,050	1,050	-
Grand Total Operating Budget	3,704,572	3,901,085	196,513

Table 6. Analysis of Alternative Funding Options

Fund Source	FY 2017-18	FY 2018-19			
	Adopted Funding Plan	Alt. 1 No Assessment Increase (0%)	Alt. 2 1% Increase	Alt. 3 2% Increase	Alt. 4 3% Increase
Assessments	\$3,543,957	\$3,543,957	\$3,579,397	\$3,614,836	\$3,650,276
Transfer from General Reserve	<u>\$160,615</u>	<u>\$357,128</u>	<u>\$321,688</u>	<u>\$286,248</u>	<u>\$250,809</u>
Total Available Operating Funds/Operating Budget	\$3,704,572	\$3,901,085	\$3,901,085	\$3,901,085	\$3,901,085
Known Year-End Reserves	\$1,561,144	\$1,204,016	\$1,239,456	\$1,274,896	\$1,310,335
% of Budget	42%	31%	32%	33%	34%
Potential End of Year Transfer to General Reserve	\$185,229				
% of FY 2017-18 Budget	5%				
Estimated FY 2018-19 Year-end Reserves		\$1,389,245	\$1,424,685	\$1,460,124	\$1,495,564
% of Budget		36%	37%	37%	38%
Assessment to Budget Ratio	96%	91%	92%	93%	94%

APPENDICES

Appendices A through J present additional detail about the proposed Work Plan and Operating Budget.

Appendix A: Uses of Professional Services

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

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

Legal, strategic, financial, and engineering consultants provide professional services critical to BAWSCA's work in achieving the agency's goals and achieving critical results. Many of BAWSCA's consultants have been under contract with BAWSCA since its creation and a few of those consultants have been in place even longer, in that they served as consultants to Bay Area Water Users Association, BAWSCA's predecessor organization.

Each year, the Board acts on each consultant contract following consideration of the annual Work Plan and Operating Budget. Information provided to the Board at that time relates to expertise, current scope of work, budget, and billing rates.

Appendix B: History of Salary and Benefits Adjustments

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

- FY 2009-10: There was no COLA adjustment. An allowance for merit adjustments was budgeted for employees not yet at top step.
- FY 2010-11: The Board approved a 3.01 percent COLA increase to the top step of staff salary ranges. An allowance for merit adjustments was budgeted for employees not yet at top step.
- FY 2011-12: The Operating Budget included no adjustment to the salary for any employee for COLA, merit or any other reasons.
- FY 2012-13: The Board approved a 3.10 percent COLA increase to the top step of staff salary ranges. An allowance for merit adjustments was budgeted for employees not yet at top step.
- FY 2013-14: The Board approved a 2.312 percent COLA increase to the top step of staff salary ranges. An allowance for merit adjustments was budgeted for employees not yet at top step.
- FY 2014-15: The Board approved a 2.60 percent COLA increase to the top step of staff salary ranges. An allowance for merit adjustments was budgeted for employees not yet at top step.
- FY 2015-16: The Board approved a 2.09 percent COLA increase to the top step of staff salary ranges. An allowance for merit adjustments was budgeted for employees not yet at top step.
- FY 2016-17: The Board approved a 3.15 percent COLA increase to the top step of staff salary ranges. An allowance for merit adjustments was budgeted for employees not yet at top step.
- FY 2017-18: The Board approved a 3.025 percent COLA increase to the top step of staff salary ranges. An allowance for merit adjustments was budgeted for employees not yet at top step.

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

The proposed FY 2018-19 budget for BAWUA is \$1,050 and includes legal counsel support and a small operations budget allowance. This budget amount appears as a separate line item in the BAWSCA budget and is included in the BAWSCA proposed FY 2018-19 Operating Budget.

Appendix D: Proposed Budget for the Regional Financing Authority Budget

The BAWSCA Board of Directors has continued to agree to fund nominal administrative costs for the Regional Financing Authority (RFA), at least until it becomes more actively involved and required significant resources. Assuming a continued low level of activity in FY 2018-19, the proposed RFA budget is \$1,650. This budget amount includes legal counsel support and a small operations budget allowance. This budget amount appears as a separate line item in the BAWSCA budget and is included in the BAWSCA proposed FY 2018-19 Operating Budget. The RFA will formally consider and adopt this budget in January 2019.

Appendix E: Funding for Subscription Conservation Programs

As in prior years, a portion of operating expenses would be reimbursed by agencies that participate in BAWSCA’s subscription water conservation programs. The staff time to be devoted to those programs during FY 2018-19 is estimated to be 1,393 hours, including temporary staff time. Agencies participating in subscription programs pay for associated consultant support and direct expenses. As in prior years, those consultant costs and direct expenses are not included in the Operating Budget.

Appendix F: Select Financial Details for BAWSCA’s Subscription Conservation Program

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

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

Fiscal Year and Program Name	Direct Program Cost - Reimbursed	BAWSCA Staff Cost - Reimbursed	BAWSCA Admin. Cost - Reimbursed
2012-13			
EarthCapades	\$64,110	\$1,900	
HET Rebate		\$6,675	\$300
Large Landscape Audit	\$66,045	\$1,332	
Lawn Be Gone		\$380	\$2,434
Water Wise Ed. Kits	\$65,922	\$5,368	\$1,494
Washing Machine Rebate	\$419,625	\$16,851	\$1,581
Total	\$615,702	\$32,506	\$5,808
2013-14			
EarthCapades	\$61,325	\$2,120	
HET		\$6,785	\$300
Large Landscape Audit	\$85,996	\$1,184	
Lawn Be Gone		\$2,420	
Water Wise Ed. Kits	\$89,864	\$2,668	
Washing Machine Rebate	\$325,775	\$9,964	\$1,104
Total	\$562,960	\$25,141	\$1,405
2014-15			
EarthCapades	\$53,380	\$1,980	
HET		\$9,066	\$319
Large Landscape Audit	\$92,521	\$1,332	
Lawn Be Gone		\$6,340	
Water Wise Ed. Kits	\$95,346	\$2,599	
Washing Machine Rebate	\$308,313	\$4,667	\$104
Watersense Giveaways	\$8,893		
Rain Barrel Rebate	\$22,164		
Total	\$580,617	\$25,984	\$423

2015-16			
EarthCapades	\$64,575	\$2,360	
Free Sprinkler Nozzles	\$2,988		
HET		\$9,965	\$300
Large Landscape Audit	\$99,808	\$1,332	
Lawn Be Gone		\$3,380	
Lawn Be Gone Inspections	\$7,704		
Water Wise Ed. Kits	\$101,701	\$2,393	
Washing Machine Rebate	\$157,945	\$4,546	\$1,170
Watersense Giveaways	\$10,930		
WaterSmart Reports	\$209,380		
Rain Barrel Rebate	\$11,144		
Total	\$666,175	\$23,976	\$1,470
2016-17			
EarthCapades	\$61,345	\$2,120	
Free Sprinkler Nozzles	\$7,585		
HET		\$6,340	\$300
Large Landscape Audit	\$94,260	\$1,184	
Lawn Be Gone		\$1,860	
Lawn Be Gone Inspections	\$2,858		
Water Wise Ed. Kits	\$104,716	\$1,860	
Washing Machine Rebate	\$114,530	\$1,900	\$1,055
Watersense Giveaways	\$20,886		
WaterSmart Reports	\$313,128		
Rain Barrel Rebate	\$2,300		
Total	\$660,263	\$13,144	\$1,355

Appendix G: Value for the Cost

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

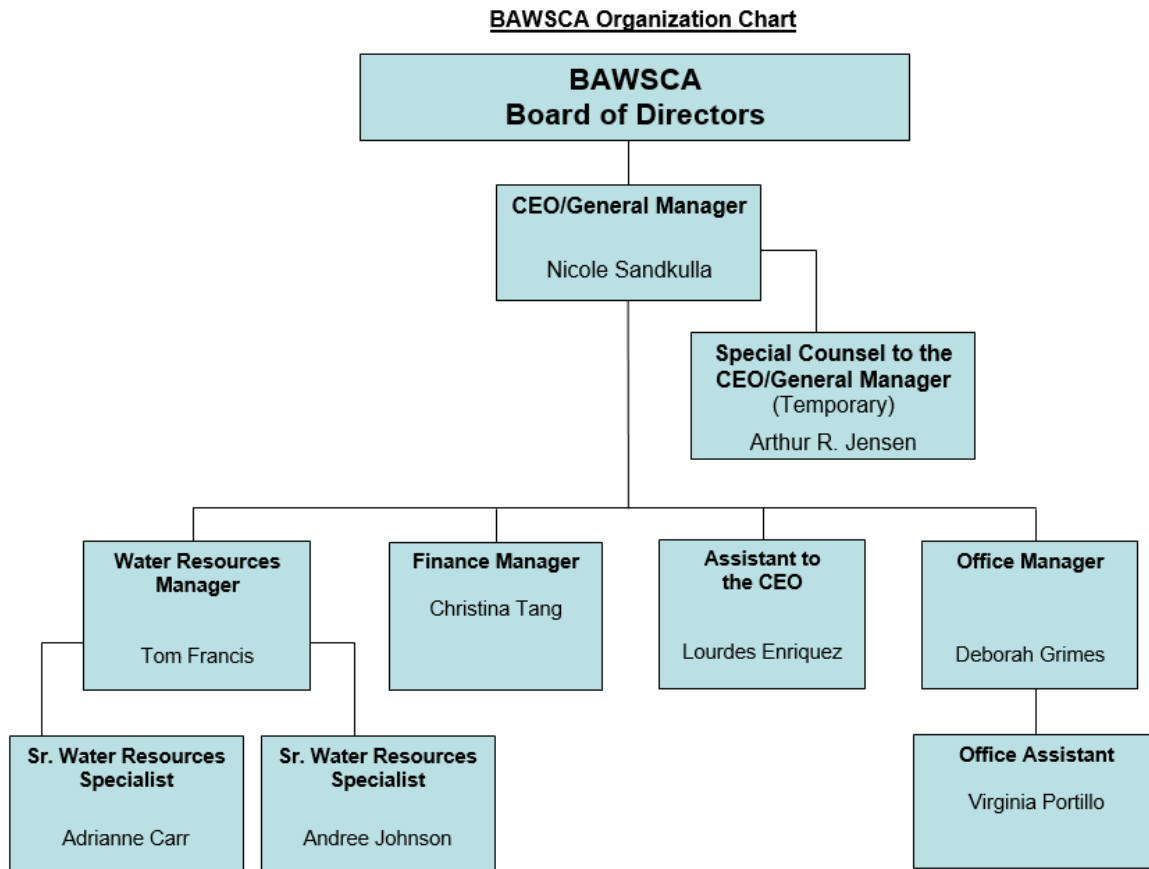
**Table G-1. Historical Estimated Annual Cost of BAWSCA
Operating Budget per Service Area Household**

Fiscal Year	Est. Annual Cost Per Person	Est. Annual Cost Per Household
2010-11	\$1.64	\$4.93
2011-12	\$1.53	\$4.60
2012-13	\$1.52	\$4.56
2013-14	\$1.82	\$5.47

2014-15	\$1.70	\$5.11
2015-16	\$1.84	\$5.51
2016-17	\$1.96	\$5.88
2017-18	\$2.08	\$6.24
2018-19	\$2.16 (proposed)	\$6.48 (proposed)

Appendix H: Current Organization and Staffing

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



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

Each year, BAWSCA’s work plan development process starts by reviewing and updating the major activities over the next 20 to 30 years. These activities require coordinated action by BAWSCA and its member agencies to ensure a reliable supply of high quality water at a fair price.

Table I-1 lists these activities as they were updated as part of the FY 2018-19 proposed Work Plan development. In each case, the results identified in Table I-1 will take the form of agreements, legislation, or other legally enforceable work products. Development of these documents will result from skilled negotiations based on rigorous investigations of impacts and alternatives, costs, cost allocation, and other matters.

Appendix J: Historical BAWSCA Operating Budgets and Assessments

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

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

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

Resolution of issues also reduces budgets as shown below in FY 2010-11 (-3%), FY 2011-12 (-2%), and FY 2014-15 (-10%). Table J-1 displays the history of BAWSCA's Operating Budget, assessments, and year-end reserves.

Table J-1. Historical Annual Assessments, Budget, Reserve Balance, and Use of Reserves

Fiscal year	Assessments	% Change	Budget	% Change	% of Budget Spent	Transfers from Reserve	Notes on Transfers from Reserve	Unspent Funds Transfer to Reserve ⁽¹⁾	Year-End Reserve Balance	Reserve as a % of Budget	# of Full Time Authorized Staff	Major New/Increased Work Plan Focus
2003-2004	\$1,668,550	22%	\$1,821,350								6	Operated under BAWUA budget
2004-2005	\$1,641,995	-2%	\$1,838,490	0.94%	80.99%			\$240,000			6	1st BAWSCA Budget Est.
2005-2006	\$1,953,998	19%	\$2,099,975	14.22%	79.36%			\$414,000	\$240,000	11%	7	WSIP Oversight, 2009 WSA neg.
2006-2007	\$2,117,904	8%	\$2,291,904	9.14%	81.85%			\$428,474	\$654,000	29%	7	2009 WSA negotiations
2007-2008	\$2,117,904	0%	\$2,508,967	9.47%	89.54%	\$391,000	To fund budget	\$270,000	\$691,474	28%	7	2009 WSA Negotiations, WSIP PEIR
2008-2009	\$2,309,000	9%	\$2,763,196	10.13%	95.31%	\$349,000	To fund budget	\$149,718	\$507,474	18%	7	WSIP PEIR, 2009 WSA, develop WCIP
2009-2010	\$2,517,000	9%	\$2,766,945	0.14%	84.79%	\$250,000 \$105,000	To fund budget WCIP	\$409,965	\$407,192	15%	7	WCIP Yr. 1 implementation, 2009 WSA Admin Yr. 1, Transition from old Contract, WSIP legislation
2010-2011	\$2,517,000	0%	\$2,680,394	-3.13%	83.26%	\$163,394	To fund budget	\$435,324	\$653,763	24%	7	WCIP Yr. 2, 2009 WSA (Strategy funded thru Water Mgmt. Charge)
2011-2012	\$2,517,000.00	0%	\$2,619,705	-2.26%	87.28%	\$172,190	Assessment refund	\$264,000	\$916,897	35%	7	WCIP Yr 3
2012-2013	\$2,517,000.00	0%	\$2,780,504	6.14%	93.53%	\$130,000 \$65,000	Pilot Transfer Demand Study		\$985,897	35%	7	Bond investigation, Demand Projections, Pilot Water Transfer, 2009 WSA amendment
2013-2014	\$2,516,812.00	0%	\$3,280,188	17.97%	93.24%	\$300,000 \$98,000 \$66,000	Demand Study OPEB FY 13-14 Technical support		\$521,897	16%	8	1st year bond administration, funding one-time cost of OPEB, Regional Water Demand Projections, Pilot Water Transfer, WSIP legislation, new water resources staff position authorized
2014-2015	\$2,642,653.00	5%	\$2,939,286	-10.39%	93.42%	\$296,436	To fund budget	\$198,781	\$225,461	8%		Net increase for OPEB, 10yr CIP oversight, increase legal support for Strategy, WSIP legislation
2015-2016	\$3,276,889.00	24%	\$3,201,679	8.93%	88.34%			\$453,246 \$352,378	\$776,620	24%	8	1st year Strategy implementation thru Operating Budget, 2014 Settlement Agmt.
2016-2017	\$3,440,734.00	5%	\$3,468,008	8.32%	84.60%	\$27,274	To fund budget	\$519,167	\$1,202,592	35%	8	RHH litigation, 2014 Settlement Agmt, 2018 decision, WaterMAP
2017-2018	\$3,543,957.00	3%	\$3,704,572	6.82%		\$160,615	To fund budget		\$1,561,144	42%	8	RHH litigation, Bay Delta Plan, FERC

Footnotes

(1) Remaining unspent Strategy development funds transferred to General Reserve in 2015-16

(This page intentionally left blank)

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: Approval of Professional Services Contracts for Fiscal Year 2018-19

Summary:

Outside professional services are used for legal, engineering, financial, strategic and water conservation support of BAWSCA's work plan and results to be achieved for FY 2018-19. To ensure work begins promptly or continues without interruption, 22 contracts need to be in place by July 1, 2018.

This memorandum presents the overall objectives and scopes for each of these contracts. Individual memoranda present the purpose, qualifications and scopes for these professional services contracts.

Following consideration and adoption of a budget for FY 2018-19, the Board will consider each of the 22 contracts. Other consulting services that may be needed to complete the FY 2018-19 Work Plan will be brought to the Board for authorization during the year.

Fiscal Impact:

The combined budget for the 14 professional services contracts that need to be in place on July 1, 2018 and which are funded by the Proposed FY 2018-19 Operating Budget is \$1,426,200.

The additional eight contracts are for subscription conservation programs and as such, have no Operating Budget implications.

Board Policy Committee Action:

These contracts have been considered annually and do not represent new policy action for Board consideration.

Recommendation:

That the Board approve the twenty-two contracts, subject to legal counsel's review, for legal, engineering, financial, strategic and water conservation services needing to be in place by July 1, 2018.

Discussion:

Legal, strategic, financial, and engineering consultants provide professional services critical to BAWSCA's work in achieving the agency's goals and addressing issues related to: 1) the administration of the 2009 Water Supply Agreement (WSA), 2) actions by Restore Hetch Hetchy, 3) ensuring water supply reliability and water customers' interests are protected in the Bay Delta Plan and SWRCB draft SED process, 4) SFPUC's Water System Improvement Program (WSIP) and 10-Year Capital Improvement Program (CIP), 5) actions to implement BAWSCA's Long-Term Reliable Water Supply Strategy, and 6) implementing water conservation assistance programs.

A general description of the services provided through each of the fourteen professional services contracts funded by the Proposed FY 2018-19 is presented below. In addition, a separate memorandum for each professional service contract presents the qualifications of the service providers and the draft scopes of work for FY 2018-19. BAWSCA’s standard form of contract will be used as the basis for each contract.

Table 1 summarizes the costs for the 14 professional services contracts funded by the Proposed FY 2018-19 Operating Budget that need to be in place by July 1, 2018. The combined budget for these professional services is \$1,426,200. The corresponding approved consulting budgets for FY 2017-18 are also shown in the table.

Table 2 summarizes the eight professional services contracts needed to be in place by July 1, 2018 to implement subscription programs that are paid for by participating member agencies. For these contracts, no contract amount is specified as the total budget is determined after receipt of Applications to Participate from the member agencies.

Table 1: Annual Professional Services Funded Through the Operating Budget

14 Consultant (Services Provided)	Adopted FY 2017-18	Proposed FY 2018-19
Burr Pilger Mayer (Auditing, 2009 WSA Administration)	\$15,000	\$15,000
GeoSyntec (Groundwater)	\$20,000	\$17,686
Hanson Bridgett (Legal Counsel)	\$669,000	\$669,000
Harlan Wendell (Strategic Counsel)	\$150,000	\$150,000
Hazen & Sawyer (Engineering)	\$135,000	\$134,314
Hilton Farnkopf Hobson (Engineering, Financial, WSA)	\$20,000	\$20,000
Immersiv Media (Conservation)	\$7,200	\$7,200
J.L. Ortiz (Engineering)	25,000	\$30,000
Kelling, Northcross, Nobriga (Financial Counsel)	\$43,500*	\$43,500
Maddaus Water Management (Making Conservation a Way of Life)	\$187,577	\$150,000
Orrick LLP (Bond Documents., Legal Support)	\$12,000	\$12,000
Public Trust Advisors (Investment Advisor)	\$10,000*	\$10,000
Stetson Engineering (Water Use Analyses)	\$50,000	\$52,500
Terry Roberts Engineering (WSIP, 10–Year CIP)	\$115,000*	\$115,000
Total	1,434,277	1,426,200

**As adopted by the Board on May 18, 2017.*

**Table 2: Annual Professional Services to Implement
Subscription Conservation Programs Paid for by Participating Agencies**

8 Consultant/Vendor (Conservation Program/Assistance Provided)
ConserveTrack (Online Rebate System)
EarthCapades (School Assembly Program)
Global Sun Landscape (Lawn Be Gone Inspection Services)
Resource Action Program (School Education Programs)
Tuolumne River Trust (Classroom Education Program)
Waterfluence (Large Landscape Conservation Services)
Water Smart (Home Water Use Reports)
Western Municipal Water District (Free Sprinkler Nozzle Program)

Legal Counsel Services Funded by the Operating Budget:

Hanson Bridget is BAWSCA’s legal counsel. The proposed budget for legal services is the same as the approved budget for FY 2017-18. Legal counsel’s budget reflects a continued focus on activity associated with water supply reliability, including actions taken by Restore Hetch Hetchy, SWRCB’s Bay Delta Plan and Water Quality Control Plan Update, administration of the 2009 Water Supply Agreement (WSA), development and adoption of up to four amendments to the 2009 WSA, SFPUC’s 2018 decisions and SFPUC’s WaterMAP, and increased activities for implementation of BAWSCA’s Strategy.

Strategic Counsel Services Funded by the Operating Budget:

Mr. Wendell has provided strategic counsel for the CEO/General Manager and Board (BAWSCA and BAWUA) since FY 2000-01. In this role, Mr. Wendell has advised the CEO/GM and the Board on a large number of critically important issues that relate directly to BAWSCA’s goals of a reliable supply of high quality water at a fair price, and the results achieved to date by the agency.

Technical Services Funded by the Operating Budget:

GeoSyntec, Hazen and Sawyer, Hilton Farnkopf Hobson (HFH), Immersiv Media, J.L. Ortiz, Maddaus Water Management, Stetson Engineering, and Terry Roberts Engineering are engineering consultants with different areas of expertise.

GeoSyntec provides technical support for BAWSCA’s overall efforts related to groundwater, including but not limited to the WSIP Regional Groundwater Storage and Recovery Project and the Groundwater Reliability Partnership for the San Mateo Plain Sub-basin.

Hazen and Sawyer began development of BAWSCA’s new regional water supply reliability modeling tool (Model) in FY 2017-18. As a part of ongoing model development, Hazen and Sawyer will work on four tasks in FY 2018-19: using the Model to evaluate three different scenarios to support BAWSCA’s water supply planning needs and conducting a workshop to elicit feedback from BAWSCA member agencies on the baseline Model.

HFH will help ensure proper implementation of the WSA, especially in matters dealing with cost allocation. In addition, HFH will be assisting BAWSCA in completing the Capital Improvement Plan Comparison Study, initiated in FY 2017-18, which reviewed SFPUC's 10-year CIP in comparison with other long-term CIP's developed by similar water agencies in the western U. S.

Immersiv Media will provide hosting, maintenance, and technical support for the ongoing implementation of the BAWSCA website and BAWSCA Water Conservation Database (WCDB). The WCDB is an online database system that allows agencies to track their water conservation activities, water usage, and other agency-specific information used by BAWSCA to complete the Annual Survey and Annual Conservation Report.

J.L. Ortiz provides technical support for BAWSCA's ongoing review of the SFPUC's WSIP, Water Enterprise 10-year CIP, and SFPUC's overall asset management program and associated asset tracking procedures. With his background of capital planning and project implementation at both the SFPUC and East Bay Municipal Utility District, Mr. Ortiz's brings significant experience to support BAWSCA's overall efforts and his insights have proven valuable to the agency.

Maddaus Water Management will provide technical expertise to support completion of Phase 2 of BAWSCA's "Making Conservation a Way of Life" Strategic Plan. The Plan will support BAWSCA member agencies in meeting the new water use efficiency targets as established by Governor Brown's "Making Water Conservation a California Way of Life" Executive Order and subsequent legislative actions.

Stetson Engineering assists BAWSCA in ensuring that the SFPUC's allocations of costs to the Wholesale Customers are based on accurate data and calculated as specified in the WSA.

Mr. Roberts has a track record of successfully implementing complex capital improvement programs for local Bay Area cities including San Jose's \$3.5 billion, 5-year capital improvement program. The technical support from Mr. Roberts gives BAWSCA the ability to contribute constructive recommendations to the SFPUC on project implementation, including construction and program management for the WSIP, the 10-Year CIP, and the SFPUC's repair and maintenance programs. His services help BAWSCA ensure that member agencies' needs can be met reliably during and after construction, and that issues pertinent to serving their customers and saving money are identified and addressed.

Financial Services Funded by the Operating Budget:

Burr, Pilger and Mayer (BPM), Kelling, Northcross, Nobriga (KNN), Orrick LLP, and Public Trust Advisors (PTA) are accounting, financial, investment, or bond consultants with different areas of expertise.

BPM is a major accounting firm and supports BAWSCA's administration of the WSA. Their expertise is vital to the proper conduct and interpretation of the annual contract compliance audit performed by San Francisco's auditors.

KNN is BAWSCA's financial advisor. KNN provides services on an as-needed basis. Their expertise protects the Wholesale Customers by ensuring that San Francisco adheres to the many financial provisions in the Water Supply Agreement. Specific examples of value added are provided in the staff report for KNN. KNN provided the preliminary assessment

of whether there would be added value for BAWSCA to prepay capital debt owed to San Francisco by Wholesale Customers, and guided BAWSCA through the process of securing other bond-related professional services, securing a high bond rating, and provided financial counsel during the negotiated sale of the bonds.

Orrick served as BAWSCA's Bond Counsel when BAWSCA's revenue bonds were issued in February 2013 to prepay a capital debt that the member agencies owed to San Francisco. Orrick has been providing BAWSCA legal support on the bond documents on an as-needed basis since the bonds were issued.

PTA is BAWSCA's investment advisor for the bond funds. PTA monitors market conditions and the agency's circumstances on an ongoing basis to identify the investment opportunities available to the agency's stabilization fund, interest fund, and principal fund deposited at the BNY, while satisfying all cash flow, safety and liquidity considerations in a manner consistent with Board's investment policy.

(This page intentionally left blank)

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Professional Services Contract with Burr, Pilger and Mayer (Audit/Accounting Services)**

Summary:

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with Burr, Pilger and Mayer (BPM) for FY 2018-19 to provide audit and accounting services. The contract will be prepared in BAWSCA's standard form of agreement.

Fiscal Impact:

The contract not-to-exceed amount of \$15,000 is included in the Proposed FY 2018-19 Operating Budget for external auditing services associated with the wholesale revenue requirement and compliance audit. The proposed budget is the same as in the current year's adopted Operating Budget with a 7% or \$25/hour increases in billing rates, which is the first rate increase in nine years.

Recommendation:

That the Board authorize the CEO/General Manager to negotiate and execute a contract between BAWSCA and BPM, subject to legal counsel's final review, for a not-to-exceed amount of \$15,000 to provide audit and accounting services.

Discussion:

Burr, Pilger and Mayer is a full-service accounting and business consulting firm with expertise in tax preparation, planning, assurance, and audits. Every year, the SFPUC conducts an audit of the wholesale revenue requirement to ensure that the wholesale customers' share of operating and capital expenses for the Regional Water System have been allocated between in-City retail and wholesale customers per the 2009 Water Supply Agreement. BPM's primary role is to assist BAWSCA with its review of the annual wholesale revenue requirement and the annual compliance audit and other SFPUC financial statements.

Scope of Services – Results to be Achieved:

The draft scope of services with BPM for FY 2018-19 is shown in Exhibit A.

Billing Rates:

The following are the FY 2018-19 billing rates for this contract:

- Partner \$375/hour

EXHIBIT A

TO THE CONSULTING SERVICES AGREEMENT
Between the Bay Area Water Supply and Conservation Agency
And Burr, Pilger and Mayer
Auditing and Accounting Advisors

DRAFT

FY 2018-19 SCOPE OF WORK

Purpose:

For FY 2018-19, BAWSCA requires on going professional auditing and accounting analysis to assist in its review of the annual wholesale revenue requirement/compliance audit.

Work to be Performed:

Anticipated tasks include the following:

Task 1. If needed, assist BAWSCA in guiding the procedures to be used in future compliance audits, commencing with the compliance audit for FY 2017-18.

Task 2. Attend the FY 2017-18 compliance audit kick-off meeting (Fall 2018) with the SFPUC's compliance auditor and staff. Represent the wholesale customers' interests in the development of the compliance auditor's work plan.

Task 3. Review the independent compliance auditor's report for the FY 2017-18 wholesale revenue requirement, changes to balancing account, and accompanying management letter. Comment on the report and letter for thoroughness, with special attention paid to any notes concerning internal controls, procedures, material weaknesses, or significant deficiencies, as well as management's response to such, including stated corrective measures.

Not to Exceed Contract Limit: \$15,000

Rates & Charges:

The hourly billing rate is shown below.

- Partner: \$375

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Professional Services Contract with Geosyntec Consultants (Engineering)**

Summary:

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with Geosyntec Consultants (Geosyntec) for as needed assistance to support BAWSCA's efforts related to groundwater and the Groundwater Reliability Partnership for the San Mateo Plain Sub-basin (Partnership) during FY 2018-19. The contract will be prepared using BAWSCA's standard form of agreement.

Fiscal Impact:

The contract for a not-to-exceed amount of \$17,686 is included in the proposed FY 2018-19 Operating Budget. The proposed budget is less than the current year's adopted operating budget of \$20,000, but includes a 3.5% increase in billing rates.

Recommendation:

That the Board authorize the CEO/General Manager to negotiate and execute a contract between BAWSCA and Geosyntec, subject to legal counsel's final review, for a not-to-exceed amount of \$17,686 to provide as needed assistance to support BAWSCA's efforts related to groundwater and the Partnership during FY 2018-19.

Discussion:

Geosyntec Consultants was brought under contract in October 2016 to perform the following tasks, which are anticipated to be needed again in FY 2018-19: (1) monitoring and regular reporting to BAWSCA on State and regional groundwater policy resulting from the implementation of the Sustainable Groundwater Management Act of 2014, and (2) on-call technical support for local groundwater issues.

BAWSCA has taken a lead role in promoting sustainable use of groundwater resources in its service area by establishing the Partnership. BAWSCA's direct interests in this effort relate to BAWSCA's investigation and potential development of a brackish groundwater project as part of the Strategy. BAWSCA's member agencies in all three counties have an interest in this basin due to the interrelationship with all neighboring groundwater basins (e.g. the Niles Cone sub-basin in the East Bay and the Santa Clara sub-basin in Santa Clara County). In addition, BAWSCA continues to participate in San Mateo County's Basin Assessment Program, and other multi-party efforts including the WSIP's Groundwater Storage and Recovery Project. Geosyntec has been successfully supporting BAWSCA in all of these matters related to groundwater since October 2016.

Scope of Services – Results to be Achieved:

The draft scope of services with Geosyntec for FY 2018-19 is shown in Exhibit A.

Billing Rates:

The following are the FY 2018-19 hourly billing rates for this contract:

John Gallinatti	\$207
J. Michael Harty	\$207

EXHIBIT A

**TO THE CONSULTING SERVICES AGREEMENT
Between the Bay Area Water Supply and Conservation Agency
And Geosyntec Consultants**

DRAFT

FY 2018-19 SCOPE OF SERVICES

Purpose:

For FY 2018-19, BAWSCA requires on-going professional support for BAWSCA's efforts related to groundwater issues and the Groundwater Reliability Partnership for the San Mateo Plain Sub-basin (Partnership). As directed, Geosyntec will provide necessary technical work, attend meetings with BAWSCA staff, and provide written reports or updates as required.

Work to be Performed:

1. Monitoring and regular reporting to Agency on State and regional groundwater policy resulting from the implementation of the Sustainable Groundwater Management Act of 2014;
2. On-call technical support for local groundwater issues.

Not to Exceed Contract Limit: \$17,686

Rates and Charges:

<u>Name</u>	<u>Hourly Rate</u>
John Gallinatti	\$207.00/hour
J. Michael Harty	\$207.00/hour

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Professional Services Contract with Hanson Bridgett LLP (Legal Services) for FY 2018-19**

Summary:

The annual contract for legal services should be executed by July 1, 2018. In addition to providing general legal services for BAWSCA, BAWUA, and the RFA, next year's proposed scope includes work related to protecting member agency water supply and financial interests in implementing the 2009 Water Supply Agreement (WSA), State Water Resources Control Board (SWRCB) Bay Delta Plan, Don Pedro FERC negotiations, Restore Hetch Hetchy lawsuit, and implementation of solutions for meeting near-term and long-term water needs.

This item requests authorization for the CEO/General Manager to execute a contract with Hanson Bridgett for FY 2018-19. The contract will be prepared in BAWSCA's standard form of agreement.

Fiscal Impact:

The contract not-to-exceed amount for legal services is \$669,000 and is contained in the FY 2018-19 Proposed Operating Budget. The proposed budget of \$669,000 is the same as the currently approved budget for FY 2017-18. Continued higher levels of work are anticipated to protect water supplies during the SWRCB SED process, FERC process, member agencies' interests in the SFPUC WaterMAP process, member agencies' financial interests in implementing the 2009 WSA, and addressing actions by Restore Hetch Hetchy.

Recommendation:

That the Board authorize the CEO/General Manager to negotiate and execute a contract between BAWSCA and Hanson Bridgett for a not-to-exceed amount of \$669,000.

Discussion:

Hanson Bridgett's scope includes routine general legal services and costs related to contract reviews, personnel and other administrative functions. The scope also supports work related to achieving specific results such as water contract administration for the 2009 WSA, negotiating critical amendments to the 2009 WSA, implementing solutions for meeting near-term and long-term water needs, assisting in efforts to get the system rebuilt in a way that satisfies water customer needs, protecting the water supply on which member agencies depend, assistance with legislation and defending BAWSCA in anticipated or occurring litigation.

Hanson Bridgett has been providing legal assistance to BAWSCA and its predecessor agency, BAWSCA, for more than 25 years. Hanson Bridgett helped negotiate both the prior and the current 2009 WSA with San Francisco. They drafted the legislation that now pressures San Francisco to fix the system, formed the RFA, and enabled the formation of BAWSCA.

Hanson Bridgett has successfully arbitrated settlements totaling several millions of dollars on behalf of the wholesale water customers. Hanson Bridgett's familiarity with the business relationship between the wholesale customers and San Francisco, and their knowledge of the Water Supply Agreement supports continuation of their services through the proposed annual professional services contract.

Exhibit A includes a draft scope of work and cost breakdown for specific activities. The proposed budget is not intended to cover the costs of new arbitration proceedings, development of legislation, or other major legal activities outside the defined scope of work.

Exhibit B presents the rates and charges for FY 2018-19.

EXHIBIT A

**TO THE CONSULTING SERVICES AGREEMENT
Between the Bay Area Water Supply and Conservation Agency
And Hanson Bridgett LLP**

Legal Services

DRAFT

FY 2018-19 SCOPE OF WORK

PURPOSE

Hanson Bridgett's legal counsel services typically cover two primary areas:

1. General legal support (e.g., administration, contracting and personnel administration)
2. Assistance for achieving results during FY 2018-19.

General Legal Services. Provide general legal services for BAWSCA, RFA and BAWUA on an as-needed basis. General legal services for BAWSCA will include legal counsel for activities such as:

- Employee benefits administration
- Personnel management
- Professional services contracts and grant applications
- Maintaining prudent levels of insurance
- Preparation of documents such as Board resolutions and amendments to the Rules of the Board; providing advice on meeting procedures (Brown Act)
- Evaluation of public records act requests
- Other matters associated with the management and administration of a public agency that benefit from legal advice and counsel

General legal services associated with BAWUA will be minimal and largely confined to financial and administrative matters.

General legal services for the RFA are expected to be minimal and administrative. San Francisco has stated it does not foresee using the RFA as a funding mechanism at this time.

Assistance Achieving FY 2018-19 Results. In addition to general legal support, legal counsel will assist in forming and implementing approaches to a number of activities

impacting BAWSCA member agencies and their customers. Planned activities include assistance with:

- Implementation and administration of the 2009 WSA, including the current negotiations for several WSA amendments
- Representing BAWSCA in the Restore Hetch Hetchy lawsuit, in which BAWSCA is a named defendant
- Represent BAWSCA and its member agencies during FERC negotiations related to the relicensing of New Don Pedro Reservoir
- Legal support for protecting the water supply interests of the agencies and their customers in the ongoing SWRCB SED and Bay Delta process
- Legal support for monitoring the SFPUC's 10-Year CIP, system maintenance programs, and the WSIP, including the water supply level of service goal and related activities being implemented by SFPUC
- Implementation of Long-Term Reliable Water Supply Strategy recommended actions
- Legal and other support to achieve BAWSCA's objectives and protect the interests of BAWSCA and the member agencies in the SFPUC Water MAP and the SFPUC's related 2018 decisions
- Legal support for responding to new statewide conservation requirements, including consideration of the 2009 WSA drought provisions
- Implementation of activities under the Water Conservation Implementation Plan, including both core and subscription water conservation programs
- Routine contract reviews for water conservation activities, partnerships with other agencies, and professional services

The above-mentioned activities may require legal counsel to:

- Provide ongoing counsel to the CEO and Board of Directors.
- Provide support for interpreting the WSA. In situations where differences cannot be resolved administratively, legal counsel may be asked to initiate arbitration proceedings on behalf of the wholesale customers.
- Provide legal input on the preparation and implementation of the new subscription water conservation programs to be offered to member agencies.
- Meet with the CEO and attend meetings of the BAWSCA Board of Directors and the Board Policy Committee.
- Prepare, or approve as to form, resolutions, contracts, all changes to the Rules of the Board and other documents requiring legal review related to the business of BAWSCA, RFA or BAWUA.
- Represent BAWSCA in proceedings before other government agencies, regulatory bodies, and in contacts with professional and public agencies and organizations.
- Meet and confer with other BAWSCA consultants.

- Upon request, review and make recommendations to BAWSCA concerning proposed Federal, state or local legislation, regulations, litigation and/or administrative proceedings and required filings related to the business of BAWSCA, the RFA or BAWUA.
- Represent BAWSCA's Board and management in all suits, administrative proceedings, arbitration hearings and other legal matters to which BAWSCA is a party or in which it is legally interested, except in those instances when BAWSCA determines that the matter should be handled by special counsel

Budgeted Activities and Not to Exceed Contract Limit: \$669,000

The total budget request is based on the following estimates of fees and costs for specified activities:

Conservation, FERC, Urban Water Mgmt. Plans	\$273,000
Water Supply Agreement Administration Fair Pricing	\$153,000
Water Supply Agreement Administration Reliability	\$47,000
SFPUC 10-Year CIP, WSIP and Water Reliability	\$114,000
BAWSCA (General legal)	\$80,000
RFA & BAWUA (General legal)	\$2,000
<hr/> Total	<hr/> \$669,000

This breakdown of activities is based on estimates at the time of budgeting. The contract will be managed to provide actual services required within the total not-to-exceed limit of \$669,000. If unanticipated activities require significant legal support, recommended changes would be brought to the Board of Directors.

Exhibit B

**Hanson Bridgett LLP
Rate and Charges**

FY 2018-19

The charges and billing rates for persons/positions associated with this agreement are set forth below for all matters, including legal services to support arbitration under the Water Supply Agreement or services provided to BAWSCA in connection to monitoring the FERC relicensing and Restore Hetch Hetchy litigation. These charges and billing rates do not include other specialized litigation. The proposed hourly rates for FY 2018-19 represent an approximate 4% increase compared to FY 2017-18 rates. The contract will be managed to provide actual services required within the total not-to-exceed limit of \$669,000.

FY 2018-19 RATES

Partner	\$390 per hour
Senior Counsel	\$345 per hour
Associates	\$315 per hour

OUT OF POCKET EXPENSES

At Cost

OTHER CHARGES

Large Scale Photocopying	At cost
Long Distance Telephone	At cost
Mileage	IRS applicable rate

COST SAVING ADJUSTMENTS

In house photocopying	no charge
-----------------------	-----------

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Professional Services Contract with Harlan P. Wendell, Management Communications (Strategic Counsel)**

Summary:

This item requests authorization for the CEO/General Manager to execute a contract with Mr. Wendell for FY 2018-19.

Fiscal Impact:

The not-to-exceed amount of \$150,000 for strategic services is included in the proposed Operating Budget for FY 2018-19.

If large unanticipated legislative or other efforts that arise during FY 2018-19 require additional strategic counsel, the Board would be asked to reprogram the FY 2018-19 Work Plan and budget resources, and authorize any additional strategic resources needed.

Recommendation:

That the Board authorize the CEO/General Manager to execute a contract between BAWSCA and Mr. Wendell, subject to legal counsel's final review, for a not-to-exceed amount of \$150,000 to provide strategic services.

Discussion:

Mr. Wendell provides strategic counsel for the CEO/General Manager and Board of Directors. He has provided such counsel for BAWSCA and BAWUA since FY 2000-01. Mr. Wendell's hourly rate and total contract amount have remained unchanged since FY 2007-08.

During FY 2017-18, Mr. Wendell advised the CEO/General Manager and the leadership of the Board on a variety of issues. Examples include the following:

- a) Provided strategic counsel to the CEO/General Manager in assessing and responding to the State Water Resources Control Board Draft Substitute Environmental Document and subsequent related activities.
- b) Provided strategic counsel in representing the member agencies, collectively and individually (e.g., East Palo Alto, San Jose, Santa Clara), in the planning phases of the San Francisco Water Management Action Plan and its upcoming 2018 decisions.
- c) Assisted the CEO/General Manager with media relations to improve public understanding of BAWSCA's work and accurate communication of information, with a specific focus on the region's drought response to support overall member agency and BAWSCA's goals for water supply reductions.

Examples of the historical and ongoing value provided by Strategic Counsel:

1. Continuing counsel for the CEO/General Manager to set strategies to interact with elected officials at the state and local level.
Examples: Meetings with state legislators and local elected officials, private-sector allies, and the San Francisco Mayor's office.
2. Creating and executing strategies for successful passage of State legislation.
Examples: Strategic services for successful passage of three bills passed by the State legislature and signed by the governor in 2002, and for legislation amending the prior bills during 2006, 2008, 2010, and 2014.
3. Counseling the CEO/General Manager on the most effective ways to present ideas and information in pursuit of our goals.
Examples: Assisting the CEO/General Manager in developing negotiating strategies for the 2009 Water Supply Agreement, and communicating at critical junctures to achieve successful completion of the new agreement between San Francisco and BAWSCA's member agencies.
3. Anticipating public issues and avoiding public disputes.
Examples: Potential Mountain Tunnel failure and unplanned outage of Hetch Hetchy water; Monitoring WSIP performance and SFPUC's adoption of changes to WSIP.
4. Assisting the CEO/General Manager with media relations to improve public understanding of BAWSCA's work and accurate communication of information.
Examples: Assisting the CEO/General Manager to prepare for communications with national and local media on potentially significant stories about water supply, drought, and conservation.
5. Facilitating BAWSCA's operations.
Examples: Providing advice about materials to ensure clarity, transparency, understanding and effectiveness of communications and presentations.

Qualifications:

Mr. Wendell helped create the Federal Health, Education and Welfare Department, a cabinet form of government for the State of Delaware, and a reorganization of government in the state's largest city. He was director for California U.S. Representative Ed Zschau's campaign for the U.S. Senate and counsel for several mayoral, gubernatorial and congressional campaigns.

His corporate communication experience includes assignments with the chief executives of DuPont, Ford Motor Company, Boeing, Proctor & Gamble, Stanford University, General Electric Aircraft Engines, and Sumitomo Corporation.

Locally, Mr. Wendell assisted former State Senator Becky Morgan to develop and promote Joint Venture: Silicon Valley. Working for BAWSCA's predecessor organization, Mr. Wendell developed and implemented the legislative strategy that resulted in passage of the three Hetch Hetchy bills.

Scope of Services:

Strategic Counsel identifies organizational, political, and communication issues facing the organization, recommends strategies that will successfully address the issues, and provides tactical advice and support necessary to implement the strategies.

For FY 2018-19, strategic services are needed to help BAWSCA achieve its results. Two major results to be produced in FY 2018-19 will be protection of the interests of the water customers in the State Water Resources Control Board Bay Delta process and the Don Pedro FERC relicensing process.

A third major result to be produced in FY 2018-19 is associated with SFPUC's efforts through the Water MAP to answer the critical water supply questions deferred in 2008 when it adopted the Water System Improvement Program (WSIP) and that it committed to answering by 2018.

A fourth major result will be the successful negotiation with San Francisco of several contract amendments to the 2009 Water Supply Agreement related to protect the water supply and financial interests of the member agencies and their water customers.

Mr. Wendell will also continue to support the CEO/GM in issues pertaining to Restore Hetch Hetchy and the possible outcome of the recent litigation.

Strategic support is an integral activity to pursue reliable water supply, ensure the water system is rebuilt, create a productive business relationship with San Francisco, and assist in structuring action items so that informed decisions can be made by the BAWSCA Board or individual member agencies, as required. The proposed level of effort supports routine work with legislators and other public officials, but does not necessarily support major legislation or lobbying efforts.

To help manage these challenges and achieve BAWSCA's desired results, Mr. Wendell brings a 65-year governmental and corporate career with extensive organizational, political and communication experience.

BAWSCA operates in a political environment in the best, non-partisan sense of those words. It was established by the state legislature to help get the regional water system rebuilt, find solutions for other regional water problems, and get results through political entities that operate and use the regional system.

The CEO/General Manager spends a significant amount of time working within this political environment to achieve BAWSCA's goals, and requires experienced political support, as well as technical and legal support.

Bud Wendell has experience working with local, state and federal government, as well as the private sector. He has provided invaluable political and strategic counsel for the past ten years.

Exhibit A includes a draft scope of work.

EXHIBIT A

**TO THE CONSULTING SERVICES AGREEMENT
Between the Bay Area Water Supply and Conservation Agency
And Harlan P. (Bud) Wendell, Management Communications**

Strategic Counsel

DRAFT

FY 2018-19 SCOPE OF WORK

PURPOSE

Strategic counsel identifies organizational, political, and communication issues facing the organization, recommends strategies, which will successfully address the issues, and provides tactical advice and support necessary to implement the strategies.

Work to be Performed:

Mr. Wendell will recommend organizational, political and communication policies and strategies for the CEO/General Manager and Board to:

- Meet BAWSCA's goals and achieve its results effectively.
- Create a positive identity, based on actions, to earn and maintain public support.
- Maintain close relationships with legislative and other public officials, allies, special interest groups, community leaders, media and other audiences.
- Develop and manage a new, assertive, proactive, collaborative relationship with San Francisco to address BAWSCA's concerns, and fixing the water system.
- Build constructive relationships with other entities and avoid public controversies.
- Identify and address political issues.
- Report to the Board and committees on issues and strategies as needed.
- Provide strategic support for the Long-Term Reliable Water Supply Strategy and BAWSCA's efforts related to SFPUC's Water Map.
- Provide strategic support for negotiation of necessary 2009 WSA amendments.
- Provide strategic support for addressing the outside threats to water supply reliability.

Not to Exceed Contract Limit: \$150,000

Rates and Charges:

Out-of-pocket expenses will be charged at cost.

<u>Name</u>	<u>Hourly Rate</u>
Harlan P. Wendell	\$185

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Professional Services Contract with Hazen and Sawyer**

Summary:

This item requests authorization for the CEO/General Manager to negotiate and execute a contract amendment with Hazen and Sawyer for developing and evaluating water supply scenarios using BAWSCA's new Regional Water System & Supply Modeling Tool (Model). The contract amendment will be prepared using BAWSCA's standard form of agreement.

Fiscal Impact:

The contract amendment for a not-to-exceed amount of \$134,314 for water supply scenario evaluation using the Model is included in the proposed FY 2018-19 Operating Budget. The proposed budget is less than the current year's adopted operating budget and includes increases in billing rates of between 0% and 3.5% for different positions.

Recommendation:

That the Board authorize the CEO/General Manager to negotiate and execute a contract amendment with Hazen and Sawyer, subject to legal counsel's final review, up to an amount not to exceed \$134,314 for water supply scenario evaluation using the Model.

Discussion:

A key effort included in BAWSCA's FY 2017-18 Work Plan was the development of an independent Regional Water System & Supply Modeling Tool (Model). To date, BAWSCA has relied on the SFPUC's modeling resources to inform long-term planning decisions. However, as BAWSCA's and the member agencies' needs have grown, it is not effective to rely on the SFPUC for modeling work to meet BAWSCA's analytical and schedule needs.

On March 24, 2017, BAWSCA issued a request for proposals (RFP) for a consultant to develop the Model and for ongoing support services for up to five years. The RFP also gave BAWSCA the option to request that the consultant use the calibrated Model to investigate and evaluate additional regional reliability scenarios. After completing the RFP process, Hazen and Sawyer was awarded a one-year contract to develop the Model and provide support services.

The development of the baseline Model will be complete in FY 2017-18. BAWSCA now wishes to extend the Agreement to exercise its option for the services contemplated in the RFP. Going forward, BAWSCA can use the Model to evaluate alternative water supply scenarios to meet BAWSCA's planning needs and understand the impacts of the reliability of other regional water supplies (e.g., surface water from Santa Clara Valley Water District, State Water Project supplies, etc).

For FY 2018-19, four major tasks to be completed have been identified: using the Model to evaluate three different water resources development scenarios and conducting a workshop to elicit feedback from BAWSCA member agencies on the baseline Model.

Scope of Services – Results to Be Achieved:

The draft scope of services with Hazen and Sawyer for FY 2018-19 is shown in Exhibit A.

Billing Rates:

The following are the FY 2018-19 billing rates for this contract:

Vice President (Marc Soloman)	\$300
Senior Associate (Grantley Pyke)	\$201
Senior Principal Engineer (Luke Wang)	\$155
Assistant Engineer (Kinsey Hoffman)	\$93
Officer (Anona Dutton)	\$280
Engineer III (Tina Wang)	\$160

Exhibit A

**TO THE CONSULTING SERVICES AGREEMENT
Between the Bay Area Water Supply and Conservation Agency
and Hazen and Sawyer**

DRAFT

FY 2018-19 SCOPE OF SERVICES

Purpose:

On March 24, 2017, BAWSCA issued a request for proposals (RFP) for a consultant to develop the Regional Water System & Supply Modeling Tool (Model) and for ongoing support services for up to five years. The RFP also gave BAWSCA the option to request that the consultant use the calibrated Model to investigate and evaluate additional regional reliability scenarios. After completing the RFP process, Hazen and Sawyer (Consultant) was awarded a one-year contract to develop the Model and provide support services. After BAWSCA staff independently evaluated the Model, it determined that for FY 2018-19, BAWSCA requires specialized services for development and testing of BAWSCA's newly developed Model. BAWSCA now wishes to extend the Agreement to exercise its option for the services contemplated in the RFP and as further described below.

Work to Be Performed:

Task 6A - New/Alternate Supply Sources Scenario

Under Task 6A, BAWSCA and the Consultant will use the Model to evaluate the effect of new storage or supply sources in the region. Work to be performed under Task 6A includes:

- Identification and parameterization of new and/or expanded supply source(s)
- Modifications to the model network linking new supply source(s) to the appropriate member agency demand nodes
- Modifications to the RiverWare Policy Language (RPL) supply allocation preferences/operating rules taking into account the new supply source(s)
- Coordination with regional supply agencies/modelers to provide associated model comparison and/or parallel model runs
- Associated model calibration and post processing of results
- Meeting and presentation to BAWSCA staff reviewing results
- Prepare technical memorandum providing documentation of model scenario and results
- Associated project management and quality control
- Modeling would include one or more scenarios identified in TM1 (submitted to BAWSCA in FY 2017-18), depending on complexity

Task 6B - Alternate Operating Rules Scenario

Under Task 6B, BAWSCA and the Consultant will use the Model to evaluate the effect of alternate operating rules given the current infrastructure configuration in the system. Work to be performed under Task 6B includes:

- Identification and conceptual design (e.g. flowcharts, pseudo-code) of alternate operating rules
- Modifications to the RPL supply allocation preferences/operating rules
- Associated model calibration and post processing of results

- Coordination with regional supply agencies/modelers to provide associated model comparison and/or parallel model runs
- Meeting and presentation to BAWSCA staff reviewing results
- Prepare technical memorandum providing documentation of model scenario and results
- Associated project management and quality control
- Modeling would include one or more scenarios identified in TM1, depending on complexity

Task 6C - Short-Term Drought or Infrastructure Outages Scenario

Under Task 6C, the Model may be used to examine how current or acute system conditions (e.g., current total available storage, infrastructure condition) affect reliability and shortages in the near-term. Work to be performed under Task 6C includes:

- Position analysis configuration in RiverWare
- Identification of infrastructure outage or drought scenario
- Identification/parametrization of initial conditions (e.g. reservoir levels, availability)
- Modifications to the RiverWare model network (if necessary)
- Associated model calibration and post processing of results
- Coordination with regional supply agencies/modelers to provide associated model comparison and/or parallel model runs
- Meeting and presentation to BAWSCA staff reviewing results
- Prepare technical memorandum providing documentation of model scenario and results
- Associated project management and quality control

Task 6D – Member Agency Feedback on the Baseline Run

Work performed under Task 6D includes:

- Preparation and facilitation of member agency workshop
- Review and organization of member agency comments
- Modifications to the baseline run (if necessary)

Budgeted Activities:

The total budget request is based on the following *estimates*:

Task 1: New/Alternate Supply Sources and	
Task 2: Alternate Operating Rules	\$60,324
Task 3: Short Term Drought/Infrastructure Outage	\$51,338
Task 4: Member Agency Feedback on the Baseline Run	\$22,652
Sub-Total	\$134,314

Not-to-Exceed Contract Amendment Limit: \$134,314

Rates and Charges:

The following are the FY 2018-19 billing rates for this contract amendment:

Vice President (Marc Soloman)	\$300
Senior Associate (Grantley Pyke)	\$201
Senior Principal Engineer (Luke Wang)	\$155
Assistant Engineer (Kinsey Hoffman)	\$93
Officer (Anona Dutton)	\$280
Engineer III (Tina Wang)	\$160

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Professional Services Contract with Hilton, Farnkopf and Hobson (Engineering/Financial Services)**

Summary:

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with Hilton, Farnkopf and Hobson (HFH) for as needed assistance in administering the 2009 Water Supply Agreement (WSA) and other activities during FY 2018-19. The contract will be prepared in BAWSCA's standard form of agreement.

Fiscal Impact:

The contract for a not-to-exceed amount of \$20,000 is included in the proposed FY 2018-19 Operating Budget. The proposed budget is the same as in the current year's adopted operating budget with a 3-5% increase in billing rates.

Recommendation:

That the Board authorize the CEO/General Manager to negotiate and execute a contract between BAWSCA and HFH, subject to legal counsel's final review, for a not-to-exceed amount of \$20,000 to provide as needed assistance in administering the 2009 WSA, completion of a Capital Improvement Plan Comparison Study and other activities during FY 2018-19.

Discussion:

HFH has been providing BAWUA (the Bay Area Water Users Association) and BAWSCA key financial and rate setting advice for over two decades (though not under contract every year). One of the firm's principals, John Farnkopf, was instrumental in developing the 1984 Master Contract, and assisted in negotiating the WSA. HFH has assisted BAWSCA staff with analyzing the water shortage allocation plan alternatives, and has extensive knowledge of water rate setting, having developed over 120 rate studies for retail and wholesale water, wastewater, and storm water agencies.

For FY 2018-19, HFH will provide reviews and analyses for administration of the WSA on an as-needed basis. HFH will also be completing a Capital Improvement Plan Comparison Study, which reviews SFPUC's 10-year CIP in comparison with other long-term CIPs developed by similar water agencies in the western U.S.

Mr. Farnkopf's past experience is invaluable for analyzing certain cost allocation issues during administration of the WSA that ensure the member agencies pay only their fair share of costs associated with the Regional Water System as consistent with the 2009 WSA. In FY 2018-19, it is anticipated that HFH will provide assistance in analyzing the alternative financial and cost allocation impacts of alternatives examined through SFPUC's Water MAP.

Scope of Services – Results to be Achieved:

The draft scope of services with HFH for FY 2018-19 is shown in Exhibit A.

Billing Rates:

The following are the FY 2018-19 billing rates for this contract:

Vice President	\$235
Sr. Analyst/ Sr. Assoc.	\$160
Associate/Analyst	\$103-129

EXHIBIT A

**TO THE CONSULTING SERVICES AGREEMENT
Between the Bay Area Water Supply and Conservation Agency
And Hilton, Farnkopf and Hobson, Financial Advisors**

2018-19 SCOPE OF SERVICES

Task 1 – Financial and Administrative Related Services

Purpose

For FY 2018-19, BAWSCA requires ongoing professional analytical work and expert advice in conjunction with the implementation of the new agreement and possibly other important matters (e.g., water supply allocation, wholesale rate structure, conservation rates, wholesale revenue requirement, calculation of the wholesale capital fund, etc.). As directed, HFH will provide the necessary analytical work, attend meetings with BAWSCA and/or SFPUC staff, and provide written reports or updates as required.

Work to be Performed:

As requested, assist with the implementation of the 2009 Water Supply Agreement; particularly in the areas of cost allocation, wholesale capital fund, interim supply limitations, drought allocations and related tasks.

Task 2 – Capital Improvement Plan Comparison Study

Purpose

BAWSCA desires to compare the SFPUC's capital planning process with those of other water suppliers. Specifically, BAWSCA proposes to review the long-term capital improvement plan development process(es) in place at the SFPUC and compare those with process(es) in place at other water agencies. The comparison will help identify the apparent strengths of the SFPUC's processes and conversely where there may be opportunities for improvement.

Work to be Performed:

- Determine SFPUC capital planning process
- Review the capital planning processes that exist for comparable water suppliers
- Compile and summarize results
- Document findings

Budget

Total allowable billings under Task 1 work are \$10,000.

Portions of the Task 2 work effort were initiated and billed to BAWSCA in FY 2017-18.

May 17, 2018 – Agenda Item #8B-6

Allowable costs to be billed under Task 2 in Fiscal Year 2018-19 shall total no greater than \$10,000. Total allowable cost to be billed under Task 2 (including any prior charges in Fiscal Year 2017-18) shall be no greater than \$28,000.

Schedule

There is no defined schedule associated with the Task 1 work effort. Schedule requirements for Task 1 assignments shall be determined at the time of the request for assistance from BAWSCA.

The Task 2 work effort shall be completed by August 31, 2018.

Rates & Charges:

Vice President	\$235
Sr. Analyst/ Sr. Assoc.	\$160
Associate/Analyst	\$103-129

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Professional Services Contract with Immersiv Media to Support the Implementation of the BAWSCA Website and Water Conservation Database for FY 2018-19**

Summary:

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with Immersiv Media (Immersiv) to provide hosting, maintenance, and technical support services for the on-going implementation of the BAWSCA website and BAWSCA Water Conservation Database (WCDB) for FY 2018-19.

Fiscal Impact:

The proposed FY 2018-19 BAWSCA budget includes \$7,200 for consulting support services for technical support and hosting of (1) the BAWSCA website at a cost of \$300/month and (2) the WCDB at a cost of \$300/month. The proposed budget is consistent with the current year's adopted operating budget.

Recommendation:

That the Board authorize the CEO/General Manager to negotiate and execute a contract between BAWSCA and Immersiv, subject to legal counsel's final review, for a not-to-exceed amount of \$7,200 to provide hosting, maintenance, and technical support services for the implementation of the website and WCDB in FY 2018-19.

Discussion:

As presented during the budget development process, additional outside resources are necessary to complete the adopted Work Plan for FY 2018-19 in several areas. One such area is the need for technical resources to support ongoing implementation of (1) the BAWSCA website and (2) the WCDB.

Website Hosting, Maintenance and Technical Support Services

In FY 2015-16, BAWSCA selected Immersiv, through a competitive procurement process, to redesign the BAWSCA website. Since the website was completed in February 2016, Immersiv has provided BAWSCA with hosting, maintenance, and technical support services at a cost of \$3,600 per year (\$300 per month). For FY 2018-19, the proposed cost will remain unchanged at \$300 per month for the website services.

Water Conservation Database Hosting and Technical Support Services

The WCDB is an on-line database system that allows agencies to track their water conservation activities, water usage, and other agency-specific information in a consistent and standard format. The WCDB is used to facilitate completion of the BAWSCA Annual Survey and the Annual Conservation Report as well as to support updates to the Decision Support System (DSS) Models for water demand and conservation savings projections.

In FY 2016-17, BAWSCA contracted with Immersiv to upgrade the WCDB at a budget of \$39,000. Immersiv was selected through a competitive procurement process, separate from the website procurement process previously discussed. Since the upgraded WCDB launched in June 2017, Immersiv has provided BAWSCA with ongoing hosting and technical support services at a flat rate of \$300 per month. For FY 2018-19, the proposed cost will remain unchanged at \$300 per month for the WCDB services

Alternatives:

Alternatives to the recommended action are to: (1) not support the BAWSCA website or WCDB in FY 2018-19, or (2) select an alternative consultant to support the website and WCDB. BAWSCA does not recommend these alternatives for the reasons stated below.

The value of a regional database system was identified as part of the 2009 Water Conservation Implementation Plan (WCIP). The WCDB serves as a streamlined data collection tool. The data that are collected are needed by BAWSCA to support the Annual Survey, the Annual Water Conservation Report, and other regional reporting that BAWSCA does on water use, conservation activity and service area characteristics. The WCDB also provides a standardized repository for the agencies to store the information that they need to do their own reporting. To abandon the WCDB at this point would waste the time and effort put into the system by BAWSCA and the member agencies to date, and result in the 26 different agencies tracking their data in an inconsistent and potentially incomplete manner which does not lend itself to coordinated regional analysis. For these reasons, Alternative 1 is not recommended.

Immersiv was selected to provide the website and WCDB services through two separate competitive processes in 2015 and 2016. Maintaining both requires significant technical skills, including a close familiarity with the custom platform, servers, and computer programming; therefore, maintenance of the WCDB is most appropriately done by trained IT professionals. In addition, Immersiv's proposed costs for maintaining the WCDB are significantly lower than what was proposed by other services providers.

Conclusion:

The WCDB and website are both critical to BAWSCA's communication and information sharing. The WCDB has enhanced member agency's water conservation and Annual Survey reporting efforts at reasonable cost. Immersiv was selected through two competitive processes to provide website development and maintenance services and WCDB development and maintenance services. For this reason, it is recommended that BAWSCA continue to contract with Immersiv to maintain the WCDB in FY 2018-19.

Attachment:

The Draft Scope of Services for FY 2018-19 is shown in Exhibit A. Minor changes to the scope of services may be made during negotiations of a new contract

EXHIBIT A

**TO THE CONSULTING SERVICES AGREEMENT
Between the Bay Area Water Supply and Conservation Agency
And Immersive Media**

DRAFT

SCOPE OF SERVICES – FY 2018-19

Purpose:

To provide hosting, maintenance, and customer support services for (1) the BAWSCA website and (2) the BAWSCA Water Conservation Database (WCDB).

Work to Be Performed:

Task 1 — BAWSCA Website Hosting, Maintenance, and Support Services

A. Customer Support Services

Immersiv will provide ongoing customer support services which includes, but is not limited to, website troubleshooting, content development, and support for any website-related problems that arrive. Maximum response time for customer support requests will be one business day.

B. Website Analytics

Immersiv will prepare periodic website analytics reports. As requested by BAWSCA staff, Immersiv will assist with web marketing campaign to help increase online visibility with BAWSCA's target audience, increase web traffic, and build name recognition and participation in BAWSCA's conservation programs. Services may include utilizing analytical tools to monitor website and visitor trends such as:

- Web traffic analysis
- Search engine ranking
- Path analysis
- Visitor trends
- Page views
- Entry/exit pages
- Top pages
- Length of stay
- Technical analysis
- Social media advertising
- Social media analytics

C. Web Hosting

Immersiv will provide server and network infrastructure support to host the website.

Task 2 — BAWSCA WCDB Hosting and Maintenance

A. Customer Support Services

Immersiv will provide ongoing customer support services to BAWSCA and member agency staff which includes, but is not limited to:

- Identification and troubleshooting of technical issues
- Modification of and additions to data entry fields
- Development of additional data export formats
- User help with system operations
- Management of user accounts

B. WCDB Website Hosting

Immersiv will provide server and network infrastructure support to host the WCDB.

Not to Exceed Contract Limit: \$7,200

Rates & Charges:

Website Hosting Services: \$300/month

WCDB Hosting and Maintenance: \$300/month

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Professional Services Contract with J.L. Ortiz Consulting, Inc. for FY 2018-19**

Summary:

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with J.L. Ortiz Consulting, Inc. for FY 2018-19. Mr. Ortiz's experience and insights will prove valuable to BAWSCA in our efforts to monitor the efforts of San Francisco Public Utilities Commission's (SFPUC). BAWSCA intends to utilize Mr. Ortiz's assistance to provide expertise during our upcoming audit of the SFPUC's asset management program. Mr. Ortiz will also assist BAWSCA in our ongoing review of select Water System Improvement Program (WSIP) projects and Water Enterprise Capital Improvement Program (CIP) projects. His services would be requested for those WSIP or CIP projects that he has direct knowledge of, gained via his prior employment with the SFPUC. The contract will be prepared using BAWSCA's standard form of agreement.

Fiscal Impact:

The contract not-to-exceed amount of \$30,000 is included in the Proposed FY 2018-19 Operating Budget for these services and reflects a 5% increase in billing rates. Mr. Ortiz's contract for FY 2017-18 was slightly less (\$25,000 total contract) as his contract with BAWSCA began in November 2017 and only reflected a partial year's level of effort.

Recommendation:

That the Board authorize the CEO/General Manager to negotiate and execute a contract between BAWSCA and J.L. Ortiz Consulting, Inc., subject to legal counsel's final review, for a not-to-exceed amount of \$30,000 to provide BAWSCA professional services needed in monitoring SFPUC's implementation of the WSIP and 10-year CIP, and assistance during an evaluation of the SFPUC's asset management program.

Discussion:

In November 2017, BAWSCA entered into its first contract with Mr. Jose Ortiz to provide technical expertise to support BAWSCA's overall review of the SFPUC's capital planning and asset management programs. Mr. Ortiz had recently opened his own consulting firm, J. L. Ortiz Consulting, following his retirement from the SFPUC earlier in 2017.

In FY 2018-19, the SFPUC's efforts in implementing the WSIP will be focused on four key remaining WSIP projects: the Calaveras Dam Replacement Project; the fish passage and related facilities associated with the Alameda Creek Diversion Dam Project, the Regional Groundwater Storage and Recovery Project, and the Alameda Creek Recapture Project. Mr. Ortiz's expertise is critically important to BAWSCA in its continuing review of the WSIP during this period as the program nears its scheduled completion in December of 2021, as he has direct working knowledge of the four projects listed above.

BAWSCA will also be utilizing Mr. Ortiz's understanding of SFPUC's asset management program. Having worked for the SFPUC on some of their major capital projects has given him insight into the asset tracking procedures currently in place.

Mr. Ortiz's background includes many years of service at both the SFPUC and East Bay Municipal Utility District (EBMUD). At the SFPUC from 2006 through mid-2017, Mr. Ortiz was a Senior Project Manager responsible for managing three WSIP projects (Bay Division Pipeline No. 5 Project, the Regional Groundwater Storage and Recovery Project, and the Bioregional Habitat Restoration Project). From 1992 thru to 2006, Mr. Ortiz worked at EBMUD where he was involved in several large water infrastructure design and construction efforts. Mr. Ortiz is a registered engineer in the State of California.

This "on-the-job" experience will prove invaluable in assisting BAWSCA as we continue to track the WSIP and CIP efforts underway at the SFPUC and as we embark upon an audit of the SFPUC's asset management program.

Scope of Services – Results to Be Achieved:

The draft scope of services with Mr. Ortiz for FY 2018-19 is shown in Exhibit A.

Billing Rates:

The following are the FY 2018-19 hourly billing rates for this contract:

J.L. Ortiz	\$210
------------	-------

EXHIBIT A

**TO THE CONSULTING SERVICES AGREEMENT
Between the Bay Area Water Supply and Conservation Agency
and J.L. Ortiz Consulting**

FY 2018-19 SCOPE OF SERVICES

Purpose:

Provide expertise in the area of asset management planning as well as on project design and permitting, project scheduling, construction, and construction management. Work during FY 2018-19 will include providing support to BAWSCA during an upcoming audit of the SFPUC's asset management program. Efforts will also include the review of select WSIP and 10-year CIP projects as identified by BAWSCA during the course of the FY.

Work to be Performed:

- Meet or teleconference regularly with BAWSCA staff and other technical resources to coordinate activities related to work assignments under this agreement.
- Assist BAWSCA with the review of select SFPUC 10-year CIP and WSIP projects during their development or construction. As part of that review, produce written document(s) summarizing review comments.
- Assist BAWSCA during an audit of SFPUC's asset management program. As part of that assistance, interact with BAWSCA and the selected audit consultant to provide added insight into asset management procedures in place at the SFPUC.
- Take part in discussions with SFPUC staff and their consultants when requested by BAWSCA.

Not to Exceed Contract Limit: \$30,000

Rates and Charges:

The following are the FY 2018-19 hourly billing rates for this contract:

J.L. Ortiz	\$210.00
------------	----------

(This page intentionally left blank)

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Professional Services Contract with KNN Public Finance (Financial Services)**

Summary:

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with KNN Public Finance (KNN) for FY 2018-19. The contract will be prepared in BAWSCA's standard form of agreement.

Fiscal Impact:

The contract not-to-exceed amount of \$43,500 is included in the proposed FY 2018-19 Operating Budget. The proposed budget is the same as the current year's adopted operating budget with no increase in billing rates or fees.

Recommendation:

That the Board authorize the CEO/General Manager to negotiate and execute a contract between BAWSCA and KNN, subject to legal counsel's final review, for a not-to-exceed amount of \$43,500 to provide BAWSCA assistance with its analyses of SFPUC's reports and financial information.

Discussion:

KNN has been BAWSCA's financial advisor since FY 2002-03. KNN provides analyses that help BAWSCA's review and interpretation of SFPUC reports and other financial information. For example, KNN assisted BAWSCA in reviewing the SFPUC's revenue and expenditure projections, bond refund authorizations and proposed operating and capital budgets. During FY 2017-18, KNN assisted BAWSCA staff in reviewing debt service and capital spending calculations and other components of the wholesale revenue requirement.

For FY 2018-19, KNN will assist in reviewing the FY 2017-18 wholesale revenue requirement calculation, verifying the wholesale share of SFPUC's debt service, supporting BAWSCA's on-going bond administration, and providing recommendations that best serve the interests of the water customers.

Scope of Services – Results to be Achieved:

The draft scope of services with KNN for FY 2018-19 is shown in Exhibit A.

Billing Rates:

The following are the FY 2018-19 billing rates for this contract:

Managing Director	\$345
Vice President	\$315
Asst. Vice President/ Sr. Analyst/ Sr. Assoc.	\$265
Associate	\$220
Analyst	\$195

EXHIBIT A

**TO THE CONSULTING SERVICES AGREEMENT
Between the Bay Area Water Supply and Conservation Agency
And KNN Public Finance**

DRAFT

FY 2018-19 SCOPE OF SERVICES

Purpose

For FY 2018-19, BAWSCA requires on-going professional financial analysis and advice in conjunction with the wholesale revenue requirement, rate and financial implications, bond administration and ongoing implementation of the 2009 Water Supply Agreement.

Work to be Performed:

Anticipated tasks include the following:

Task 1. Review and provide comments on the SFPUC's financing plan, proposed budget, wholesale rate impacts, revenue funded capital projects, debt coverage and working capital components, specific schedules associated with the wholesale revenue requirement or Water Supply Agreement, or other documents or reports related to SFPUC's implementation and/or financing of the Water System Improvement Program (WSIP) or its annual operating and capital budgets or fund balances, or BAWSCA's ongoing bond administration.

Task 2. Provide other analyses as directed or required. Such activities could include updating the database to incorporate revisions to San Francisco's WSIP debt issuances; evaluating the impact of reserve levels on future SFPUC bond issues or ratings; evaluating the advantages and disadvantages of changes in the wholesale rate structure; or other assignments assigned.

Not to Exceed Contract Limit: \$43,500

Rates & Charges:

Managing Director	\$345
Vice President	\$315
Asst. Vice President/ Sr. Analyst/ Sr. Assoc.	\$265
Associate	\$220
Analyst	\$195

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Professional Services Contract with Maddaus Water Management for FY 2018-19**

Summary:

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with Maddaus Water Management (MWM) to implement Phase 2 of the “Making Conservation a Way of Life” Strategic Plan. The Plan will support BAWSCA member agencies in meeting the new water use efficiency targets as established by Governor Brown’s “Making Water Conservation a California Way of Life” Executive Order and subsequent legislative actions.

Phase 1 of the Plan, to be completed in June 2018, included 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. Phase 2 will involve implementation of key roadmap actions identified during Phase 1 to further prepare for the anticipated state requirements and enhance overall water conservation and water supply planning. The following two actions will be completed via the proposed contract with MWM:

- 1) Completion of an indoor-outdoor water use study to provide insight into the current breakdown of indoor and outdoor water use among residential customers within the BAWSCA service area; and
- 2) Implementation of a commercial, industrial, and institutional (CII) water audit pilot program to evaluate the potential to provide CII water audits to BAWSCA member agency customers in a cost-effective manner.

Fiscal Impact:

The proposed FY 2018-19 operating budget includes \$187,00 for implementation of Phase 2 of the “Making Conservation a Way of Life” Strategic Plan. The contract with Maddaus Water Management for a not-to-exceed \$150,000 is included within this proposed budget. The proposed budget includes an increase of 2.5% to hourly billing rates as compared to FY 2017-18.

Recommendation:

That the Board authorize the CEO/General Manager to negotiate and execute a contract between BAWSCA and Maddaus Water Management, Inc., subject to legal counsel’s final review, for an amount not to exceed \$150,000 to complete Phase 2 of the “Making Conservation a Way of Life” Strategic Plan.

Discussion:

The “Making Conservation a Way of Life” Strategic Plan is a key action in BAWSCA’s FY 2017-18 Work Plan to support BAWSCA member agencies in meeting the new water use efficiency targets as established by Governor Brown’s “Making Water Conservation a California Way of Life” Executive Order and subsequent legislative actions. Through a competitive procurement process, BAWSCA selected the firm of Maddaus Water Management (MWM) to complete Phase 1 of the Plan for a not to exceed budget of \$187,577. This procurement process and subsequent contract with MWM anticipated BAWSCA’s intent to move forward with MWM for subsequent phases of work associated with this project.

Phase 1, to be completed in June 2018, included 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.

Phase 2 of the Plan, to be completed in FY 2018-19, will involve implementation of key roadmap actions identified during Phase 1 to further prepare for the anticipated state requirements and enhance overall water conservation and water supply planning. These actions include:

- 1) Completion of an indoor-outdoor water use study to provide insight into the current breakdown of indoor and outdoor water use among residential customers within the BAWSCA service area.
- 2) Implementation of a commercial, industrial, and institutional (CII) water audit pilot program to evaluate the potential to provide CII water audits to BAWSCA member agency customers in a cost-effective manner.

Attachment:

The draft scope of work for FY 2018-19 is shown in Exhibit A, and the draft cost proposal is shown in Exhibit B.

EXHIBIT A
TO THE CONSULTING SERVICES AGREEMENT
Between the Bay Area Water Supply and Conservation Agency
and Maddaus Water Management, Inc.

DRAFT

FY 2018-19 SCOPE OF SERVICES

April 27, 2018

Objectives

Phase 2 of the BAWSCA “Making Conservation a Way of Life” Strategic Plan has two project objectives that will be developed by Maddaus Water Management Project Team, BAWSCA staff, and the BAWSCA agencies.

Objective 1: Indoor-Outdoor Study

This study will provide insight into the current breakdown of indoor and outdoor water use among residential customers within the BAWSCA service area. With the use of available AMI data, the study will help BAWSCA determine and refine details about the actual residential indoor and outdoor water uses of its community, including determining which usage is greatest and how to pursue conservation in this area. Information from this study will benefit BAWSCA agencies by allowing refinement of future residential efficiency programs. Furthermore, the study’s efforts will aim to enhance future BAWSCA regional and member agency water use forecast modeling efforts.

Objective 2: CII Audit Program Pilot Project

The purpose of this Pilot Project is to evaluate the potential for the successful implementation of a Regional CII Audit Program. The Pilot Project will determine the feasibility of establishing a cost-effective approach for providing CII water audits to BAWSCA member agency CII customers. Program options being considered in this Pilot Project include the following:

- 1) A regional CII audit training program for BAWSCA agency staff
- 2) A CII audit software tool for use by agency and/or BAWSCA staff
- 3) Content design for an online CII self-audit tool for customers
- 4) Subscription program design for complex water audits to be performed by consultant staff (funded by the individual BAWSCA agencies)

Roles and Responsibilities

The proposed project plan will engage BAWSCA staff and individual BAWSCA agencies at all levels of the project, but in a streamlined manner, with each party having a significant role. Table 1 indicates our evaluation of each group’s fundamental and beneficial involvement (roles and responsibilities) listed by scope task.

Table 1. Summary of Project Roles and Responsibilities

Task	Roles and Responsibilities		
	Consultant Project Team	BAWSCA Staff	BAWSCA Agencies
Review Data and Phase 2 "Kick-off" Meeting with BAWSCA Staff	Create timeline and attend kick-off meeting; develop data collection request and facilitate completion	Attend kick-off meeting; review and provide feedback on timeline and data request	Support upon request by BAWSCA; attend meeting if requested to be a study participant
Indoor-Outdoor Water Use Study	Analyze water billing data	Assist with solicitation of volunteer agencies to participate in the study	If a study participant, provide data and answer questions from Consultant Team
CII Audit Program Pilot	Implement Pilot activities	Determine Pilot programs to be implemented and facilitate agency participant	Provide feedback and participate in Pilot project
Memorandums	Produce 5- to 10-page memorandum discussing study results	Consolidate any comments on memorandum	Review Memorandum as requested by BAWSCA staff

Scope of Work

The Project Team envisions the following three tasks to meet the project’s objectives.

TASK 1 – Data Collection and Phase 2 Kick-Off Meeting

Task 1.1: Create Data Request

The Project Team will create a data request, customized for each BAWSCA-selected Indoor-Outdoor Study participant, that includes each agency’s own residential water consumption data and rebate participation information. The request will also incorporate requested data and questions for each participant that the Project Team needs answered to complete the technical assessment described in Task 3.

Task 1.2: Collect and Review Data from BAWSCA Member Agencies

The Project Team will lead the collection of data from each participating BAWSCA member agency. The Project team will provide data request to BAWSCA member agencies, review residential water billing data provided by agencies, and conduct follow-up discussions with agencies to address questions.

Task 1.3: Kick-Off Meeting and Timeline

Key members of the Project Team will meet with representatives from BAWSCA staff to discuss the project. The goals of the meeting are to:

- Review and modify the project goals, schedule, and tasks as needed;
- Discuss criteria for study participants;
- Review data needs for the Indoor-Outdoor Study;
- Review expectations for each task; and
- Determine communication protocols for the project.

The initial discussions and kick-off meeting will be critical to the project's success by establishing buy-in on the overall project goals and objectives, ensuring consensus on the approach that is in line with the study goals. At this meeting, the Project Team will be open to ideas and willing to streamline project tasks to keep the project budget low and minimize BAWSCA staff support. The Project Team will employ our successful philosophy of creating and maintaining open dialogue and review of the results, which helps to gain acceptance of the project methodology as well as enhance development of the memorandum.

The Project Team will lead the kick-off meeting and the preparation of the project timeline.

Task 1 Deliverables

The deliverables for this task will be: 1) the project timeline (with BAWSCA staff's concurrence); 2) meeting notes summarizing the discussion during the kick-off meeting; and 3) the data request for each Indoor-Outdoor Study (BAWSCA member-agency) participant.

TASK 2 – In-Depth Review of Residential Water Use

The Project Team will review residential water billing data that is a representative subset of the BAWSCA agencies. The study is envisioned to include up to six BAWSCA agencies, which ideally would include some agencies with and some without AMI data. Results are anticipated to be extrapolated for the full service area based on enhancements to previous assumptions from past demand modeling efforts. To the extent feasible and based on available budget and readily available data provided by BAWSCA agencies, the Project Team will aim to review data for the various residential customer subcategories, accounting for differences in housing stock, lot sizes, and climate among the BAWSCA agencies.

It is assumed that the Project Team will work with BAWSCA agencies directly to obtain any necessary customer billing data. As needed, the Project Team may elect to work with WaterSmart Software on the analysis of the billing data or rebate information. Additionally, the Project Team may incorporate the review of a subset of residential customers who have participated in BAWSCA or Santa Clara Valley County Water District rebate programs to assist with validation of the analyzed customer data, as needed.

The results will include a detailed review water inside vs. outside water use. We are seeking to answer the following questions:

1. How current BAWSCA residential indoor water use compares to efficient indoor residential use?
2. How are water uses trending and areas that have changes over the past few years in recent years?
3. How can this information help to target future conservation programs?

Task 2 Deliverable

The deliverable for this task will be Technical Memorandum #1 (TM-1) detailing the results of this task. It is assumed that BAWSCA staff will review TM-1 in its draft format, then provide a compiled set of electronic consolidated BAWSCA agency comments in Word document format that the Project Team will use to finalize TM-1.

TASK 3 – CII Audit Pilot Program

The Project Team will evaluate the potential for implementation of a Regional CII Audit Program and to determine a cost-effective approach for providing CII water audits. BAWSCA will discuss and select which items they would like included in the pilot program. Program options to pilot may include:

Table 2. CII Pilot Program Options

Action Item	Project Team Action	Deliverable	Estimated Cost*
A regional CII audit training program for BAWSCA agency staff;	Conduct regional CII audit training	2 day workshop on CII Audit training	\$20,000-\$25,000
A CII audit software tool for use by agency and/or BAWSCA staff;	Offer CII Audit Software tool for use by BAWSCA staff to assist with audits	CII Audit software in MS Excel format and associated training materials	Cost of tool for participants included in Training for first year of use
A design of the content for an online CII self-audit tool for customers; and	Work with BAWSCA to create the elements for a CII self-audit tool	List of questions or items that could be developed into an online format	\$10,000-\$20,000
A design of a subscription program for completion of complex water audits by consultant staff.	Work on creating a BAWSCA subscription project for CII audits	Provide a structure, list of consultants, elements of a good quality CII audit, and approximate cost structure for individual audits	\$10,000-\$15,000

*Cost estimates may be modified based on BAWSCA agencies input on needs for the task.

Task 3 Deliverable

The deliverable will depend on the selected item for the CII Audit Pilot Program.

EXHIBIT B

FY 2018-19 COST PROPOSAL AND RATE SHEET

Table 1: Cost Estimate by Task

Task		Total Budget
1	Data Collection and Phase 2 Kick-Off Meeting	\$10,000
2	In-Depth Review of Residential Water Use	\$100,000
3	CII Audit Pilot Program	\$40,000
Total		\$150,000

Table 2: Hourly Billing Rates

Person	Position	Service/Discipline	License	Hourly Rate
Michelle Maddaus	Project Manager, Senior Engineer	Water Resource Planning and Management	P.E.	\$220
Lisa Maddaus	Senior Engineer	Water Resource Planning and Management	P.E.	\$225
Christopher Matyas	Software Engineer	Software for Water Efficiency	E.I.T.	\$220
Tess Kretschmann	Staff Engineer	Water Resource Planning and Management	E.I.T.	\$150
Andrea Pacheco	Technical Editor	Technical Documentation Editing and Formatting	--	\$105
William Maddaus	Technical Advisor	Water Resource Planning and Management	P.E.	\$305

(This page intentionally left blank)

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Professional Services Contract with Orrick, LLP (Legal Services)**

Summary:

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with Orrick for FY 2018-19 for as needed legal support on the bond documents. The contract will be prepared in BAWSCA's standard form of agreement.

Fiscal Impact:

The contract not-to-exceed amount of \$12,000 is included in the Proposed FY 2018-19 Operating Budget, and is for on-going legal support on the bond documents associated with the Revenue Bonds (Series 2013 A & Series 2013 B (Taxable) sale in February 2013. The proposed budget is the same as the current year's adopted Operating Budget with an average 4% increase in billing rates.

Recommendation:

That the Board authorize the CEO/General Manager to negotiate and execute a contract between BAWSCA and Orrick, subject to legal counsel's final review, for a not-to-exceed amount of \$12,000 to provide as needed legal support on the bond documents.

Discussion:

Orrick served as BAWSCA's Bond Counsel when BAWSCA's revenue bonds were issued in February 2013 to prepay a capital debt that the member agencies owed to San Francisco. They prepared the bond documents and provided a broad range of legal advice necessary to establish feasibility of the bond issuance and to achieve the objective of saving member agencies money. The consultant also provided ongoing bond counsel services through the closing of the bonds.

Orrick has been providing BAWSCA legal support on the ongoing bond documents associated with the Revenue Bonds since FY 2013-14.

For FY 2018-19, the consultant will continue providing legal support on the bond documents on an as-needed basis to support cost-effective and correct implementation of the bonds. A list of those documents is included in the draft Scope of Work.

Scope of Services – Results to be Achieved:

The draft scope of services with Orrick for FY 2018-19 is shown in Exhibit A.

Billing Rates:

The following are the FY 2018-19 billing rates for this contract:

Stephen A. Spitz	\$895/hour
Devin Brennan	\$850/hour
Richard J. Moore	\$910/hour
Roma Shupe	\$320/hour

EXHIBIT A

**TO THE CONSULTING SERVICES AGREEMENT
Between the Bay Area Water Supply and Conservation Agency
And Orrick, LLP**

DRAFT

FY 2018-19 SCOPE OF SERVICES

Purpose:

For FY 2018-19, BAWSCA requires on-going legal support on the bond documents prepared by Orrick associated with the Revenue Bonds (Series 2013 A & Series 2013 B (Taxable) sale in February 2013.

Work to be Performed:

If needed, assist BAWSCA in connection with questions relating to the bond documents. The bond documents include:

- Revenue Bond Indenture
- First Supplemental Indenture
- Continuing Disclosure Certificate
- Official Statement
- Prepayment and Collection Agreement with the SFPUC
- Bond Purchase Agreement

Such work will not include any arbitrage rebate calculation services, investment advice, or representation in any litigation or other dispute.

Not to Exceed Contract Limit: \$12,000

Rates and Charges:

<u>Name</u>	<u>Hourly Rate</u>
Stephen A. Spitz	\$895/hour
Devin Brennan	\$850/hour
Richard J. Moore	\$910/hour
Roma Shupe	\$320/hour

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Professional Services Contract with Public Trust Advisors, LLC
(Investment Advisory Services)**

Summary:

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with Public Trust Advisors, LLC (PTA) for FY 2018-19 to provide investment advisory services for BAWSCA's bond funds deposited at the Trustee with respect to the Revenue Bonds, Series 2013A and 2013B issued in February 2013. The contract will be prepared in BAWSCA's standard form of agreement with clauses necessary for the agreement to comply with Securities and Exchange Commission (SEC) requirements.

Fiscal Impact:

The total not-to-exceed amount of \$10,000 with PTA is included in the Proposed FY 2018-19 Operating Budget. The proposed budget is the same as in the current year's adopted Operating Budget for investment advisory services with no increases in billing rates or fees.

Recommendation:

That the Board authorize the CEO/General Manager to negotiate and execute a contract between BAWSCA and PTA, subject to legal counsel's final review, for a total not-to-exceed amount of \$10,000 to provide investment advisory services for BAWSCA's Series 2013A and B bond funds deposited at the Trustee.

Discussion:

During FY 2017-18, PTA provided ongoing investment advisory services for all BAWSCA's bond funds deposited at the Trustee and identified the investment alternatives available to the stabilization fund.

For FY 2018-19, PTA will do the following:

- Monitor market conditions and the agency's circumstances on an ongoing basis to provide opportunities to all the agency's bond funds deposited at the BNY while satisfying all cashflow, safety and liquidity considerations in a manner consistent with Board's investment policy. The opportunities include improving returns and reducing risks associated with management of BAWSCA's investments to BAWSCA's financial benefit. The consultant will also prepare monthly and quarterly investment reports which reconcile all of the account investment holdings and activities.

Scope of Services – Results to be Achieved:

The draft scope of services with Public Trust Advisors for FY 2018-19 is shown in Exhibit A.

EXHIBIT A

**TO THE CONSULTING SERVICES AGREEMENT
Between the Bay Area Water Supply and Conservation Agency
And Public Trust Advisors LLC**

DRAFT

FY 2018-19 SCOPE OF SERVICES

Purpose

For FY 2018-19, BAWSCA requires on-going professional investment advisory services on the agency's Series 2013A and B bond funds deposited at the Bank of New York in a manner consistent with Board's investment policy.

Work to be Performed:

Anticipated tasks may include the following:

Task 1. Monitor market conditions and the agency's circumstances on an ongoing basis to provide opportunities to all the agency's bond funds (including stabilization funds, interest funds and principal funds) deposited at the Bank of New York while satisfying all cashflow, safety and liquidity considerations. The opportunities include improving returns and reducing risks.

Task 2. Prepare monthly and quarterly investment reports which reconcile all of the account investment holdings and activities.

Not to Exceed Contract Limit: \$10,000

Rates & Charges:

8 basis points (0.08%) multiplied by the average market value of stabilization funds under management.

Due to the short investment horizon and the current low short-term investment yields, the not to exceed contract limit amount of \$10,000 is a result of PTA waiving all their management fees for the interest funds and principal funds.

However, PTA anticipates that short-term investment yields may rise during the course of FY 2018-19 providing the agency an opportunity to improve investment earnings by actively investing amounts held in the interest and principal funds. As a result, based upon market conditions and the agency's circumstances, PTA may propose to manage the investments held in the interest and principal funds more actively and charge the agency management fees for such additional services subject to the agency's approval. In that event, the additional earnings, net of PTA's management fees, resulting from such active management of amounts held in the interest and principal funds would be expected to exceed the earnings the agency would have otherwise realized had such amounts remained invested in the money market fund.

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Professional Services Contract with Stetson Engineering**

Summary:

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with Stetson Engineering for FY 2018-19 to assist with administration of the 2009 Water Supply Agreement (WSA). The contract will be prepared in BAWSCA's standard form of agreement.

Fiscal Impact:

The contract not-to-exceed amount of \$52,500 is included in the Proposed FY 2018-19 Operating Budget. The proposed budget is \$2,500 more than the current year's adopted Operating Budget with 3%-5% increase in hourly rates. Stetson's contract amount has remained the same since FY 2013-14 despite their last rate increase in FY 2015-16.

Recommendation:

That the Board authorize the CEO/General Manager to negotiate and execute a contract between BAWSCA and Stetson Engineering, subject to legal counsel's final review, for a not-to-exceed amount of \$52,500 to assist BAWSCA with administration of the 2009 WSA.

Discussion:

Wholesale and in-City retail customers pay their share of operating and maintenance costs of the Regional Water System based on their proportionate share of water used. Outside engineering services are utilized to ensure proper calculation and measurement of metered water deliveries. Stetson Engineering has provided these services since 1984.

Stetson's familiarity with these assignments has proved valuable to the wholesale customers. In the early 1990's, Stetson discovered inaccuracies in the SFPUC water meters increasing the proportion of costs allocated to the wholesale customers. The savings due to the discovery and correction of the under-recording meters resulted in a one-time payment of \$2M and an ongoing savings estimated at \$1.2M per year.

While the analytical portion of these services could be performed in-house, BAWSCA staff provides greater value doing other tasks that cannot be performed as well by outsiders. Due to Stetson's unique knowledge of the system and water metering equipment, the specialized work, and their competitive hourly rates, continuation of their services is recommended.

Scope of Services – Results to be Achieved:

The draft scope of services with Stetson Engineers for FY 2018-19 is shown in Exhibit A.

Billing Rates:

The following are the FY 2018-19 billing rates for this contract:

Supervisor I	\$200
Associate I	\$115
Associate II	\$110
Assistant I	\$115
Assistant II	\$110
Administrative I	\$70

EXHIBIT A
TO THE CONSULTING SERVICES AGREEMENT
Between the Bay Area Water Supply and Conservation Agency
and Stetson Engineering, Inc.

DRAFT

FY 2018-19 SCOPE OF SERVICES

Purpose:

Stetson Engineering performs two vital tasks associated with administering the Water Supply Agreement:

1. Compiling and analyzing water usage information that is the basis for assigning costs between the wholesale customers and the City
2. Monitoring the repair and calibration of the system meters which measure water usage.

Work to be Performed:

Stetson Engineering will analyze the prior year's (FY 2017-18) water usage information and calculate water use factors in accordance with Exhibit J of WSA. Stetson Engineering will also monitor whether San Francisco performs mainline water meter repair, calibration and testing in accordance with the provisions of the Agreement. As required, Stetson will bring issues and recommendations to the BAWSCA General Manager or designated staff contact. In addition, Stetson will assist on an as needed basis in the implementation of the new water supply agreement.

Specific tasks will include:

- **Task 1.** Compile and analyze monthly water usage data collected by the SFPUC's Customer Services Division and daily totalizer data and monthly reports collected by the Operations division.
- **Task 2.** Record maximum water usage based on daily totalizer data collected by the SFPUC.
- **Task 3.** Concurrent with the SFPUC analyses, prepare J-tables and associated worksheets used in allocating operating and capital expenditures between in-City and suburban users. If necessary, prepare for and attend meetings with the SFPUC pertaining to the finalization of J-tables. Compare analysis with SFPUC, resolve any differences, and reach agreement with the SFPUC on J-table allocation factors.

- **Task 4.** Continue to monitor SFPUC efforts to recalibrate, maintain, or install new meters (system input, J-table, or county-line meters) and provide periodic written updates.
- **Task 5.** As requested, prepare for and attend meetings with the Board or General Manager, attend meetings or conduct field trips with SFPUC representatives when necessary or required, conduct other analyses as directed, and prepare monthly progress and billing reports.

Budgeted Activities:

The total budget request is based on the following *estimates*:

Administration/General	\$ 5,250
Analyze Water Usage	21,500
Max. Day	1,000
J-Tables	5,250
System/County-line Meters	17,000
<u>Unexpected Activities</u>	<u>2,500</u>
Sub-Total	\$52,500

Not-to-Exceed Contract Limit: \$52,500

Rates and Charges:

Hourly billing rates are shown below:

Supervisor I	\$200
Associate I	\$115
Associate II	\$110
Assistant I	\$115
Assistant II	\$110
Administrative I	\$70

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Professional Services Contract with Terry Roberts Consulting, Inc. for FY 2018-19**

Summary:

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with Terry Roberts Consulting, Inc. for FY 2018-19. Mr. Roberts' experience and insights have been an integral part of BAWSCA's review of SFPUC's management of the Water System Improvement Program (WSIP) and Water Enterprise 10-year Capital Improvement Program (10 -Year CIP), as well as preparation of recommendations for SFPUC's consideration. BAWSCA's recommendations to date have ensured that tens of millions of dollars in savings have remained available to benefit the water customers. The contract will be prepared using BAWSCA's standard form of agreement.

Fiscal Impact:

The contract not-to-exceed amount of \$115,000 is included in the Proposed FY 2018-19 Operating Budget for these services. The proposed budget remains the same as in this current fiscal year with a 1% - 2% increase in billing rates.

Recommendation:

That the Board authorize the CEO/General Manager to negotiate and execute a contract between BAWSCA and Terry Roberts Consulting, Inc., subject to legal counsel's final review, for a not-to-exceed amount of \$115,000 to provide BAWSCA professional services needed in monitoring SFPUC's implementation of the WSIP and 10-year CIP.

Discussion:

In November 2007, Mr. Roberts was retained to assist in reviewing the progress of the WSIP. In FY 2018-19, the SFPUC's efforts in implementing the WSIP will be focused on four key remaining WSIP projects: the Calaveras Dam Replacement Project; the fish passage and related facilities associated with the Alameda Creek Diversion Dam Project, the Regional Groundwater Storage and Recovery Project, and the Alameda Creek Recapture Project. Mr. Roberts' expertise is critically important to BAWSCA in its continuing review of the WSIP during this period as the program nears its scheduled completion in December of 2021.

Beginning in FY 2013-14, BAWSCA began reviewing the SFPUC's 10-Year CIP in an effort to influence the scope, schedule and budget of that effort in the early development stages. In FY 2017-18, BAWSCA began the expansion of its efforts to track the SFPUC's 10-year CIP. That expanded CIP tracking will continue in the years ahead. Mr. Roberts assists BAWSCA in CIP tracking.

Mr. Roberts' prior experience in implementing complex CIPs in the public sector brings significant value to BAWSCA's review of the WSIP and SFPUC's CIP. As former Deputy City Manager for the City of San Jose, Mr. Roberts' was directly responsible for implementation of that city's \$3.5 billion, 5-year CIP, which included \$390 million in utilities, \$350 million in transportation, \$1 billion in airports, \$550 million in libraries, parks and community centers, \$175 million in police and fire facilities, and a \$380 million new city hall. For this project, over 180

projects were completed in each of the last three years for a total of over 850 projects completed in a 5-year period. This “on-the-job” experience has proven invaluable in looking at the overall implementation of the WSIP from the perspective of the water suppliers who will pay 2/3rds of the regional cost, and who are in the communities in which much of the infrastructure is located.

Scope of Services – Results to Be Achieved:

The draft scope of services with Mr. Roberts for FY 2018-19 is shown in Exhibit A.

Billing Rates:

The following are the FY 2018-19 hourly billing rates for this contract:

Terry Roberts	\$210
Jean Gardner	\$133

EXHIBIT A

**TO THE CONSULTING SERVICES AGREEMENT
Between the Bay Area Water Supply and Conservation Agency
and Terry Roberts Consulting, Inc.**

FY 2018-19 SCOPE OF SERVICES

Purpose:

Provide expertise in the areas of major capital project development and implementation, project cost estimating, project controls, project scheduling, construction management, and asset management that pulls these areas together to support BAWSCA's continuing review of the SFPUC's WSIP, 10-Year CIP, and asset management program from the perspective of the water agencies and customers that rely upon the Regional Water System.

Work to be Performed:

- Meet or teleconference regularly with BAWSCA staff and other technical resources to identify opportunities to improve water system reliability and coordinate activities
- Assist BAWSCA with 10-Year CIP and WSIP Development and Implementation: Identify critical project or program issues that might warrant BAWSCA's attention or formal comment. At the request of BAWSCA, review current and developing processes within the SFPUC for project development, approval, and implementation.
- Assist BAWSCA in review of the SFPUC asset management program and 10-year CIP.
- Support BAWSCA's efforts to monitor detailed progress on the overall regional 10-year CIP and WSIP by project and as a program, and on a quarterly basis following the release of the SFPUC Quarterly Reports. Contractor shall (1) provide a brief written report of such progress and (2) identify any specific project(s) that require more detailed analysis.
- Participate in discussions with SFPUC staff and consultants and provide expert advice for producing and maintaining realistic project cost estimates and schedules and construction management.
- Work with BAWSCA staff to review and comment on related reports prepared by SFPUC and others including Annual AB1823 Reports to State, AB 1823 Program Change Reports, Reports from the California Seismic Safety Commission and Department of Health.

Not to Exceed Contract Limit: \$115,000

Rates and Charges:

The following are the FY 2018-19 hourly billing rates for this contract:

Terry Roberts	\$210
Jean Gardner	\$133

(This page intentionally left blank)

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Professional Services Contract with ConserveTrack, LLC to Maintain a Conservation Management System for FY 2018-19**

Summary:

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with ConserveTrack, LLC to implement the Conservation Management System for FY 2018-19. The system includes the following two distinct, but related elements: 1) An online conservation rebate application system (Online Rebate System), and 2) a data management system (Data Management System), offered as a subscription water conservation program, to track and manage individual member agency's water conservation programs.

Fiscal Impact:

The BAWSCA budget for FY 2018-19 includes \$1,274 for consulting support services for hosting and maintaining BAWSCA's portion of the Online Rebate System. BAWSCA uses this system for its conservation program reporting and analysis.

The annual maintenance costs for ConserveTrack's Online Rebate System, estimated at \$955 per agency, will be funded by BAWSCA member agencies participating in BAWSCA rebate programs. The Data Management System will be offered as a separate program on a subscription basis. For FY 2018-19, only those agencies that elect to participate in this program will pay the cost of the outside service provider.

Recommendation:

That the Board authorize the CEO/General Manager to:

- 1. Negotiate and execute a contract between BAWSCA and ConserveTrack, LLC, subject to legal counsel's final review, for implementation of the Conservation Management System in FY 2018-19; and,**
- 2. Offer participation in the Data Management System to interested BAWSCA agencies on a subscription basis.**

Discussion:

The Conservation Management System, launched in August 2016, includes the following elements:

1. An online conservation rebate application system (Online Rebate System), to streamline the rebate application process for applicable BAWSCA rebate programs. This system is used by all 16 BAWSCA member agencies that participate in the Lawn Be Gone!, High Efficiency Toilet, and Rain Barrel Rebate Programs.
2. A conservation data management system (Data Management System), to enable BAWSCA member agencies to track and manage each individual agency's conservation programs. Currently, one BAWSCA member agency is utilizing this system. BAWSCA will work with its member agencies to evaluate this task in FY 2018-19 for possible future modification or elimination.

A contract with ConserveTrack, LLC for FY 2018-19 is needed to: (1) support the ongoing operation and maintenance of the Online Rebate System and Data Management System and (2) facilitate the use of the Data Management System by additional BAWSCA member agencies that opt to participate in this subscription program.

Alternatives:

The alternatives to the recommended action included herein are to (1) not support the Conservation Management System in FY 2018-19, or (2) support only the Online Rebate System portion of the Conservation Management System in FY 2018-19 and discontinue the Data Management System subscription program.

BAWSCA does not recommend the above alternatives for FY 2018-19. Through a competitive selection process in 2015, BAWSCA received proposals from firms qualified to perform the services requested. The Conservation Management System supports the cost-effective administration of water conservation activities for BAWSCA and its member agencies. To abandon the system would waste the time and investment put into the system by BAWSCA and member agencies to date, and would decrease the efficiency of operations of both BAWSCA and member agency rebate programs. The agencies have expressed a desire to participate in the Data Management System subscription program in FY 2018-19 as this system supports efficient implementation of their water conservation programs.

Conclusion:

The Conservation Management System Program provides a cost-effective means of managing and implementing water conservation programs. Efficient operation of water conservation rebate programs is particularly critical in light of increased activity as a result of recent drought conditions. For these reasons, renewal of this water conservation program is recommended.

Attachment:

The scope of work for FY 2016-17 agreement is shown in Exhibit A. BAWSCA's original agreement with ConserveTrack specifies that the contract may be extended, at BAWSCA's discretion, to provide ongoing operation and maintenance of the Online Rebate System, as well as the ongoing option for BAWSCA member agencies to implement the Data Management System. As such, no changes to the FY 2016-17 Scope of Work are proposed for FY 2018-19.

EXHIBIT A

ConserveTrack Conservation Management System Implementation - FY 2016-17

SCOPE OF WORK

Implementation Plan

ConserveTrack LLC will implement the BAWSCA system according to the following plan. At each step of the way we will work with BAWSCA and Agency staff to confirm requirements and obtain feedback on the design in an incremental fashion.

Detailed Requirements Definition and Project Plan

The first step is to work with BAWSCA and Agency staff to define and document the detailed requirements and preferences. The Requirements Document will contain the results of this step, and it will guide all the development.

Design and Prototype

Based on the detailed requirements a strawman prototype of the entire system will be developed. This may be in the form of PowerPoint slides that illustrate the detailed user interface and behavior, and portions of the system that are working software.

Programming and Testing

After the detailed design and prototyping are complete, we will begin detailed programming and unit testing.

After the key software units are completed we will conduct integrated system testing. This consists of testing the communications between the BAM Rebate System and the multiple DMS Agency systems.

Stress Testing: We will simulate typical and heavy use loads on the system. This will include simulated multiple simultaneous Rebate Center users and multiple DMS user logins in multiple DMSs. We will simulate typical behaviors and monitor system load and responsiveness.

Final Testing: We will conduct a final test before beginning Beta Testing with BAWSCA and Agency staff.

Note: A very significant amount of the software required for the Agency DMS is already available in ConserveTrack. The majority of the features are ready to use.

Training

After development is nearly complete, training for BAWSCA and Agency staff will be conducted. See Section F for training plan details.

Beta Testing

Beta Testing will be conducted with BAWSCA Staff, and 1-2 Member Agency's staff.

The purpose of beta testing is to use the system as if they were actually using it to complete their everyday work. In this case, it will include coordinated use by BAWSCA and Agency staff, using pre-scripted activities that simulate actual usage.

The second part of the Beta testing will be to use the entire system, 'in parallel' with the current system. The purpose of this test is to verify that the same data (or more) is saved, and that the new system will work reliably and consistent with how the previous system worked. We suggest 2-3-week period of parallel usage.

When BAWSCA and Agency staff are satisfied of the proper operation of the system, it will be considered accepted.

Historical Rebate Cases Import

For both BAWSCA and Member Agencies, there may be historical Rebate Cases that will require importing into the current systems (BRC and DMS).

We will work with BAWSCA and Agency staff to obtain these past rebate records, to convert and import these into the new system. This work will be dependent on the help and support of technical support staff at BAWSCA and each Agency.

Final Installation and Configuration

After acceptance, we will re-initialize the entire system by clearing out any test data, and loading any initial data that is required (such as rebates from the previous system or other type cases into the DMS for the Agencies that choose to use ConserveTrack).

We will verify the configuration and then conduct final checks.

Rollout

We recommend both the new and previous systems be used in parallel for a period of two-three weeks. This is the rollout period. During this period, the previous system will be the 'master'. During this time the two systems will be compared are the new system will be validated.

After the rollout period, the previous system will be discontinued. This provides a safety option so that if there is any substantial issue found in the new system, users can revert to using the previous system until the issue is resolved. This is considered highly unlikely as any such issues will be considered in the design phase, testing phase or during beta testing.

To begin use of the new system a Start Date will be selected. On that date, users will begin using the new system.

Ongoing Hosting, Maintenance and Support Services

This section defines the services we will provide as part of the ongoing hosting, software maintenance, user support and technical support.

System Hosting and Maintenance

The ConserveTrack server will be hosted at a physically secure network facility with dedicated redundant power supplies, and dedicated ultra-high speed, redundant internet connections.

ConserveTrack will provide all hardware, software, software licenses and services required to install and operate the system. Nothing will need to be installed at BAWSCA except the system to execute the periodic export of data from the CC&B billing system to ConserveTrack.

ConserveTrack will be hosted on a professionally managed ConserveTrack server. Only the ConserveTrack staff and the hosting facilities technicians will have access to the computers. The data base will be protected from internet access. The system will be monitored constantly. System performance and responsiveness will be reviewed regularly.

The services included are:

1. Physical server computer(s) and networking equipment.
2. All software, including Microsoft and other third party licenses
3. Facilities: power, air conditioning, and physical security
4. Backups and storage, and emergency RESTORE if needed.
5. System Monitoring

Software Maintenance

The ConserveTrack software is continuously updated and improved. In addition, underlying technology changes require periodic software updates. This section defines the various software maintenance tasks.

1. Software Maintenance and Support, including:
 - a. Bug fixing – any software issues will be resolved in a timely manner
 - b. Technology updates when Operating System and other related software changes
 - c. Version updates of purchased modules and features
 - d. Ongoing system enhancements such as improved user interface
2. Software Enhancements
 - a. Minor software changes are included in the services, for example:
 - i. Text and label changes on web forms and letters
 - ii. Minor changes to reports or letters such as updating text, graphic elements, and formatting.
 - b. The quoted service does not include adding new features, changes or additions such as:
 - i. Any new feature requiring coding changes
 - ii. New reports
 - iii. New letters
 - iv. New web pages or functions on existing pages
 - v. Major changes to pages such as adding new fields, calculations
 - vi. These types of changes will require a change order and normally will require additional costs. We will provide a written quote for any change request.

User Support

ConserveTrack will provide user support services as a part of the hosted ConserveTrack service:

- User Support – ConserveTrack will provide technical support for users via phone, screen sharing and email. Support will be provided during normal BAWSCA business hours (9 AM – 5 PM).
- Training as needed. We ask that training sessions be scheduled in advance but brief training via GoToMeeting is always available.

Required IT Support

We will require some initial and ongoing support from your IT staff. We try to minimize the impact on IT. ConserveTrack will need the support and help from your IT staff in the following ways:

1. Initial Billing System Synchronization
 - a. We will work with the IT/Utility Billing System technical staff to create scripts to query and extract the required information for ConserveTrack.
 - b. This is a one-way data transfer from the billing system to ConserveTrack
 - c. This may be in the form of computer files, or possibly a read-only direct database connection (this depends on the IT preference and system capabilities)
 - d. Configure the data transfer method (e.g. FTP or direct database connection)
 - e. Test the extract data and make necessary adjustments.

2. Ongoing Billing System Synchronization
 - a. On a weekly basis, generate the extracts
 - b. This may be automated or a manual process. Automated is preferred.
 - c. Provide occasional assistance as needed in case of problems

3. Initial Case Data Extract
 - a. We will import all of historical rebate cases into ConserveTrack Cases
 - b. To do this we will need to work with a person who is technically familiar with your current databases, and can help us extract the required data.
 - c. This is a onetime task completed as part of the ConserveTrack setup.

BAWSCA Rebate Center System Costs		Quote	
ConserveTrack Cloud-Hosted Conservation Management		8/5/2015	
Final Revision 8/5/2015			
Items	BAWSCA Costs	Agency Costs	
Rebate Center			
Initial Rebate Center System	25,000		
Optional Additional Customizations	5,000		
Total Initial BAWSCA Cost	30,000		
Mini DMS Integration per agency			400 per Agency ¹
Add Future Rebate Programs	1,800 each		
Data Management System (DMS)		Account Multiplier	
The cost per agency depends on # accounts		0-50K	0.18
\$2500 Initial base cost PLUS multiplier* # Accts		50K +	0.15
Training Costs			
BAWSCA Rebate Center	1,400		
DMS (group)			1,500
Mini-DMS (group)			800
Inspectors (group)			800
Hosting, Maintenance and User Support³		Monthly	
BAM Rebate Center Support ⁵	100		
Full DMS Hosting, Maintenance and User Support		Account Multiplier	
\$100 + #Accounts * Multiplier		0-50K	2.8 cents
		50K +	1.8 cents
Mini-DMS Maintenance and Support			75
¹ Mini-DMS Agency Integration includes Mini-Synchronization with Billing System ² Depends on the size of the agency (# accounts and # users). This cost quote includes 4 users. Additional users add \$500 to the DMS initial cost and \$100/month ³ Monthly costs will be discounted depending on how many agencies adopt DMS ⁴ Support fees: we propose a cost of living increase of 3% annually			

(This page intentionally left blank)

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Professional Services Contract with EarthCapades to Conduct School Assembly Program for FY 2018-19**

Summary:

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with EarthCapades to implement School Assembly Program for FY 2018-19. Participation in this water conservation program is voluntary. The opportunity to participate will be extended to all BAWSCA agencies. As a subscription program, participating agencies will pay the entire cost for the program.

Fiscal Impact:

For FY 2018-19, only those agencies that elect to participate in this program will pay the cost of the outside service provider as well as budgeted BAWSCA staff time.

Recommendation:

That the Board authorize the CEO/General Manager to:

- 1. Negotiate and execute a contract between BAWSCA and EarthCapades, subject to legal counsel's final review, for implementation of the School Assembly Program in FY 2018-19; and,**
- 2. Offer participation in the program to interested BAWSCA agencies on a subscription basis.**

Discussion:

Fiscal year 2018-19 will be the eighth year that the School Assembly Program would be offered to BAWSCA member agencies. Twelve agencies are currently participating in the program. The majority of these agencies have expressed interest in participating in this program again next year. This program is part of the comprehensive package of conservation programs that BAWSCA agencies have asked BAWSCA to support next fiscal year as part of the Regional Demand and Conservation Projections Report.

The contractor, EarthCapades, provides an informative and entertaining assembly at schools that focuses on water conservation. Typically, the assemblies reach 250 students at a time at a rough cost of \$2 per student. EarthCapades performances combine age appropriate, state science standards with circus skills, juggling, music, storytelling, comedy, and audience participation to teach environmental awareness, water science and water conservation. Programs are designed to include local water source and watershed information. Using specifics provided by the agencies, EarthCapades integrates the information into their script or writes new routines to convey the agency message. EarthCapades handles the administrative logistics of scheduling the performances with the schools. EarthCapades also collects paper-free evaluations using Survey Monkey, which provides tangible statistics of the effectiveness of their program.

Because of its connection with school children, this program would be initiated in August 2018 and run through June 2019. The scope of work for FY 2018-19 is expected to be largely consistent with the scope of work for the prior year's program, which is included as Exhibit A.

Alternatives:

Alternatives to the recommended action included herein are to: (1) not offer the School Assembly Program in FY 2018-19, or (2) offer a potentially different type of School Assembly Program.

BAWSCA does not recommend the above alternatives for FY 2018-19. The agencies have expressed a strong desire to continue to support a School Assembly Program that focuses on water conservation. EarthCapades was selected to provide the School Assembly Program through a competitive process in 2009. The agencies also continue to be pleased with this program and have expressed a desire to continue the School Assembly Program with EarthCapades in FY 2018-19. Given EarthCapades' qualifications and performance, it is appropriate to contract for their services this coming fiscal year.

Conclusion:

The experience with this program to date has shown it to be a cost-effective means of educating students on the value of water and the importance of water conservation. For this reason, renewal of this water conservation program is recommended.

Attachment:

The scope of work for FY 2017-18 is shown in Exhibit A. The scope will be updated for FY 2018-19 and is expected to be largely unchanged.

EXHIBIT A

EarthCapades School Assembly Program - FY 2017-18

SCOPE OF WORK

EarthCapades will schedule and perform assembly programs at eligible schools and public events within the Bay Area Water Supply and Conservation Agency (BAWSCA) service area during the Fiscal Year 2017-18 school year, August 2017 through June 2018.

BAWSCA and/or Local Water Agency Roles and Responsibilities:

- BAWSCA will provide EarthCapades with initial information regarding which schools are eligible within each BAWSCA member agency (Local Water Agency) and what the maximum not to exceed budget is for each Local Water Agency by July 2, 2017, or sooner. If, during the course of FY 2017-18, the Local Water Agency wishes to increase or decrease the number of shows and/or budget, the Local Water Agency will coordinate those changes with EarthCapades, who will in turn notify BAWSCA of any changes. A decrease in the total number of shows or budget can be accommodated as long as it does not impact any schools that have already been scheduled.
- BAWSCA and/or the Local Water Agencies will provide EarthCapades with show content requirements by August 1, 2017.
- BAWSCA and/or the Local Water Agencies are responsible for coordinating with EarthCapades if they would like select materials and information distributed as part of a show. Such coordination must occur no later than one week prior to the scheduled show. BAWSCA understands that EarthCapades may not be able to distribute items that are too large or that conflict with the message that EarthCapades is presenting and that BAWSCA or the Local Water Agencies may have to be responsible for the delivery and distribution of item(s) if they exceed EarthCapades' capacity to deliver the materials.
- Local Water Agencies will email a draft Letter of Invitation to eligible schools with a Fax Request Form (Template Letter with Agency-specific information, in a Word Document) to EarthCapades for review by July 22, 2017. EarthCapades will provide comments on drafts to Local Water Agencies by July 29, 2017.
- Local Water Agencies will mail a Letter of Invitation with a Fax Request Form to all eligible schools by August 4, 2017. Eligible schools interested in participating will respond directly to EarthCapades, which shall be responsible for all scheduling.

EarthCapades Roles and Responsibilities:

- EarthCapades will incorporate the content requested by BAWSCA and/or Local Water Agencies into the shows that are conducted within the Local Water Agency Service Area.
- EarthCapades will perform assembly performances that include, but are not limited to, the following information:
 - Everything is connected through water and water is vital to sustain life on Earth.
 - All water is connected through the Water Cycle: Evaporation, Condensation Precipitation;
 - Water is a finite resource;
 - Every living being on Earth depends on water to survive and everything that is manufactured uses water to be created;
 - Approximately 70% of our bodies and 90% of our brains are water; and
 - Approximately 70% of the Earth's surface is water, 97% of that is salt water and only 1% is fresh liquid water.
 - How water gets from the source to City/Agency homes and schools.
 - PowerPoint and/or visual description of the path the water takes from the Sierra Nevada Mountains to the Hetch Hetchy Reservoir, through the pipeline to local reservoirs to the treatment plant, and then through underground pipes to our homes and schools. This will change according to the local specific information for each agency.
 - How to conserve, protect, and respect water. Conservation tips covered but not limited to:
 - Turn off the water when you're not using it (brushing teeth, washing hands, doing dishes, etc);
 - "Get off the bottle" and use reusable water bottles;
 - Fix leaky faucets and toilets;
 - Install low flow faucets aerators, shower heads and toilets;
 - Use a broom not a hose to clean the sidewalk;
 - Take shorter showers;
 - Run full laundry and dishwashing loads; and
 - Plant native drought resistant plants and water in the mornings and evenings.
 - How to prevent water pollution:

- Don't litter;
 - Use organic fertilizers, not pesticides on lawns and gardens;
 - Prevent storm water pollution through not pouring anything down the storm drains,
 - Recycle motor oil;
 - Create awareness that everything that goes into the storm drains ends up in nature; and
 - Inspire students to pick up litter ("safe" litter ~ wear gloves and don't pick up anything sharp or containing bodily fluids).
- EarthCapades will schedule performances directly with schools based upon a first come, first served basis.
 - EarthCapades will submit a progress report to BAWSCA on October 15, 2017 regarding how many and which of the eligible schools EarthCapades has been able to successfully enroll. EarthCapades will provide additional school scheduling updates upon request.
 - If EarthCapades is having difficulty enrolling a school in the program, or if that school/classroom has not been enrolled by January 2018, EarthCapades will alert BAWSCA and the Local Water Agency.
 - EarthCapades will fax or email each scheduled school a Performance Agreement stating the date and time of performance and EarthCapades' technical needs. The Performance Agreement will be signed and returned by the school's administrator.
 - One week prior to performances EarthCapades will send a Performance Reminder fax or email to each scheduled school to re-confirm and remind them to be prepared for the program.
 - On the day of the program, EarthCapades will distribute materials provided by BAWSCA and/or the Local Water Agency to the show attendees, if BAWSCA and/or the Local Water Agency have established a mutually agreeable arrangement with EarthCapades as to how to orchestrate the materials delivery and distribution.
 - On the day of the program, EarthCapades will e-mail an online evaluation link for teachers and administrators to complete. BAWSCA and the Local Water Agency staff will be provided a link to review survey results at any time. The link will remain open and available to BAWSCA and the Local Water Agency staff until August 1, 2018.
 - EarthCapades performer(s) will present a preapproved 35 to 45 minute assembly with different age appropriate versions for grades K-2, 3-5 and 6-8 that teach water conservation and appreciation.
 - Agencies have the option to use program funds for performances at alternate locations and/or events as long as it coordinates with EarthCapades availability.
 - EarthCapades will invoice BAWSCA monthly for shows performed in the previous month.
 - If a scheduled school cancels before confirmation fax is sent, EarthCapades will reschedule the performance. If the school cancels after the Performance Reminder has been sent, the Local Water Agency will be charged for full amount.

- EarthCapades will manage scheduling and performances to stay within the specified Local Water Agency maximum not to exceed budgets.
- EarthCapades rates for this contract are listed below.

School Shows (45 minutes, maximum of 350 students and staff per show)

Duo Performer Programs

\$700 / 1 show

\$1050 / 2 shows (back to back)

\$1315 / 3 shows (same school same day)

- EarthCapades will provide BAWSCA with a Final Report by June 30, 2018 that includes the following:
 - a. Brief Introduction
 - b. Brief Summary of Show content
 - c. Documentation, by Agency, of the schools/locations/events where EarthCapades performed
 - d. Documentation, by Agency, of the number of people/kids that attended each EarthCapades performance
 - e. Select quotes from survey results
 - f. A few photos to give a feel of a performance
 - g. Link to the survey results

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Professional Services Contract with Global Sun Landscape to Implement the Lawn Be Gone! Site Inspection Program for FY 2018-19**

Summary:

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with Global Sun Landscape to implement the Lawn Be Gone! Site Inspection Program (Program) for FY 2018-19. As with all BAWSCA subscription programs, (1) the opportunity to participate is extended to all BAWSCA agencies, (2) participation is voluntary, and (3) the participating agencies will pay the entire cost for the Program.

Fiscal Impact:

This Program is being offered on a subscription basis. For FY 2018-19, only those agencies that elect to participate in the Program will pay the cost of the outside service provider, as well as budgeted BAWSCA staff time.

Recommendation:

That the Board authorize the CEO/General Manager to:

- 1. Negotiate and execute a contract between BAWSCA and Global Sun Landscape, subject to legal counsel’s final review, for implementation of the Lawn Be Gone! Site Inspection Program in FY 2018-19; and,**
- 2. Offer participation in the program to interested BAWSCA agencies on a subscription basis.**

Discussion:

The Lawn Be Gone! Program, a voluntary subscription water conservation program offered to all BAWSCA agencies, provides rebates to customers of participating member agencies for replacing ornamental turf with water-efficient landscaping such as native plants and permeable hardscape. To ensure that sites participating in the program will achieve water savings, each location must meet certain program requirements. To ensure compliance, customer sites must undergo a pre-inspection and post-inspection to determine eligibility and compliance with the program terms.

The Lawn Be Gone! Site Inspection Program has been offered to BAWSCA member agencies since July 2015. The Program provides assistance to BAWSCA member agencies in conducting pre- and post-inspections of residential and commercial landscape sites seeking to participate in BAWSCA’s Lawn Be Gone! Program or similar member agency turf replacement programs.

Currently, three agencies are participating in the Program, and these agencies have expressed a strong desire to continue participating in the program next year.

Alternatives:

The alternatives to the recommended action included herein are to (1) not offer the Program in FY 2018-19, or (2) offer a potentially different type of Program.

BAWSCA does not recommend the above alternatives for FY 2018-19. Through a competitive selection process in 2015, BAWSCA received proposals from firms qualified to perform the services requested. The agencies have expressed a desire to participate in the Program in FY 2018-19.

Conclusion:

The Lawn Be Gone! Site Inspection Program provides a valuable enhancement to the Lawn Be Gone! Program for the agencies that opt to participate. The Program can be provided by a qualified vendor at a reasonable cost. For these reasons, implementation of the Program is recommended.

Attachment:

The draft scope of work for FY 2018-19 is shown in Exhibit A.

EXHIBIT A

**TO THE CONSULTING SERVICES AGREEMENT
Between the Bay Area Water Supply and Conservation Agency
and Global Sun Landscape**

DRAFT

FY 2018-19 SCOPE OF SERVICES

Purpose:

Provide pre- and post-inspection services for Bay Area Water Supply & Conservation Agency (BAWSCA) member agencies' (Local Water Agency(ies)) customers that participate in the Lawn Be Gone! rebate program (Program) or similar local agency turf replacement rebate programs.

Work to be Performed:

- Conduct pre-inspections of turf replacement project sites, and collect field data and photos to confirm that a site meets program qualification requirements
- Complete the necessary pre-inspection paperwork and photos, and qualify the water customer for participation in the Program by sending out a notice to proceed.
Enter field data and photos into an online database hosted by BAWSCA (the Rebate Center)
- Conduct post-inspections of turf replacement project sites, and collect field data and photos to confirm that the completed project complies with program guidelines.
- Host a Program hotline for customers.

Rates and Charges:

The unit costs are shown below.

<u>Item</u>	<u>Unit Cost (per site)</u>
Pre-Inspection Services - Residential sites and Commercial up to 1,000 sq. ft.	\$94
Post-Inspection Services – Residential sites and Commercial up to 1,000 sq. ft.	\$94
Pre-Inspection Services - Commercial sites over 1,000 sq. ft.	\$124
Post-Inspection Services –Commercial sites over 1,000 sq. ft.	\$124
Lawn Be Gone! Customer Hotline	\$67

(This page intentionally left blank)

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Professional Services Contract with Resource Action Programs to Implement the School Education Program for FY 2018-19**

Summary:

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with Resource Action Programs (RAP) to implement the Water Wise School Education Program for FY 2018-19. Participation in this water conservation program is voluntary. The opportunity to participate will be extended to all BAWSCA agencies. As a subscription program, participating agencies will pay the entire cost for the program.

Fiscal Impact:

For FY 2018-19, only those agencies that elect to participate in this program will pay the cost of the outside service provider as well as budgeted BAWSCA staff time.

Recommendation:

That the Board authorize the CEO/General Manager to:

- 1. Negotiate and execute a contract between BAWSCA and Resource Action Programs, subject to legal counsel’s final review, for implementation of the School Education Program in FY 2018-19; and,**
- 2. Offer participation in the program to interested BAWSCA agencies on a subscription basis.**

Discussion:

Fiscal year 2018-19 will be the twelfth year that the Water Wise School Education Program has been offered to BAWSCA member agencies. Eight agencies are currently participating in the program. The majority of these agencies have expressed interest in participating in this program again next year. This program is part of the comprehensive package of conservation programs that BAWSCA agencies have asked BAWSCA to support next fiscal year as part of the Regional Demand and Conservation Projections Report.

The contractor, Resource Action Programs (RAP), offers various programs oriented towards water, energy, and other natural resource conservation and education. Water Wise School Education Program targets 5th grade students and includes (1) an 8-unit curriculum that is given to teachers, and (2) a water audit kit. The kit may be an Indoor or Outdoor Water Audit Kit, depending upon which type of kit the agency opts to fund.

Since its inception, the Water Wise School Education Program has been a cost-effective program that generates real water savings while providing an excellent customer education opportunity.

The BAWSCA Annual Conservation Report, available on the BAWSCA website, provides information on program activity from FY 2005-06 through FY 2016-17.

Because of its connection with school children, this program would be initiated in September 2018 and run through June 2019. Additional augmentations to the RAP program include incentives for both the students that complete the in-home water audit and for the teachers that complete the entire curriculum and get the most students to complete the in-home water audit. These incentives will be provided by BAWSCA, on behalf of, and paid for by, the participating agencies.

The scope of work for FY 2018-19 is expected to be largely consistent with the scope of work for prior years' programs. A draft scope of work is included as Exhibits A and B.

Alternatives:

Alternatives to the recommended action included herein are to (1) not offer the Water Wise School Education Program in FY 2018-19, or (2) offer a potentially different type of School Education Program.

BAWSCA does not recommend the above alternatives for FY 2018-19 for the following reasons. The agencies have expressed a strong desire to continue to support an in-classroom school education program that focuses on water conservation. The agencies also continue to be pleased with the Water Wise School Education Program and have expressed a desire to continue that program with RAP. Given RAP's qualifications and performance, it is appropriate to contract for their services this coming fiscal year.

Conclusion:

The experience with the Water Wise School Education Program to date has shown it to be a cost-effective means of achieving water conservation savings in the home and educating students on the value of water and importance of water conservation. For these reasons, renewal of this water conservation program is recommended.

Attachment:

The draft scope of work for FY 2018-19 Indoor Water Wise program, Outdoor Water Wise program, and LivingWise program are shown in Exhibits A, B, and C.

EXHIBIT A
Resource Action Programs®

Draft FY 2018-19

BAWSCA Indoor WaterWise™ Program Description and Scope of Services

The **BAWSCA Indoor WaterWise™** program directly addresses the priorities of obtaining measurable water and energy savings results and cost effectiveness through a proven program format, featuring a turn-key set of classroom activities and hands-on home projects. Students receive kits containing home efficiency devices, which are taken home, installed and shared with family members. Students work on subjects required by state learning standards to understand and appreciate the value of natural resources in everyday life. This stimulating program shapes new behaviors and achieves instant savings results through a cost-effective mix of new product installation and resource efficiency knowledge, using the best messengers – children!

Additional Benefits – The quantifiable savings often serve as a basis for excellent PR and company image opportunities through local media coverage. The program provides complete implementation services, can be customized to the needs of the target audience, and can also deliver benefits of customer audit information, strategic partnerships/cost-sharing and promoting other company programs.

BAWSCA Indoor WaterWise at a glance:

- Proven to deliver lasting quantifiable results and measurable savings.
 - Simple and very cost-effective.
 - All implementation services are included.
 - Features a fun and interactive curriculum to shape new family habits and usage.
 - Includes Resource Action Kits to directly install resource-efficient technologies in the home.
- ☑ ***Delivers Measurable Savings Results.*** Students conduct a simple home audit to determine areas where their families are using water and energy inefficiently. Family's work together to improve efficiency by changing usage habits and through the installation of the conservation technologies provided to each student in their Resource Action Kit. Kits include conservation measures and simple test equipment to enable the family to determine the energy and resource conservation opportunities that exist in their home, while providing the installable resource conservation technologies to achieve quantifiable savings. These activities foster family cooperation and help educate parents on the benefits of resource conservation. Students submit reports detailing the results of their conservation activities.
- ☑ ***Water Education.*** The **BAWSCA Indoor WaterWise** Program combines classroom activities with in-home hands-on retrofit projects that students perform with their families. This combination yields quantifiable conservation results and strong practical learning, effectively shaping new resource usage behavior and attitudes. The **BAWSCA Indoor WaterWise** Program is turnkey and comprehensive while providing all materials, supplies, teaching tools and support needed by teachers and participants. Learning is measured via pre/post test comparisons.

- ☑ ***Builds New Resource Habits.*** New habits result from effective education and personal action. The program provides a wide range of teaching tools to maximize learning. The feature-rich program website, www.getwise.org, is a great resource for classes, teachers, and individuals. Beyond these computer resources, the **BAWSCA Indoor WaterWise** program provides videos, posters, workbooks, and varied activities to reach all types of learning preferences. New knowledge translates to action at home with the installation activities. Families discover first-hand the value of the new *knowledge and habits* they have acquired.

TEACHER ACCEPTANCE

Program success is directly correlated to proactive teacher support and involvement. The design and content of the program is proven to motivate teachers to sign up and participate enthusiastically. There are several incentives offered by the program to ensure this:

1. The program satisfies numerous State Curriculum Standards and helps teachers meet their teaching requirements.
2. The program is flexible in structure, allowing teachers to schedule activities around existing lessons. The program can be run in a week or a few months.
3. Program content and activities are comprehensive and well described through accompanying materials so that additional in-service training sessions are generally not necessary.
4. Students LOVE the program, and are both stimulated and highly motivated by the Resource Action Kits and the hands-on projects. Happy students mean happy teachers!
5. The program overcomes an often-challenging hurdle of parental involvement by reaching beyond the classroom to involve parents in their children's education and the schools.

PROGRAM GOALS

- Reshape family habits and reduce residential resource use.
- Develop community awareness about the importance of environmental issues.
- Demonstrate cost effectiveness based on superior savings results, complete turnkey implementation, and satisfaction of sponsor objectives.
- Help generate excellent media coverage, build brand awareness and strengthen community image.

PROGRAM OBJECTIVES

For each 5th grade participant sponsored, the program will attempt to fulfill the following objectives:

- Install 1 High-efficiency Showerhead and 2 faucet aerators
- Check 1 toilet for leaks
- Collect household audit information on 1 residential home
- Reshape family resource usage habits and attitudes for 1 household

ESTIMATED PROGRAM RESULTS

Based on program experience, the following results are estimated per participant sponsored, over a conservative life of 10 years. Savings will continue into the future, since the installed hardware will remain in place, and new usage habits, attitudes, and knowledge will persist.

Projected 10 Year Savings:

- 1,025 kWh of electricity (assuming 20% electric water heat)
- 142 therms of gas (assuming 80% gas water heat)
- 39,533 gallons of water
- 39,533 gallons of wastewater

(Actual results will vary)

PROGRAM MATERIALS

Each sponsored teacher and student will receive a **BAWSCA Indoor WaterWise** Resource Action Kit that contains the following:

- High-efficiency Showerhead (1.75 G.P.M. max)
- 2 High Efficiency Faucet Aerators (Kitchen 1.5 & Bathroom 1.0 G.P.M. max)
- Digital Thermometer
- Toilet Leak Detector Tablets
- Miniature Tape Measure
- Rain / Drip Gauge
- Shower Timer
- Natural Resource Facts Slide Chart
- Flow Rate Test Bag
- Teflon Tape
- Additional information provided by BAWSCA

Resource Action Programs reserves the right to change or replace any of the products listed above with products of equal or greater value based on product cost, program improvements, advancements or specific program needs. Resource Action Programs must notify BAWSCA in writing of any proposed changes, and BAWSCA must consent to those changes before they are implemented.

Each sponsored participant will receive a **BAWSCA Indoor WaterWise** Student Workbook and Student Guide that provides a concise set of activities to build knowledge of the importance and value of natural resources and their conservation. Emphasis is placed on home usage of water resources, including efficiency.

Each sponsored teacher will receive a set of **BAWSCA Indoor WaterWise** Teacher Materials that provide complete Activity Guides and Answer Keys, plus Pre and Post Tests with answer keys, supplemental activities, quizzes, games and puzzles. Activities cover all subject areas and address National and State Learning Standards.

PROGRAM IMPLEMENTATION

Complete implementation services are included with the program. All enrollment, training and communication with teachers, distribution of materials, collection of data, and report preparation are handled by the Program Fulfillment Center. Press releases will be provided to sponsors upon request. Additionally, the resource action team may assist in scheduling teacher award ceremonies and in the development of media exposure. *There is no obligation or additional cost to sponsors for any of these roles.*

Responsibilities of Contractor:

Resource Action Programs® (Contractor) is responsible for each and every task required to implement the **BAWSCA Indoor WaterWise** Program described in this attachment including but not limited to the following:

A. Providing all school contact and enrollment services. Contractor will work directly with BAWSCA and/or BAWSCA Member Agencies to identify schools eligible to participate in the Program. Contractor will prepare Program marketing material describing the Program that will be sent with the Program enrollment form. The Contractor will e-mail or fax a **WaterWise** Program Enrollment form to each school identified by BAWSCA and/or a BAWSCA Member Agency list to notify all 5th grade teachers that the Program is available in their area and to encourage them to enroll. If the e-mail or fax does not achieve the enrollment level as committed by the sponsor, the Contractor will attempt to contact the individual teachers via telephone or US mail to make them aware of the Program's availability and to encourage enrollment. If Contractor is having difficulty enrolling a school or classroom in the Program, or if that school/classroom has not been enrolled by March 15, 2019, Contractor will alert BAWSCA. BAWSCA Member Agencies shall identify the maximum amount of funding committed to the Program and Contractor shall not enroll schools, or schedule Programs that will require expenditures beyond that maximum amount.

B. Providing all **BAWSCA Indoor WaterWise** Materials. Contractor will provide each participant with a **BAWSCA Indoor WaterWise** Resource Action Kit and each teacher with a set of Teacher Materials. A complete description of these materials is already included in the Program Materials section of this document. In addition, Contractor will include the additional information and materials provided by BAWSCA into the kit, as long as such additional materials fit in the kit and do not increase the weight of the kit for shipping purposes. All material preparation and shipping is provided by the Contractor.

C. CONTRACTOR will disseminate the BAWSCA-provided program incentives to the classrooms and participants in accordance with the mutually-agreed-upon terms and conditions of the BAWSCA additional incentive program, which are as follows:

- A \$100 cash prize will be given to the classrooms where the teachers enroll in the BAWSCA Indoor WaterWise program and the WaterWise survey response return rate is at least 80%; and
- A gift with up to a \$5 value will be given to those students that complete the BAWSCA Indoor WaterWise surveys that document whether they installed the water conserving-devices from the kits in their homes, complete all the homework, or score greater than 80% on the final written test that is given as part of the curriculum.

D. Providing follow-up and support services. Contractor will make courtesy calls to ensure the **BAWSCA Indoor WaterWise** materials were delivered to the schools. Contractor will provide an 800 number (888-GET-WISE) to all participants for help on any program implementation issues or questions, and Contractor will maintain and answer the 800 number in such a manner to provide assistance and resolve issues raised by all participants calling the 800 number. The Contractor will operate the 800 number with staff who can answer questions Monday - Friday from 7:30 a.m. to 4:30 p.m. Pacific Time, excluding national holidays. Contractor will make follow up calls and send reminder emails or faxes to aid in the collection of the audits as well as the teacher evaluation forms and parent reply cards.

Contractor will answer all questions from participants via telephone (the 800#), email, fax or US mail depending on the need. Participants are also provided with the www.getwise.org web site address where there is a Frequently Asked Questions Section and an email link for questions. Additionally, the Contractor will attempt to contact each teacher via phone or email close to the Program implementation date, as indicated by the teacher upon enrollment, to confirm implementation timing and to provide answers to any questions the teacher may have about the Program at that time.

E. Providing a Program Status Report. The Contractor will inform BAWSCA of each school that decides to participate and the name of each school in which the Program will be presented. The format of such notification will be in the form of a monthly report to BAWSCA. The report will include a listing of all of the schools and classrooms that Contractor is attempting to enroll in the Program and a status for each that includes information as to how many participants have enrolled for each school and classroom. If Contractor is having difficulty enrolling a school or classroom in the Program, or if that school/classroom has not been enrolled by March 15, 2019, CONTRACTOR will alert BAWSCA.

F. Providing a Preliminary Program Summary Report. No later than March 15, 2019, Contractor will provide BAWSCA with a summary of the status of the school enrollment through March 10, 2019. In addition, based on the results of the surveys returned to Contractor by March 10, 2019, Contractor will provide BAWSCA with a preliminary report which will include installation rates of each program. BAWSCA understands that these results are preliminary and may not be statistically significant.

G. Providing a Program Summary Report. The Contractor will gather, process, and tabulate all audits, teacher evaluation forms and parent reply cards that are sent back to the Resource Action Programs Center, by the school year end, in a Program Summary Report. The Contractor will provide a prepaid postage envelope to teachers to encourage the return of the documents as stated above. Contractor will provide this report to the BAWSCA and each sponsoring BAWSCA Member Agency upon completion.

H. Assisting with teacher award ceremonies and with the development of media exposure. Contractor will assist with scheduling and preparing for teacher award ceremonies and with developing and coordinating media exposure, if requested.

PROGRAM TIMETABLE

June 2018 – July 2018	Receive sponsor funding commitment
September 2018 – May 2019	Teacher Outreach / Enrollment Process
September 2018 – May 2019	Program and Kit Delivery
September 2018 – June 2019	Program Implementation
March 15, 2019	Preliminary Report to BAWSCA of school enrollment and kit installation rate to the extent that information is available.
June 30, 2019	Program Summary Report delivered to sponsors for initial program

(The timetable is approximate and may vary depending on program implementation needs and individual sponsor needs).

BAWSCA INDOOR WATERWISE PROGRAM COST

The per participant cost for the Indoor WaterWise program is \$34.95, broken down as follows: \$17.95 Materials, \$9.25 Service Fee, \$5.75 Reporting Service Fee, \$2 for Shipping. **This price is all-inclusive.**

There are no additional charges for implementation, reporting, training or materials. Program sponsors are not required to provide any services or materials in connection with this program. Program sponsors (BAWSCA participating member agencies) will only be billed for participants who receive the WaterWise™ Materials.

BAWSCA Member Agencies shall provide a maximum funding amount they are willing to sponsor. Resource Action Programs will attempt to achieve voluntary enrollment in as many 5th grade classrooms as possible, within the sponsor's service territory, and shall not exceed the funding limits designated by the Program sponsor. Program sponsors will be billed by BAWSCA for the actual number of **BAWSCA Indoor WaterWise** Program Participants that enroll in the program and receive the WaterWise Materials.

EXHIBIT B
Resource Action Programs®

Draft FY 2018-19
BAWSCA Outdoor WaterWise™ Program Description and Scope of Services

PROGRAM DESCRIPTION

The **BAWSCA Outdoor WaterWise™** program directly addresses the priorities of obtaining measurable water and energy savings results and cost effectiveness through a proven program format, featuring a turn-key set of classroom activities and hands-on home projects. Students receive kits containing home efficiency devices, which are taken home, installed and shared with family members. Students work on subjects required by state learning standards to understand and appreciate the value of natural resources in everyday life. This stimulating program shapes new behaviors and achieves instant savings results through a cost-effective mix of new product installation and resource efficiency knowledge, using the best messengers – children!

Additional Benefits – The quantifiable savings often serve as a basis for excellent PR and company image opportunities through local media coverage. The program provides complete implementation services, can be customized to the needs of the target audience, and can also deliver benefits of customer audit information, strategic partnerships/cost-sharing and promoting other company programs.

BAWSCA Outdoor WaterWise at a glance:

- Proven to deliver lasting quantifiable results and measurable savings.
 - Simple and very cost-effective.
 - All implementation services are included.
 - Features a fun and interactive curriculum to shape new family habits and usage.
 - Includes Resource Action Kits to directly install resource-efficient technologies around the home.
- ☑ ***Delivers Measurable Savings Results.*** Students conduct a simple home audit to determine areas where their families are using water and energy inefficiently. Family's work together to improve efficiency by changing usage habits and through the installation of the conservation technologies provided to each student in their Resource Action Kit. Kits include conservation measures and simple test equipment to enable the family to determine the energy and resource conservation opportunities that exist in their home, while providing the installable resource conservation technologies to achieve quantifiable savings. These activities foster family cooperation and help educate parents on the benefits of resource conservation. Students submit reports detailing the results of their conservation activities.
- ☑ ***Water Education.*** The **BAWSCA Outdoor WaterWise** Program combines classroom activities with at-home hands-on retrofit projects that students perform with their families. This combination yields quantifiable conservation results and strong practical learning, effectively shaping new resource usage behavior and attitudes. The **BAWSCA Outdoor WaterWise** Program is turnkey and comprehensive while providing all materials, supplies, teaching tools and support needed by teachers and participants. Learning is measured via pre/post test comparisons.

- ☑ ***Builds New Resource Habits.*** New habits result from effective education and personal action. The program provides a wide range of teaching tools to maximize learning. The feature-rich program website, www.getwise.org, is a great resource for classes, teachers, and individuals. Beyond these computer resources, the **BAWSCA Outdoor WaterWise** program provides videos, posters, workbooks, and varied activities to reach all types of learning preferences. New knowledge translates to action at home with the installation activities. Families discover first-hand the value of the new *knowledge and habits* they have acquired.

TEACHER ACCEPTANCE

Program success is directly correlated to proactive teacher support and involvement. The design and content of the program is proven to motivate teachers to sign up and participate enthusiastically. There are several incentives offered by the program to ensure this:

1. The program satisfies numerous State Curriculum Standards and helps teachers meet their teaching requirements.
2. The program is flexible in structure, allowing teachers to schedule activities around existing lessons. The program can be run in a week or a few months.
3. Program content and activities are comprehensive and well described through accompanying materials so that additional in-service training sessions are generally not necessary.
4. Students LOVE the program, and are both stimulated and highly motivated by the Resource Action Kits and the hands-on projects. Happy students mean happy teachers!
5. The program overcomes an often-challenging hurdle of parental involvement by reaching beyond the classroom to involve parents in their children's education and the schools.

PROGRAM GOALS

- Reshape family habits and reduce residential resource use.
- Develop community awareness about the importance of environmental issues.
- Demonstrate cost effectiveness based on superior savings results, complete turnkey implementation, and satisfaction of sponsor objectives.
- Help generate excellent media coverage, build brand awareness and strengthen community image.

PROGRAM OBJECTIVES

For each 5th grade participant sponsored, the program will attempt to fulfill the following objectives:

- Install 2 High-efficiency TORO Sprinkler nozzles and 1 hose spray nozzle
- Check hoses for leaks and repair if needed.
- Install one Garden Hose Spray Nozzle.
- Conduct an audit of the lawn's water needs and the sprinkler system's efficiency.
- Collect outdoor household audit information on 1 residential home

- Reshape family resource usage habits and attitudes for 1 household

ESTIMATED PROGRAM RESULTS

Based on program experience, the following results are estimated per participant sponsored, over a conservative life of 10 years. Savings will continue into the future, since the installed hardware will remain in place, and new usage habits, attitudes, and knowledge will persist.

- Estimated savings will be calculated based on participant survey data results.

PROGRAM MATERIALS

Each sponsored teacher and student will receive a **BAWSCA Outdoor WaterWise** Resource Action Kit that contains the following:

- Garden Hose Spray Nozzle
- Male and Female End Garden Hose Replacement
- Soil Moisture Meter
- TORO Female Precision 180° Nozzle
- TORO Female Precision 90° Nozzle
- TORO Male Precision 180° Nozzle
- TORO Male Precision 90° Nozzle
- Rain / Drip Gauge
- Natural Resource Facts Slide Chart
- Flow Rate Test Bag
- Additional information provided by BAWSCA

Resource Action Programs reserves the right to change or replace any of the products listed above with products of equal or greater value based on product cost, program improvements, advancements or specific program needs. Resource Action Programs must notify BAWSCA in writing of any proposed changes, and BAWSCA must consent to those changes before they are implemented.

Each sponsored participant will receive a **BAWSCA Outdoor WaterWise** Student Workbook and Student Guide that provides a concise set of activities to build knowledge of the importance and value of natural resources and their conservation. Emphasis is placed on home usage of water resources, including efficiency.

Each sponsored teacher will receive a set of **BAWSCA Outdoor WaterWise** Teacher Materials that provide complete Activity Guides and Answer Keys, plus Pre and Post Tests with answer keys, supplemental activities, quizzes, games and puzzles. Activities cover all subject areas and address National and State Learning Standards.

PROGRAM IMPLEMENTATION

Complete implementation services are included with the program. All enrollment, training and communication with teachers, distribution of materials, collection of data, and report preparation are handled by the Program Fulfillment Center. Press releases will be provided to sponsors upon request. Additionally, the resource action team may assist in scheduling teacher award ceremonies and in the development of media exposure. *There is no obligation or additional cost to sponsors for any of these roles.*

Responsibilities of Contractor:

Resource Action Programs® (Contractor) is responsible for each and every task required to implement the **BAWSCA Outdoor WaterWise** Program described in this attachment including but not limited to the following:

I. Providing all school contact and enrollment services. Contractor will work directly with BAWSCA and/or BAWSCA Member Agencies to identify schools eligible to participate in the Program. Contractor will prepare Program marketing material describing the Program that will be sent with the Program enrollment form. The Contractor will e-mail or fax an **Outdoor WaterWise** Program Enrollment form to each school identified by BAWSCA and/or a BAWSCA Member Agency list to notify all 5th grade teachers that the Program is available in their area and to encourage them to enroll. If the e-mail or fax does not achieve the enrollment level as committed by the sponsor, the Contractor will attempt to contact the individual teachers via telephone or US mail to make them aware of the Program's availability and to encourage enrollment. If Contractor is having difficulty enrolling a school or classroom in the Program, or if that school/classroom has not been enrolled by March 15, 2019, Contractor will alert BAWSCA. BAWSCA Member Agencies shall identify the maximum amount of funding committed to the Program and Contractor shall not enroll schools, or schedule Programs that will require expenditures beyond that maximum amount.

J. Providing all **BAWSCA Outdoor WaterWise** Materials. Contractor will provide each participant with a **BAWSCA Outdoor WaterWise** Resource Action Kit and each teacher with a set of Teacher Materials. A complete description of these materials is already included in the Program Materials section of this document. In addition, Contractor will include the additional information and materials provided by BAWSCA into the kit, as long as such additional materials fit in the kit and do not increase the weight of the kit for shipping purposes. All material preparation and shipping is provided by the Contractor.

K. CONTRACTOR will disseminate the BAWSCA-provided program incentives to the classrooms and participants in accordance with the mutually-agreed-upon terms and conditions of the BAWSCA additional incentive program, which are as follows:

- A \$100 cash prize will be given to the classrooms where the teachers enroll in the BAWSCA Outdoor WaterWise program and the WaterWise survey response return rate is at least 80%; and
- A gift with an up to \$5 value will be given to those students that complete the BAWSCA Outdoor WaterWise surveys that document whether they installed the water conserving-devices from the kits in their homes, complete all the homework, or score a greater than 80% on the final written test that is given as part of the curriculum.

L. Providing follow-up and support services. Contractor will make courtesy calls to ensure the **BAWSCA Outdoor WaterWise** materials were delivered to the schools. Contractor will provide an 800 number (888-GET-WISE) to all participants for help on any program implementation issues or questions, and Contractor will maintain and answer the 800 number in such a manner to provide assistance and resolve issues raised by all participants calling the 800 number. The Contractor will operate the 800 number with staff who can answer questions Monday - Friday from 7:30 a.m. to 4:30 p.m. Pacific Time, excluding national holidays. Contractor will make follow up calls and send reminder faxes to aid in the collection of the audits as well as the teacher evaluation forms and parent reply cards.

Contractor will answer all questions from participants via telephone (the 800#), email, fax or US mail depending on the need. Participants are also provided with the www.getwise.org web site address where there is a Frequently Asked Questions Section and an email link for questions. Additionally, the Contractor will attempt to contact each teacher via phone or email close to the Program implementation date, as indicated by the teacher upon enrollment, to confirm implementation timing and to provide answers to any questions the teacher may have about the Program at that time.

M. Providing a Program Status Report. The Contractor will inform BAWSCA of each school that decides to participate and the name of each school in which the Program will be presented. The format of such notification will be in the form of a monthly report to BAWSCA. The report will include a listing of all of the schools and classrooms that Contractor is attempting to enroll in the Program and a status for each that includes information as to how many participants have enrolled for each school and classroom. If Contractor is having difficulty enrolling a school or classroom in the Program, or if that school/classroom has not been enrolled by March 15, 2019, CONTRACTOR will alert BAWSCA.

N. Providing a Preliminary Program Summary Report. No later than March 15, 2019, Contractor will provide BAWSCA with a summary of the status of the school enrollment through March 10, 2019. In addition, based on the results of the surveys returned to Contractor by March 10, 2019, Contractor will provide BAWSCA with a preliminary report which will include installation rates of each program. BAWSCA understands that these results are preliminary and may not be statistically significant.

O. Providing a Program Summary Report. The Contractor will gather, process, and tabulate all audits, teacher evaluation forms and parent reply cards that are sent back to the Resource Action Programs Center, by the school year end, in a Program Summary Report. The Contractor will provide a prepaid postage envelope to teachers to encourage the return of the documents as stated above. Contractor will provide this report to the BAWSCA and each sponsoring BAWSCA Member Agency upon completion.

P. Assisting with teacher award ceremonies and with the development of media exposure. Contractor will assist with scheduling and preparing for teacher award ceremonies and with developing and coordinating media exposure, if requested.

PROGRAM TIMETABLE

June 2018 – July 2018	Receive sponsor funding commitment
September 2018 – May 2019	Teacher Outreach / Enrollment Process
September 2018 – May 2019	Program and Kit Delivery
September 2018 – June 2019	Program Implementation
March 15, 2019	Preliminary Report to BAWSCA of school enrollment and kit installation rate to the extent that information is available.
June 30, 2019	Program Summary Report delivered to sponsors for initial program

(The timetable is approximate and may vary depending on program implementation needs and individual sponsor needs).

BAWSCA OUTDOOR WATERWISE PROGRAM COST

The per participant cost for the Outdoor WaterWise program is \$32.50, broken down as follows: \$15.50 Materials, \$9.25 Service Fee, \$5.75 Reporting Service Fee, \$2 for Shipping. **This price is all-inclusive.**

There are no additional charges for implementation, reporting, training or materials. Program sponsors are not required to provide any services or materials in connection with this program. Program sponsors (BAWSCA participating member agencies) will only be billed for participants who receive the Outdoor WaterWise™ Materials.

BAWSCA Member Agencies shall provide a maximum funding amount they are willing to sponsor. Resource Action Programs will attempt to achieve voluntary enrollment in as many 5th grade classrooms as possible, within the sponsor's service territory, and shall not exceed the funding limits designated by the Program sponsor. Program sponsors will be billed by BAWSCA for the actual number of **BAWSCA Outdoor WaterWise** Program Participants that enroll in the program and receive the WaterWise Materials.

**EXHIBIT C
Resource Action Programs®**

**Draft FY 2018-19
BAWSCA LivingWise® Program Description and Scope of Services**

PROGRAM DESCRIPTION

PROGRAM DESCRIPTION

The **BAWSCA LivingWise®** program directly addresses the priorities of obtaining measurable water and energy savings results and cost effectiveness through a proven program format, featuring a turn-key set of classroom activities and hands-on home projects. Students receive kits containing home efficiency devices, which are taken home, installed and shared with family members. They work on subjects required by state learning standards to understand and appreciate the value of natural resources in everyday life. This stimulating program shapes new behaviors and achieves instant savings results through a cost-effective mix of new product installation and resource efficiency knowledge, using the best messengers – children!

Additional Benefits The quantifiable savings often serve as a basis for excellent PR and company image opportunities through local media coverage. The program provides complete implementation services, can be customized to the needs of the target audience, and can also deliver benefits of customer audit information, strategic partnerships/cost-sharing and promoting other company programs.

BAWSCA LivingWise at a glance:

- Proven to deliver lasting quantifiable results and measurable savings.
 - Simple and very cost-effective.
 - All implementation services are included.
 - Features a fun and interactive curriculum to shape new family habits and usage.
 - Includes Resource Action Kits to directly install resource-efficient technologies in the home.
- ☑ ***Delivers Measurable Savings Results.*** Students conduct a simple home audit to determine areas where their families are using water and energy inefficiently. Families work together to improve efficiency by changing usage habits and through the installation of the conservation technologies provided to each student in their Resource Action Kit. Kits include conservation measures and simple test equipment to enable the family to determine the energy and resource conservation opportunities that exist in their home, while providing the installable resource conservation technologies to achieve quantifiable savings. These activities foster family cooperation and help educate parents on the benefits of resource conservation. Students submit reports detailing the results of their conservation activities.
- ☑ ***Water and Energy Education.*** The **BAWSCA LivingWise** Program combines classroom activities with in-home hands-on retrofit projects that students perform with their families. This combination yields quantifiable conservation results and strong practical learning, effectively shaping new resource usage behavior and attitudes. The **BAWSCA LivingWise** Program is turnkey and comprehensive while providing all materials, supplies, teaching tools

and support needed by teachers and participants. Learning is measured via pre/post-test comparisons.

- ☑ ***Builds New Resource Habits.*** New habits result from effective education and personal action. The program provides a wide range of teaching tools to maximize learning. The feature-rich program website, www.getwise.org, is a great resource for classes, teachers, and individuals. Beyond these computer resources, the **BAWSCA LivingWise** program provides videos, posters, workbooks, and varied activities to reach all types of learning preferences. New knowledge translates to action at home with the installation activities. Families discover first-hand the value of the new *knowledge and habits* they have acquired.

TEACHER ACCEPTANCE

Program success is directly correlated to proactive teacher support and involvement. The design and content of the program is proven to motivate teachers to sign up and participate enthusiastically. There are several incentives offered by the program to ensure this:

1. The program satisfies numerous State Curriculum Standards and helps teachers meet their teaching requirements.
2. The program is flexible in structure, allowing teachers to schedule activities around existing lessons. The program can be run in a week or a few months.
3. Program content and activities are comprehensive and well described through accompanying materials so that additional in-service training sessions are generally not necessary.
4. Students LOVE the program, and are both stimulated and highly motivated by the Resource Action Kits and the hands-on projects. Happy students mean happy teachers!
5. The program overcomes an often-challenging hurdle of parental involvement by reaching beyond the classroom to involve parents in their children's education and the schools.

PROGRAM GOALS

- Reshape family habits and reduce residential resource use.
- Develop community awareness about the importance of environmental issues.
- Demonstrate cost effectiveness based on superior savings results, complete turnkey implementation, and satisfaction of sponsor objectives.
- Help generate excellent media coverage, build brand awareness and strengthen community image.

PROGRAM OBJECTIVES

For each 5th grade participant sponsored, the program will attempt to fulfill the following objectives:

- Install 1 High-efficiency Showerhead and 2 faucet aerators
- Install 9-Watt LED, LED night light and Filter Tone Alarm
- Use 1 Shower Timer

- Check 1 toilet for leaks
- Collect household audit information on 1 residential home
- Reshape family resource usage habits and attitudes for 1 household

ESTIMATED PROGRAM RESULTS

Based on program experience, the following results are estimated per participant sponsored, over a conservative life of 10 years. Savings will continue into the future, since the installed hardware will remain in place, and new usage habits, attitudes, and knowledge will persist.

Projected 10 Year Savings:

- 645 kWh of electricity (assuming 20% electric water heat)
- 48 therms of gas (assuming 80% gas water heat)
- 10,699 gallons of water
- 10,699 gallons of wastewater

(Actual results will vary)

PROGRAM MATERIALS

Each sponsored teacher and student will receive a **BAWSCA LivingWise** Resource Action Kit that contains the following:

- High-efficiency Showerhead (1.75 G.P.M. max)
- 2 Water Efficient Faucet Aerators (1.5 & 1.0 G.P.M. max)
- 9-Watt LED
- LED Nightlight
- Filter Tone Alarm
- Digital Thermometer
- Toilet Leak Detector Tablets
- Miniature Tape Measure
- Rain / Drip Gauge
- Shower Timer
- Natural Resource Facts Slide Chart
- Flow Rate Test Bag
- Teflon Tape
- Additional information provided by BAWSCA

Resource Action Programs reserves the right to change or replace any of the products listed above with products of equal or greater value based on product cost, program improvements, advancements or specific program needs. Resource Action Programs must notify BAWSCA in writing of any proposed changes, and BAWSCA must consent to those changes before they are implemented.

Each sponsored participant will receive a **BAWSCA LivingWise** Student Workbook and Student Guide that provides a concise set of activities to build knowledge of the importance and value of natural resources and their conservation. Emphasis is placed on home usage of water and energy resources, including efficiency.

Each sponsored teacher will receive a set of **BAWSCA LivingWise** Teacher Materials that provide complete Activity Guides and Answer Keys, plus Pre and Post Tests with answer keys, supplemental activities, quizzes, games and puzzles. Activities cover all subject areas and address National and State Learning Standards.

PROGRAM IMPLEMENTATION

Complete implementation services are included with the program. All enrollment, training and communication with teachers, distribution of materials, collection of data, and report preparation are handled by the Program Fulfillment Center. Press releases will be provided to sponsors upon request. Additionally, the resource action team may assist in scheduling teacher award ceremonies and in the development of media exposure. *There is no obligation or additional cost to sponsors for any of these roles.*

Responsibilities of Contractor:

Resource Action Programs® (Contractor) is responsible for each and every task required to implement the **BAWSCA LivingWise** Program described in this attachment including but not limited to the following:

A. Providing all school contact and enrollment services. Contractor will work directly with BAWSCA and/or BAWSCA Member Agencies to identify schools eligible to participate in the Program. Contractor will prepare Program marketing material describing the Program that will be sent with the Program enrollment form. The Contractor will e-mail or fax a LivingWise Program Enrollment form to each school identified by BAWSCA and/or a BAWSCA Member Agency list to notify all 5th grade teachers that the Program is available in their area and to encourage them to enroll. If the e-mail or fax does not achieve the enrollment level as committed by the sponsor, the Contractor will attempt to contact the individual teachers via telephone or US mail to make them aware of the Program's availability and to encourage enrollment. If Contractor is having difficulty enrolling a school or classroom in the Program, or if that school/classroom has not been enrolled by March 15, 2019, Contractor will alert BAWSCA. BAWSCA Member Agencies shall identify the maximum amount of funding committed to the Program and Contractor shall not enroll schools, or schedule Programs that will require expenditures beyond that maximum amount.

B. Providing all **BAWSCA LivingWise** Materials. Contractor will provide each participant with a **BAWSCA LivingWise** Resource Action Kit and each teacher with a set of Teacher Materials. A complete description of these materials is already included in the Program Materials section of this document. In addition, Contractor will include the additional information and materials provided by BAWSCA into the kit, as long as such additional materials fit in the kit and do not increase the weight of the kit for shipping purposes. All material preparation and shipping is provided by the Contractor.

C. CONTRACTOR will disseminate the BAWSCA-provided program incentives to the classrooms and participants in accordance with the mutually-agreed-upon terms and conditions of the BAWSCA additional incentive program, which are as follows:

- A \$100 cash prize will be given to the classrooms where the teachers enroll in the **BAWSCA Indoor LivingWise** program and the **LivingWise** survey response return rate is at least 80%; and
- A gift with up to a \$5 value will be given to those students that complete the **BAWSCA Indoor LivingWise** surveys that document whether they installed

the water conserving-devices from the kits in their homes, complete all the homework, or score greater than 80% on the final written test that is given as part of the curriculum.

D. Providing follow-up and support services. Contractor will make courtesy calls to ensure the **BAWSCA LivingWise** materials were delivered to the schools. Contractor will provide an 800 number (888-GET-WISE) to all participants for help on any program implementation issues or questions, and Contractor will maintain and answer the 800 number in such a manner to provide assistance and resolve issues raised by all participants calling the 800 number. The Contractor will operate the 800 number with staff who can answer questions Monday - Friday from 7:30 a.m. to 4:30 p.m. Pacific Time, excluding national holidays. Contractor will make follow up calls and send reminder faxes to aid in the collection of the audits as well as the teacher evaluation forms and parent reply cards.

Contractor will answer all questions from participants via telephone (the 800#), email, fax or US mail depending on the need. Participants are also provided with the www.getwise.org web site address where there is a Frequently Asked Questions Section and an email link for questions. Additionally, the Contractor will attempt to contact each teacher via phone or email close to the Program implementation date, as indicated by the teacher upon enrollment, to confirm implementation timing and to provide answers to any questions the teacher may have about the Program at that time.

E. Providing a Program Status Report. The Contractor will inform BAWSCA of each school that decides to participate and the name of each school in which the Program will be presented. The format of such notification will be in the form of a monthly report to BAWSCA. The report will include a listing of all of the schools and classrooms that Contractor is attempting to enroll in the Program and a status for each that includes information as to how many participants have enrolled for each school and classroom. If Contractor is having difficulty enrolling a school or classroom in the Program, or if that school/classroom has not been enrolled by March 15, 2019, CONTRACTOR will alert BAWSCA.

F. Providing a Preliminary Program Summary Report. No later than March 15, 2019, Contractor will provide BAWSCA with a summary of the status of the school enrollment through March 10, 2019. In addition, based on the results of the surveys returned to Contractor by March 10, 2019, Contractor will provide BAWSCA with a preliminary report which will include installation rates of each program. BAWSCA understands that these results are preliminary and may not be statistically significant.

G. Providing a Program Summary Report. The Contractor will gather, process, and tabulate all audits, teacher evaluation forms and parent reply cards that are sent back to the Resource Action Programs Center, by the school year end, in a Program Summary Report. The Contractor will provide a prepaid postage envelope to teachers to encourage the return of the documents as stated above. Contractor will provide this report to the BAWSCA and each sponsoring BAWSCA Member Agency upon completion.

H. Assisting with teacher award ceremonies and with the development of media exposure. Contractor will assist with scheduling and preparing for teacher award ceremonies and with developing and coordinating media exposure, if requested.

PROGRAM TIMETABLE

June 2018 – July 2018	Receive sponsor funding commitment
September 2018 – May 2019	Teacher Outreach / Enrollment Process
September 2018 – May 2019	Program and Kit Delivery
September 2018 – June 2019	Program Implementation
March 15, 2019	Preliminary Report to BAWSCA of school enrollment and kit installation rate to the extent that information is available.
June 30, 2019	Program Summary Report delivered to sponsors for initial program

(The timetable is approximate and may vary depending on program implementation needs and individual sponsor needs).

BAWSCA LivingWise PROGRAM COST

The per participant cost for the **LivingWise** Program is \$47.70, broken down as follows: \$30.70 Materials, \$9.25 Service Fee, \$ 5.75 Reporting Service Fee, \$2 for Shipping. **This price is all-inclusive.**

There are no additional charges for implementation, reporting, training or materials. Program sponsors are not required to provide any services or materials in connection with this program. Program sponsors (BAWSCA participating member agencies) will only be billed for participants who receive the **LivingWise** Materials.

BAWSCA Member Agencies shall provide a maximum funding amount they are willing to sponsor. Resource Action Programs will attempt to achieve voluntary enrollment in as many 5th grade classrooms as possible, within the sponsor's service territory, and shall not exceed the funding limits designated by the Program sponsor. Program sponsors will be billed by BAWSCA for the actual number of BAWSCA **LivingWise** Program Participants that enroll in the program and receive the **LivingWise** Materials.

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Professional Services Contract with Tuolumne River Trust to Conduct the Classroom Education Program for FY 2018-19**

Summary:

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with Tuolumne River Trust to implement the “*That’s the Tuolumne in my Tap*” Classroom Education Program for FY 2018-19. Participation in this water conservation program is voluntary. The opportunity to participate will be extended to all BAWSCA agencies. As a subscription program, participating agencies will pay the entire cost for the program.

Fiscal Impact:

For FY 2018-19, only those agencies that elect to participate in this program will pay the cost of the outside service provider as well as budgeted BAWSCA staff time.

Recommendation:

That the Board authorize the CEO/General Manager to:

- 1. Negotiate and execute a contract between BAWSCA and Tuolumne River Trust, subject to legal counsel’s final review, for implementation of this classroom education program in FY 2018-19; and,**
- 2. Offer participation in the program to interested BAWSCA agencies on a subscription basis.**

Discussion:

Fiscal year 2018-19 will be the fifth year that the Classroom Education Program would be offered to BAWSCA member agencies. Seven agencies are currently participating in this program. The majority of these agencies have expressed interest in participating again next year.

The contractor, Tuolumne River Trust, provides an informative and engaging classroom presentation at schools that focuses on water conservation. Typically, the presentations reach 25-30 students at a time at a rough cost of \$4 per student. The interactive presentation takes the class on a tour of the Tuolumne River, highlighting the wildlife it supports, a bit of history of the Hetch Hetchy water system, and an overview of some current threats to the river. This is followed by a discussion about the ways water is used and what action can be taken to conserve water in order to protect the Tuolumne River.

Because of its connection with school children, this program would be initiated in August 2018 and run through June 2019.

Alternatives:

Alternatives to the recommended action included herein are to: (1) not offer the Classroom Education Program in FY 2018-19, or (2) offer a potentially different type of Classroom Education Program.

BAWSCA does not recommend the above alternatives for FY 2018-19 for the following reasons. The agencies have expressed a strong desire to support a Classroom Education Program that focuses on water conservation. BAWSCA has a long history of partnering with the Tuolumne River Trust on its program, and the agencies have expressed a desire to continue the Classroom Education Program in FY 2018-19. Given Tuolumne River Trust's qualifications and history of working with schools in the BAWSCA service area, it is appropriate to contract for their services this coming fiscal year.

Conclusion:

The experience with this program to date has shown it to be a cost-effective means of educating students on the value of water and the importance of water conservation. For this reason, renewal of this water conservation program is recommended.

Attachment:

The scope of work for FY 2017-18 is shown in Exhibit A. The scope will be updated for FY 2018-19 and is expected to be largely unchanged.

EXHIBIT A

Tuolumne River Trust Classroom Education Program FY 2017-18

SCOPE OF WORK

Tuolumne River Trust will schedule and provide classroom presentations at eligible schools and public events within the Bay Area Water Supply and Conservation Agency (BAWSCA) service area during the Fiscal Year 2017-18 school year, August 2017 through June 2018.

BAWSCA and/or Local Water Agency Roles and Responsibilities:

- BAWSCA will provide Tuolumne River Trust with initial information regarding which schools are eligible within each BAWSCA member agency (Local Water Agency) and what the maximum not to exceed budget is for each Local Water Agency by July 2, 2017, or sooner. If, during the course of FY 2017-18, the Local Water Agency wishes to increase or decrease the number of presentations and/or budget, the Local Water Agency will coordinate those changes with Tuolumne River Trust, who will in turn notify BAWSCA of any changes. A decrease in the total number of presentations or budget can be accommodated as long as it does not impact any schools that have already been scheduled.
- BAWSCA and/or the Local Water Agencies will provide Tuolumne River Trust with show content requirements by August 1, 2017.
- BAWSCA and/or the Local Water Agencies are responsible for coordinating with Tuolumne River Trust if they would like select materials and information distributed as part of a show. Such coordination must occur no later than one week prior to the scheduled show. BAWSCA understands that Tuolumne River Trust may not be able to distribute items that are too large or that conflict with the message that Tuolumne River Trust is presenting and that BAWSCA or the Local Water Agencies may have to be responsible for the delivery and distribution of item(s) if they exceed Tuolumne River Trust's capacity to deliver the materials.
- Local Water Agencies will email a draft Letter of Invitation to eligible schools with a Fax Request Form (Template Letter with Agency-specific information, in a Word Document) to Tuolumne River Trust for review by July 22, 2017. Tuolumne River Trust will provide comments on drafts to Local Water Agencies by July 29, 2017.
- Local Water Agencies will mail a Letter of Invitation with a Fax Request Form to all eligible schools by August 5, 2017. Eligible schools interested in participating will respond directly to Tuolumne River Trust, which shall be responsible for all scheduling.

Tuolumne River Trust Roles and Responsibilities:

- Tuolumne River Trust will incorporate the content requested by BAWSCA and/or Local Water Agencies into the presentations that are conducted within the Local Water Agency Service Area.
- Tuolumne River Trust will perform classroom presentations that include, but are not limited to, the following information:
 - A tour of the Tuolumne River, highlighting the wildlife it supports, history of the Hetch-Hetchy water system, and an overview of some of the current threats to the river.
 - A discussion about all the ways we use water, and how we can conserve it in order to protect the River.
- Tuolumne River Trust will schedule presentations directly with schools based upon a first come, first served basis.
- Tuolumne River Trust will submit a progress report to BAWSCA on October 15, 2016 regarding how many and which of the eligible schools Tuolumne River Trust has been able to successfully enroll. Tuolumne River Trust will provide additional school scheduling updates upon request.
- If Tuolumne River Trust is having difficulty enrolling a school in the program, or if that school/classroom has not been enrolled by January 2018, Tuolumne River Trust will alert BAWSCA and the Local Water Agency.
- Tuolumne River Trust will fax or email each scheduled school a Presentation Agreement stating the date and time of presentation and Tuolumne River Trust's technical needs. The Presentation Agreement will be signed and returned by the school's administrator.
- One week prior to presentations Tuolumne River Trust will send a Presentation Reminder fax or email to each scheduled school to re-confirm and remind them to be prepared for the program.
- On the day of the program, Tuolumne River Trust will distribute materials provided by BAWSCA and/or the Local Water Agency to the show attendees, if BAWSCA and/or the Local Water Agency have established a mutually agreeable arrangement with Tuolumne River Trust as to how to orchestrate the materials delivery and distribution.
- Tuolumne River Trust presenter(s) will present a preapproved 1 hour classroom presentation for grades 4-6 that teach water conservation and appreciation.
- Agencies have the option to use program funds for presentations at alternate locations and/or events as long as it coordinates with Tuolumne River Trust availability.
- Tuolumne River Trust will invoice BAWSCA monthly for presentations performed in the previous month.
- If a scheduled school cancels before confirmation fax is sent, Tuolumne River Trust will reschedule the presentation. If the school cancels after the Presentation Reminder has been sent, the Local Water Agency will be charged for full amount.

May 17, 2018 – Agenda Item #8B-19

- Tuolumne River Trust will manage scheduling and presentations to stay within the specified Local Water Agency maximum not to exceed budgets.
- Tuolumne River Trust rates for this contract are listed below.

Classroom Presentation (*1hour*) - \$100 per presentation

- Tuolumne River Trust will provide BAWSCA with a Final Report by July 1, 2018 that includes the following:
 - a. Brief Introduction
 - b. Brief Summary of Show content
 - c. Documentation, by Agency, of the schools/locations/events where Tuolumne River Trust presented
 - d. Documentation, by Agency, of the number of people/kids that attended each Tuolumne River Trust presentation
 - e. A few photos to give a feel of a presentation

(This page intentionally left blank)

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Professional Services Contract with Waterfluence, LLC to Implement the Large Landscape Conservation Services Program for FY 2018-19**

Summary:

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with Waterfluence to implement the Large Landscape Conservation Services Program (LLCSP) for FY 2018-19. Participation in this water conservation program is voluntary. The opportunity to participate will be extended to all BAWSCA agencies. As a subscription program, participating agencies will pay the entire cost for the program.

Fiscal Impact:

For FY 2018-19, only those agencies that elect to participate in this program will pay the cost of the outside service provider as well as budgeted BAWSCA staff time.

Recommendation:

That the Board authorize the CEO/General Manager to:

- 1. Negotiate and execute a contract between BAWSCA and Waterfluence, LLC, subject to legal counsel’s final review, to implement the Large Landscape Conservation Services Program; and,**
- 2. Offer participation in the program to interested BAWSCA agencies on a subscription basis.**

Discussion:

Fiscal Year 2018-19 will be the seventeenth year that a Large Landscape Conservation Services Program (LLCSP) is offered to BAWSCA member agencies. Nine agencies are currently participating in the program through BAWSCA. These agencies have expressed interest in participating in this program again next year. This program is part of the comprehensive package of conservation programs that the BAWSCA agencies have asked BAWSCA to support next fiscal year as part of the Regional Demand and Conservation Projections Report.

Since its inception, the LLCSP has been a very cost-effective program that generates real and significant water savings. The BAWSCA Annual Conservation Report, available on the BAWSCA website, provides information for program activity from FY 2002-03 through FY 2016-17.

The LLCSP addresses the “Programmatic-Landscaping BMP”, which requires water agencies to implement conservation programs to improve landscape irrigation efficiency. Specific activities for this program include water use budgeting, water use surveys, and supplemental landscape programs. Creating an economy of scale by using a single consultant with the requisite expertise, the LLCSP enables participating agencies to implement large landscape water budgets and water use surveys more cost effectively than if they were to hire consultants individually.

The scope of work for FY 2018-19 is expected to be consistent with the scope of work for prior year’s program.

Alternatives:

Alternatives to the recommended action included herein are to: (1) not offer the LLCSP in FY 2018-19, or (2) offer a potentially different version of the LLCSP based on a contractor and program selected through a competitive bid process.

BAWSCA does not recommend the above alternatives. John B. Whitcomb (Waterfluence) was selected to provide the LLCSP services through a competitive process in 2002. His proposal was the most responsive and his proposed costs were highly competitive. His services during the past fourteen years have been critical to the overall program's success. The agencies continue to be pleased with this program and have expressed a desire to continue the LLCSP in FY 2017-18 with Mr. Whitcomb through his firm, Waterfluence. Given Mr. Whitcomb's qualifications, performance, and value received, it is appropriate to contract for his services this coming fiscal year.

Conclusion:

The LLCSP has enhanced member agencies' water conservation efforts at reasonable cost. For this reason, renewal of this water conservation assistance program is recommended.

Attachment:

The scope of work for FY 2017-18 is shown in Exhibit A. The scope of work for FY 2018-19 will be updated as necessary during negotiation of a new contract.

EXHIBIT A

Waterfluence - FY 2017-18

SCOPE OF WORK

LARGE LANDSCAPE PROGRAM

Program Initiation and Site Setup (first 60 days)

1. **Site Selection.** Local Water Agency provides Contractor with account billing information for potential landscape sites. Contractor consolidates accounts to sites and ranks sites with respect to potential water savings. Local Water Agency selects sites to participate in program.
2. **Data Collection.** For selected sites, Contractor adds customer information used in site selection into its database. Contractor collects water prices and local weather data from CIMIS, NOAA, or other sources.
3. **Site Map.** Contractor creates a map for each site using aerial imagery. The maps include square footage measurements of irrigated turf, irrigated shrubs/trees, and water features using Google Earth Pro or ArcMap.
4. **Water Use Report.** Contractor creates a one-page report for each site containing customer information, site characteristics, historical water use, a water budget range based on site characteristics and daily local weather matched exactly in time with billing cycle, financial losses from overwatering, and customized messaging. The report also includes a percentile score ranging from 1 (poor) to 100 (excellent) based on how closely actual water use tracks to its budget range over the last 12 months relative to all other sites in the program. If a site's water use stays within the budget range in each month, its score is 100. As water use strays from the budget range, the percentile score falls, especially for water use over the budget range. Local Water Agencies can opt out of publishing the ranking on the report.
5. **Introduction Packet.** Contractor produces and distributes a packet to each site that includes an introduction letter, site map, first Water Use Report, and FAQ sheet. Contractor provides a generic introduction letter to Local Water Agency to customize.
6. **Site Contact Follow-up.** Contractor contacts each site about two weeks after sending the Introduction Packet to check if it got to the right person, get details about the site contacts (email addresses), identify the landscaper and/or others involved with irrigation decisions, and answer any questions about the program.

Report Distribution (ongoing)

1. **Data Collection.** Local Water Agency forwards Contractor a water use file at the beginning of each month with the previous month's water use for each account in the program. Contractor collects daily weather data from CIMIS, NOAA, or other sources and updates water rates when relevant.
2. **Water Use Report Distribution.** Each month, Contractor distributes reports to all site contacts via email or mail.

3. **Local Water Agency Review.** Contractor provides Local Water Agency with electronic access to review all Water Use Reports, Site Maps, and Landscape Field Survey Reports (described in next section).
4. **Site Contact Maintenance.** Contractor will continually update site contact information. This includes monitoring changes in account number, investigating returned mail envelopes, and investigating email bounce backs. Site contacts can be added or modified via Contractor website or toll free telephone. Primary site contact (water bill payer) needs to authorize any changes in site contacts to become effective.
5. **Site Map Updating.** Contractor will correct any map errors identified by site contacts.
6. **Customer Service.** Contractor provides customer service to site contacts via website and toll free telephone number.
7. **Messaging.** Local Water Agencies and BAWSCA can have Contractor send specific messages to particular sites or group of sites via the Water Use Report. Messages might include information on other landscape programs (e.g., financial incentive programs), events, useful hyperlinks, or policies.
8. **Premium Site Contact Management.** For Local Water Agencies requesting premium site contact management, Contractor will a) send a direct email to all site contacts not reading their reports in last 3 months, b) direct telephone call to all site contacts not reading their reports in last 6 months, and c) provide a detailed annual report on the frequency of readership and survey results by all site contacts associated with Local Water Agency sites.

Landscape Field Surveys (optional)

1. **Targeting and Marketing.** Using the Water Use Reports, Local Water Agency can target sites eligible to receive a Landscape Field Survey. Contractor will market this option to eligible sites via the Water Use Report and/or direct email.
2. **Performing Survey.** For sites requesting a Landscape Field Survey that is approved by Local Water Agency, Contractor will schedule the survey with the primary site contact, the relevant landscaper, and/or other parties. Survey steps include: a) re-measuring irrigated areas and improving the site map, b) operating portions of the irrigation system to evaluate performance, and c) document findings and recommendations in a Landscape Field Survey Report.
3. **Distributing Report.** Contractor will distribute completed Landscape Field Survey Reports to all contacts at the site and address any follow up questions.

Summary of Local Water Agency Tasks

1. Provide Contractor with water use data from customer billing database.
2. Select participating sites from a ranked list of potential sites created by Contractor.
3. Customize Introduction Letter sent within Introduction Packet.
4. Review Water Use Reports sent out each month.
5. Add messaging to Water Use Reports for any site or group of sites, as needed.
6. Approve sites eligible for Landscape Field Survey, if relevant.

Deliverables

Contractor provides the following project deliverables:

1. Contractor Web Portal Access. Local Water Agency staff get access to the Contractor web portal via a username/password to:
 - a. View their most current Water Use Reports, site maps and, if relevant, Landscape Field Survey Reports.
 - b. Sort sites by characteristics such as total water use, water over budget, or site rank.
 - c. Target and approve sites to receive a Landscape Field Survey.
 - d. View site contacts and the last date the report was viewed (for sites getting their report electronically).
 - e. View a Fiscal Year history of program activity including:
 - i. Number of sites
 - ii. Total landscape acres
 - iii. Total water use
 - iv. Total over budget water use
 - v. Total water savings
 - vi. Number of Landscape Field Surveys
 - vii. Summary of all Controller Rebate details and totals
2. BAWSCA Fiscal Year Report. BAWSCA receives a spreadsheet table showing the aggregate program activity fields shown above for all sites participating from their member agencies by fiscal year.
3. Contractor Report and Website Content Changes. Contractor is continually expanding and evolving the content shown on the Water Use Report and its website. All participating Local Water Agencies and BAWSCA will be notified of significant changes in content.

(This page intentionally left blank)

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Professional Services Contract with WaterSmart Software to Implement a Home Water Use Report Program for FY 2018-19**

Summary:

This item requests authorization for the CEO/General Manager to negotiate and execute a contract with WaterSmart Software, Inc. to implement the Home Water Use Reports Program for FY 2018-19. As with all BAWSCA subscription programs, participation in this water conservation program is voluntary and participating agencies will pay the entire cost for the program. The opportunity to participate will be extended to all BAWSCA agencies.

Fiscal Impact:

This program is being offered on a subscription basis. For FY 2018-19, only those agencies that elect to participate in this program will pay the cost of the outside service provider.

Recommendation:

That the Board authorize the CEO/General Manager to:

- 1. Negotiate and execute a contract between BAWSCA and WaterSmart Software, subject to legal counsel's final review, for implementation of the Home Water Use Reports Program in FY 2018-19; and,**
- 2. Offer participation in the program to interested BAWSCA agencies on a subscription basis.**

Discussion:

The Home Water Use Reports program has been offered to BAWSCA member agencies since September 2014. Currently four agencies are participating in the program; each of these agencies has expressed a strong desire to continue to participate in the program next year.

The contractor, WaterSmart Software, develops and delivers water use reports to individual households. These reports use data analytics and behavioral science techniques to provide customized water consumption information, messaging, and water saving recommendations. The objective is to motivate customers to improve water use efficiency through changes in behavior or adoption of more water efficient technology by increasing customer awareness of household water usage when compared to peers. The reports are targeted towards single-family residential customers.

Alternatives:

The alternatives to the recommended action included herein are to (1) not offer the Home Water Use Reports Subscription Program in FY 2018-19, or (2) offer a potentially different type of Home Water Use Reports Program.

BAWSCA does not recommend the above alternatives for FY 2018-19. Through a competitive selection process in 2014, BAWSCA received proposals from firms qualified to perform the

services requested. The agencies have expressed a desire to participate in the Home Water Use Reports program in FY 2018-19. In addition, this program provides a proven water conservation and outreach tool for participating agencies.

Conclusion:

The Home Water Use Reports Program provides a cost-effective means of achieving water conservation savings and customer engagement. This program provides a valuable water conservation and outreach tool for participating agencies.

Attachment:

The draft scope of work for FY 2018-19 is shown in Exhibit A.

EXHIBIT A

WaterSmart Software Home Water Use Reports - FY 2018-19

DRAFT SCOPE OF WORK

SECTION 1: INTRODUCTION AND PROGRAM ELEMENTS

Introduction

Consultant is a provider of a customer engagement and analytics platform. Agency has contracted with Consultant to provide a customer engagement program for the Participating Agencies that submit a qualifying Participation Agreement with respect to the Customer Engagement and Conservation Program administered by the Agency.

The program is comprised of the following elements, which are explained in more detail below:

- Utility Analytics Dashboard: Analytics, customer support tools and Program performance data for Utility staff (Exhibit D, Item B)
- Customer Portal: Additional engagement and information for account owners (Exhibit D, Item B)
- Alerts: Leak and high usage alerts (if selected) (Exhibit D, Item H)
- Water Reports and Customer Letters: Customized reports mailed or emailed to each participant (if selected) (Exhibit D, Item E)
- Single Sign On (SSO) or Click Through Registration: If selected, WaterSmart can provide log-in to our customer Portal using third party credentials (i.e. billing provider or other government website registration information) through SSO (Single Sign-On) using the SAML 2.0 or OAUTH2 protocol. This provides for bi-directional, seamless registration to multiple portals using a single set of credentials. Alternatively, if selected WaterSmart supports Click-Through Registration for uni-directional sign-on from a third-party site to WaterSmart using a URL redirect with key-based encrypted data. (Exhibit D, Item F)

As a software-as-a-service (SaaS) provider, WaterSmart will provide all major program elements to the

Utility:

- Program setup and initialization, including data collection (Exhibit D, Item A);
- Hosting of WaterSmart Customer Portal and Utility Analytics Dashboard (Exhibit D, Item B);
- Creation and delivery of Utility-branded Water Reports and alerts to Utility water customers (if selected) (Exhibit D, Item E); and

- Measurement and verification to allow the Utility to evaluate the program (if selected) (Exhibit D, Item E).

Utility is responsible for providing WaterSmart key program inputs including account information, regular feeds of meter data, and logos and contact information. Utility is also responsible for timely feedback and input on key program elements during initialization. Utility maintains responsibility as the primary contact for customer inquiries and technical assistance.

WaterSmart will designate a customer success manager, and the Utility shall designate a single person as Program Manager for the program. All Utility decisions shall be channeled through the Utility Program Manager. In addition, Utility shall designate a Data contact who is responsible for providing the data indicated below.

Content and design of all materials are subject to change over time, as WaterSmart incorporates new features.

This scope of work and agreement cover services rendered over term of the Agreement. The exact timing of program launch and duration of services may vary depending on Utility resource levels, data availability, and other unforeseeable events. WaterSmart endeavors to adhere to the proposed schedule. Utility's responsiveness and prompt provisioning of necessary program inputs is also critical to schedule adherence.

A proposed schedule is provided in Exhibit B, Schedule of Performance.

Annual Software Subscription (Exhibit D, Items A and B)

Annual software subscription is a core component of the WaterSmart program and includes the following features:

Utility Analytics Dashboard (Exhibit D, Item A)

The Utility Analytics Dashboard provides analytical insights regarding customer consumption (use by account type, high users, etc.), outbound and inbound communications (outgoing leak or other alerts,

incoming emails, etc.), and use of the Customer Portal (visit frequency, device access, most visited pages, etc.) The Dashboard also identifies and notifies Utility staff about suspected leaks in both AMI and non-AMI environments, and allows Utility staff to monitor compliance requirements. The Dashboard delivers information on all customer classes whose data are provided to WaterSmart and integrates external data sources like property records and maps. The Utility Analytics Dashboard is available to all Utility staff, each with their own unique login.

Customer Portal (Exhibit D, Item A)

The WaterSmart Customer Self-Service Portal, available to customers through a mobile and web application interface, provides a single place for customers to see consumption, check and resolve leaks, view bills, sign up for paperless billing, and receive targeted messages about Utility promoted events and programs.

Alerts and Notifications (Exhibit D, Item H)

WaterSmart provides alerts to customers to notify of potential high volume or continuous use, to notify a customer that they have reached a self-selected consumption threshold, or to inform customers before the end of the billing cycle that they are likely to have high water use on their upcoming bill. Threshold notifications and leak alerts are further enabled by AMI, though they are also available for non-AMI customers. Alerts can be sent through multiple channels -- email, SMS text message, or automated voice call. Leak alerts are currently targeted at single-family residential accounts and irrigation-only accounts. The leak resolution workflow helps customers identify the source of their leak, and resolve the leak on their own.

Group Messenger & List Builder (Exhibit D, Item B)

Group Messenger is a module within the Utility Analytics Dashboard that allows rapid delivery of targeted, timely, and topical messages to groups of customers. The integrated 'Lists' tool allows the Utility to create a custom list of accounts to analyze or communicate with. Group Messenger supports multiple communication channels, including email, SMS text, and automated voice.

Electronic Bill Presentment (Exhibit D, Item B)

WaterSmart's Electronic Bill Presentment allows Utility customers to view their billing amount online. Utilities have the option to present the billing amount, or display a PDF of the bill. If a PDF of the bill is displayed, utilities can also select to use (for an additional fee) WaterSmart's paperless billing option to send a bill electronically to customers who select this service.

Standard Support (Exhibit D, Item C)

Standard support is an optional feature of the WaterSmart Program and is described in Section 5 below.

Welcome Letter (Exhibit D, Item D)

Customer Welcome Letters are an optional feature of the WaterSmart Program. If selected, utilities can send a Customer Letter to explain the program and its benefits to end-use customers. The Customer Letter is branded for the Utility including Utility logo, contact information and a signature line from an appropriate representative, and informs recipients about the program and what they can expect to receive.

Water Reports (Exhibit D, Item E)

Water Reports are an optional feature of the WaterSmart Program. Water Reports are personalized, informative, carefully designed reports that help Utility customers better understand their water use and the cost and effort it takes the Utility to deliver high quality and reliable water services. Water Reports can be sent via mail or email to any account type, and may be targeted to certain accounts, sent to randomly selected accounts as part of a randomized control trial, or sent to all of a Utility's customers. Every Water Report is customized by our proprietary content personalization to tailor messages and recommendations specifically to each end-user.

Electronic Bill Payment (Exhibit D, Item F)

Electronic Bill Payment is an optional feature of the WaterSmart Program. If selected, an Electronic Bill Payment option is offered by WaterSmart's selected independent payment partner, which agrees to comply with all PCI-DSS requirements, (named in Program at a Glance) in collaboration with WaterSmart. This allows a customer to pay a bill on the partner's payment platform from within the WaterSmart Customer Portal using payment partner's credit, debit, and e-check services. Customers can make a one-time payment, and set up recurring payments. Utility is required to sign a separate agreement with payment partner to access this feature and acknowledges that payment partner provides all services, support, documentation and compliance related to these features, and is separately compensated per the terms of its separate agreement.

Paperless Billing (Exhibit D, Item G)

Paperless Billing is an optional feature of the WaterSmart Program. It is only available to utilities that opt to use the Electronic Bill Presentment feature (included in the Annual Software Subscription). Paperless Billing Services provide a method for the Participating Agency's account holders to enroll for electronic bill delivery from within the Customer Portal.

Print Leak Alerts (Exhibit D, Item H)

Print Leak Alerts are an optional feature of the WaterSmart Program. Print Leak Alerts are generated and mailed for leak events if: the utility is configured to enable print leak alerts for the account's meter class, the account has an ongoing AMI leak, the account cannot be alerted by email, text, or phone, the account has not opted out of the WaterSmart program, the account has not already received a Print Leak Alert for the same leak event, or the leak event has not been alerted or cancelled by staff. The alerts are sent to the printer on either a daily or weekly basis, depending on the utility's configuration. Customers who receive Print Leak Alerts will not receive another in the 30 days following a prior Print Leak Alert. Water utilities have the option of setting leak detection

thresholds for generating alerts. The default leak rate and time threshold values are the same as the utility's standard leak alerting thresholds. Print Leak Alerts are currently only available to AMI Single Family Residential and Irrigation-Only customers.

SECTION 2: PROGRAM INITIALIZATION AND MILESTONES

The initialization phase of the program begins with Contract Signing (or Purchase Order Issue if a Purchase Order is necessary for invoicing) and will last for three months. WaterSmart begins the (first) 12-month implementation term at the start of the fourth month after Contract Signing/PO Issue. If a utility has provided the data and input necessary to launch the program early, WaterSmart accommodates the Utility by making the Customer Portal and Utility Analytics Dashboard available and (if selected) sending the first Customer Letters prior to the end of the 3-month initialization phase, though the invoicing schedule will not change.

Significant delay on the part of the Utility during launch may result in less than 12 months of access to the Customer Portal and Utility Analytics Dashboard and/or fewer than the planned number of communications to be sent during the 12-month period. If the Utility delays approval of a renewal or extension agreement, WaterSmart may, at its discretion (assuming the renewal agreement will be retroactive to begin at the previous contracts' end), maintain Customer Portal and Utility Analytics Dashboard access and functionality, in the interim, for up to 90 days at which time all access will be revoked until the renewal/extension has been signed.

To initialize the program, WaterSmart works with Utility to set up the transfer of key data elements, discuss customized elements of the Customer Portal and Water Reports, finalize a Customer Letter, and train Utility employees on the WaterSmart platform. Below are the key steps for the Program Initialization Phase.

Kickoff

WaterSmart conducts a 60- to 90-minute introductory online meeting to orient Utility staff involved in the Program with the Customer Portal and Utility Analytics Dashboard Applications, Alerts, and Reports (if selected). WaterSmart suggests Utility include a representative from each functional group that will be involved with the setup and use of the program, including: Conservation. Customer Service, Field Service, Finance, Marketing/Public Information Office, and Information Technology (IT) representatives.

Data Transfer and Utility Obligations

While WaterSmart has developed processes to minimize the burden on Utility staff to launch the program, initiative and technical know-how on the part of Utility IT staff is necessary. All approvals and scheduling of Utility IT time for the project should be confirmed in advance to ensure a timely, high-quality, and well-supported launch. Delays on the part of the Utility may reduce the number of months the Utility and its customers are able to make use of the software platform.

WaterSmart works with Utility to securely transfer a dataset on accounts, including but not limited to the following data:

Account Information:

- Account Number
- Account Type
- Account Sequence Number
- Property APN, where available
- Meter Size
- Customer Mobile Number, where available
- Service Address
- Billing Address
- Customer Name
- Customer Email, where available

Consumption History:

WaterSmart requests, for at least the last two years but ideally for five to ten years in the past, such fields as, but not limited to:

- Account Number
- Account Sequence Number
- Meter I.D. (serial number)
- Current & Previous Meter Read Date
- Consumption
- Days in Billing Cycle

Current Consumption:

WaterSmart also works with Utility to set up a regular transfer of meter reads from the Utility to WaterSmart through a secure channel. This will be the same file format as the Consumption History file above. The frequency of meter data transfer determines how frequently Water Reports are shipped (see Table 1). WaterSmart requests, for accounts with interval data:

- Account Number
- Timestamp
- Timezone
- Consumption
- Additional details as mutually agreed

Rebate Program Participation File

Optionally, Utility may provide data on rebate program participants, and those receiving citations or notifications. This file must meet WaterSmart specifications and should include:

- Account Number
- Program Name
- Participation Date
- Additional details as mutually agreed

Should Utility implement new data management systems after the first initialization process, which require WaterSmart to re-onboard new file structures or map historical identifiers (e.g. customers, accounts, premises, service points), WaterSmart assesses an additional one-time fee not to exceed \$10,000 upon receipt of first test files from the new system.

Configuration of Customer Portal and Water Reports

WaterSmart's Customer Portal and Water Reports (if selected) contain several configurable fields.

WaterSmart works with the Utility to configure the Water Report and Customer Portal with Utility logo and contact information. WaterSmart provides messages and recommendations for Utility to review and approve for display on a targeted basis. Utility has the opportunity to approve or exclude any recommendations shown in the Water Report and Customer Portal and messages shown in the Water Report. The Utility also

has the opportunity at the start of the program to provide WaterSmart with information on available rebates and incentives that should be flagged within relevant water saving recommendations.

Utility and WaterSmart agree to complete this process in a timely manner. Utility should provide final approvals to WaterSmart no more than ten (10) business days from when initial materials are provided to Utility.

For both Messaging and Recommendations, the review process is as follows:

- WaterSmart sends default content to Utility.
- Utility Project manager sends back a single, consolidated list of approved messages.
- WaterSmart's customer success manager can offer the Utility the opportunity to proof finalized content of Water Reports and the Customer Portal once they are configured.

In addition, Utility has the opportunity to provide one custom text Water Report message per Report cycle.

Content is to be provided at least ten (10) business days prior to report generation.

Appendix A, Figure 1 shows the configurable content to be reviewed during initialization.

Finalization of Customer Letter

WaterSmart sends a Customer Letter (if selected), on behalf of the Utility, to accounts that will receive access to the Customer Portal or Water Reports. Utility has the ability to personalize the signature and the introductory paragraph of content, within space constraints. The review process is similar to the process for Messaging and Recommendations described above. The format, design and content of the Customer Letter will be based on existing WaterSmart documents. Content and design of all materials are subject to change over time, as WaterSmart incorporates new features. WaterSmart will send Customer Letters by email where a valid email address is available and by print otherwise.

Training

After all initial customer data has been received and program content is finalized, WaterSmart will provide Utility staff with training and resources to understand the features and functionality of the Customer Portal and Utility Analytics Dashboard. If selected in Program at a Glance, WaterSmart provides training on-site; if

selected, training is provided via webinar. On-site training may be conducted as multiple sessions on a single day.

A proposed schedule for the Program Initialization Phase is provided in Exhibit B: Schedule of Performance.

SECTION 3: PROGRAM DESIGN

Experimental and Control Group

If selected, WaterSmart uses a randomized control group design to ensure the water saved in single-family residential accounts as a result of the WaterSmart program can be accurately measured and verified. While the Residential Recipients, as specified in the Program at a Glance, will receive Water Reports the Control Group will not. This program design allows WaterSmart to compare the changes in water consumption and customer satisfaction of the Recipients versus the Control Group and provide the Utility with formal statistical results. While the group of Residential Recipients may expand after the first term of the project, only the first group of recipients will be used to measure results.

Water Reports

Recipients

The number of recipients (specified in the Program at a Glance) may vary slightly in any cycle of Water Reports based on the availability of valid meter data available for each account and the number of new or closed accounts in a given period. Water Reports will be sent digitally where valid email addresses are available, and by print otherwise.

Number and Scheduling of Cycles and Shipments per Report

Each recipient account is eligible to receive a Water Report (if selected) in each of the 4, 6 or 12 cycles of reports per term, as specified in the Program at a Glance. Some accounts may receive fewer Water Reports due to a missed or incorrect reads, or a closing or opening of a new account with the Utility.

Each cycle of reports can be sent in one or more shipments, with each shipment going to a subset of households. WaterSmart will ship Water Reports based on the schedule that the Utility transfers meter read data to WaterSmart. For utilities that provide account billed consumption data to WaterSmart on a rolling

basis (with data for a subset of accounts transferred each day or each week), WaterSmart will send out shipments for each cycle on a weekly basis. For utilities that provide billed consumption data to WaterSmart once per billing period, WaterSmart will send each cycle of Water Reports in a single shipment.

The schedule of these shipments is given below:

Table 1: Schedule of Water Reports Shipments

Utility Transfers Billing Data to WaterSmart:	WaterSmart Sends Shipments of each Report Cycle:
Daily	Weekly
Weekly	Weekly
Monthly	Monthly
Bi-Monthly	Bi-Monthly

The report delivery schedule is designed so that every customer account will be eligible to receive a report in each cycle. If the Utility wishes to stagger the initial set of reports over more than one cycle or in such a way that it does not correspond to the utility billed consumption data transfer schedule, these are special circumstances that must be identified in advance in the "Program at a Glance" section at the front of this Scope and are subject to approval by WaterSmart.

The delivery of the Customer Letter and the initial cycle of Water Reports will be scheduled in conjunction with the Utility. Email deliveries may be scheduled to arrive on, or avoid, a specific day of the week. Print deliveries are subject to postal schedules and cannot be guaranteed for specific dates. Utility-requested delays in sending materials may result in fewer reports per recipient than the maximum number specified in the contract.

Cohort Group

WaterSmart creates cohort groups of similar residences in order to maximize the relevance of water use comparisons and potential water savings. Cohort groups may include the following variables:

- Number of occupants per home (based on user-generated information and real-estate based estimates)
- Irrigable area (e.g. small, medium, large, etc.) to be determined based on home size and lot size information contained in real estate data obtained by WaterSmart, or optionally, provided by Utility if it already possesses such information
- Residence location (e.g. city, zip code, etc.) for utilities which span large areas

Post-Launch Survey

A post-launch Satisfaction Survey is available to those Utilities that have selected Water Reports.

WaterSmart sends a link to a post-launch survey to accounts with email addresses. The post-launch survey typically is conducted after at least eight months of engagement. WaterSmart will provide a sample of the post-launch survey invitation, including one block of content, which the utility may personalize. Utility should provide consolidated comments and final approvals to WaterSmart no more than ten (10) business days from when initial materials are provided to Utility. The results of the post-launch survey are used to gauge customer satisfaction and Water Report perceptions. WaterSmart shares all results of the post-launch survey with Utility.

Measurement and Verification

WaterSmart reports changes in consumption for the Recipient Group versus a randomized control group selected from Utility's entire population of residential households. After three Water Reports have been sent, WaterSmart will prepare an efficiency study that details the change in water usage for the Recipient Group versus control group, and load those results into the Utility Analytics Dashboard. This evaluation is performed with a Fixed-Effects regression model using the consumption data for each household in the Recipient and control groups. The efficiency study report includes percentage savings, GPD (Gallons per Day) savings and Acre Foot savings at the program level for all months after the first Water Reports were

sent. While WaterSmart can continue to measure results after the first term (as long as a control group is maintained), Water Report recipients added to the program after the first term will not be included in the experimental group.

SECTION 5: WATERSMART CUSTOMER SERVICE AND SUPPORT OPTIONS

Customer Service

WaterSmart does not communicate directly with the Utility's customers; end-user support is the responsibility of the Utility. WaterSmart provides a number of tools to facilitate both end-user support as well as assist Utility staff looking to understand and maximize their WaterSmart experience:

- 1) The **WaterSmart Support Site**, which is accessible by all Utility staff, includes responses to Frequently Asked Questions as well as common troubleshooting topics and other customer support oriented content.
- 2) The **Customer Detail Page** helps customer service representatives respond to Customer inquiries by providing all relevant customer property and water use information, a complete history of notes and email interactions including water reports, a quick link to their portal and step-by-step process support for common questions around high bills.
- 3) A **Live Chat** feature that allows Utility staff to ask questions about data, get help with challenging customer questions, provide product feedback and more. Users can generally expect to receive a response within the hour. Chat is available between the hours of 7 a.m. and 6 p.m. PST Monday thru Friday, excluding federal holidays.
- 4) **Monthly Product Webinars** provide the latest WaterSmart news including product releases, practical implementation case studies, a forum to interact with other WaterSmart customers and sneak previews of products on the horizon.

For specific questions or support post-launch, the Utility can choose from the following two support option based on its support needs (choice is noted above in Program at a Glance):

Limited Support – Limited support is included with the Annual Software Subscription and covers basic customer and technical support functions. The benefits and features include:

- WaterSmart Support Site
- Live Chat Support (PST business hours): Up to one hour per week.
- Monthly Product Webinar

Standard Support – Standard Support is an optional service of the WaterSmart Program. For an additional annual fee, Standard Support provides all of the benefits and features in Limited Support, as well as:

- Dedicated Customer Success Manager (CS Manager): will support the Utility program, answer questions, provide updates, support complex tasks, provide new feature updates and additional training as needed.
- Phone/email support – The CS Manager is available by telephone and email to answer specific programmatic and technical questions for up to one additional hour per week.
- Bi-monthly check-in meetings – Meetings will track performance relative to Utility objectives and adjust as necessary, provide implementation suggestions, support outreach efforts, gather feedback and answer any questions.
- Portal and Water Report content customization- The CS Manager can help the Utility create personalized messaging for the Customer Portal and outbound Engagement vehicles, including Group Messenger and Water Reports, if requested.

Maintenance of Web Applications

WaterSmart maintains commercially reasonable systems and controls designed to maximize monthly uptime and minimize unscheduled outages of the Customer Portal and Utility Analytics Dashboard. Excluding any down time for maintenance and/or upgrades, WaterSmart makes strong efforts to provide Customers and Utility with access to their respective Web applications on a continuous basis. WaterSmart provides advance notification of any planned outages and notifies Utility without unreasonable delay if it detects or receives notice of any material problems relating to the Customer Portal and/or the Utility Analytics Dashboard.

WaterSmart's Web Applications include dynamic and interactive charts and tables that may not be compatible with older Internet browsers.

The Internet browser and operating system requirements are:

- Windows XP: Chrome 38+, Firefox 32+
- Windows 7, 8, 8.1, 10: IE 11+, Chrome 38+, Firefox 32+
- Mac: Chrome 38+, Firefox 32+, Safari

Data Security and Privacy

WaterSmart does not share personally identifiable customer information or customer-specific water use information with any third party without prior consent from Utility. Data transferred to WaterSmart from Utility is stored in a database dedicated to Utility and its WaterSmart project. The data is not comingled with the data provided by any other entity; provided, however, that certain anonymous data may be copied

and consolidated with data provided by one or more other entities for the research and product development purposes subject to the terms of the Agreement.

WaterSmart enacts standard controls, policies, and procedures to ensure the security of Utility's data and customer provided information, including but not limited to choosing a reputable cloud-server vendor with appropriate physical security of server infrastructure, secure public-private key-based login to all WaterSmart server infrastructure, password authentication on all Web site interaction, and audit logging.

WaterSmart provides Utility with private key access to a secure FTP destination for regular delivery of the data. Utility agrees to send data only through this secure channel, or by having WaterSmart pull data from a secure server maintained by the Utility or Utility partner.

(This page intentionally left blank)

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Memorandum of Understanding between BAWSCA and the Western Municipal Water District for Participation in the Free Sprinkler Nozzles Program for FY 2018-19**

Summary:

This item requests authorization for the CEO/General Manager to negotiate and execute a Memorandum of Understanding (MOU) with Western Municipal Water District (WMWD) to implement the Free Sprinkler Nozzles Program (Program) for FY 2018-19. As with all BAWSCA subscription programs, the opportunity to participate is extended to all BAWSCA agencies, participation is voluntary, and the participating agencies will pay the entire cost for the Program.

Fiscal Impact:

For FY 2018-19, only those agencies that elect to participate in this program will pay the cost of the outside service provider as well as budgeted BAWSCA staff time.

Recommendation:

That the Board authorize the CEO/General Manager to:

- 1. Negotiate and execute a Memorandum of Understanding between BAWSCA and WMWD, subject to legal counsel's final review, for participation in the Program in FY 2018-19; and,**
- 2. Offer participation in the Program to interested BAWSCA agencies on a subscription basis.**

Discussion:

The Free Sprinkler Nozzles Program (Program) is an existing statewide water conservation program that provides customers of participating water agencies with vouchers for free, high efficiency sprinkler nozzles to replace the existing sprinkler nozzles in their outdoor irrigation systems. The Program is a collaboration of 28 water agencies throughout California and is administered by the Western Municipal Water District (WMWD) in Riverside County.

In July 2015, BAWSCA joined the Program and offered the Program as a new subscription water conservation program to support the member agencies' efforts to reduce outdoor water use. Currently, three BAWSCA member agencies are participating in the Program.

Compared to conventional fixed spray nozzles, the high-efficiency sprinkler nozzles provided through the Program reduce outdoor water use by improving the efficiency of an existing irrigation system. Customers can easily replace most existing pop-up spray heads with the high-efficiency sprinkler nozzles and no specialized tools for adjustment are required. Compared to conventional fixed spray nozzles, the high-efficiency nozzles improve:

- Distribution Uniformity (water is applied in a more even manner);
- Precipitation Rate Reduction (reducing the amount of water put out by a sprinkler); and
- Run-off Reduction (multiple sizes are available so the proper nozzle can be selected to reduce over-spray).

The Program is administered via the FreeSprinklerNozzles.com website. To receive a voucher, customers must log in to the website using their water agency account information. Single family customers then watch a sequence of videos on 1) how the nozzles work, 2) how to identify the appropriate nozzles for their irrigation system, and 3) proper nozzle installation. Vouchers are issued for standard amounts of 25 nozzles per single family customer or 100 nozzles per commercial or multi-family customers. In addition, customers can request special vouchers for as many nozzles as needed for a site, to be considered by the local water agency. Customers redeem vouchers at participating distributors in their area.

For every water-efficient sprinkler nozzle for which a voucher is redeemed at a participating irrigation store, WMWD invoices BAWSCA, and BAWSCA invoices the participating member agency. Each participating agency determines its maximum not-to-exceed budget for the program. The per-nozzle price to be paid by participating water agencies currently ranges from \$3.60 to \$5.00 per nozzle, depending on the type of nozzle required for a particular customer site. By comparison, these nozzles retail for \$5.00 to \$12.00 each. Program setup and administration costs have historically been included in the per-nozzle pricing; however, this cost structure may be adjusted for FY 2018-19.

Alternatives:

The alternatives to the recommended action included herein are to (1) not offer the Free Sprinkler Nozzles Subscription Program in FY 2018-19, or (2) offer a potentially different type of high-efficiency sprinkler nozzle rebate or incentive program.

BAWSCA does not recommend the above alternatives for FY 2018-19. The Free Sprinkler Nozzles Program provides a turn-key program which has been successful in reducing outdoor water use for water agencies throughout California. Three agencies are currently participating in the Program, and these agencies have expressed a desire to continue participating in the Program in FY 2018-19. In addition, this program will provide a valuable water conservation tool for participating agencies with near-term water savings potential.

Conclusion:

The experience with this program to date has shown it to be a cost-effective means of improving outdoor water use efficiency. For this reason, renewal of this water conservation program is recommended.

Attachment:

The MOU for FY 2017-18 is shown in Attachment A. The MOU will be updated for FY 2018-19 and is expected to include minor revisions to the program cost structure and dates.

ATTACHMENT A

**Memorandum of Understanding Between the Western Municipal Water District
("WESTERN"),
Bay Area Water Supply & Conservation Agency ("PROGRAM PARTICIPANT")
Participation in Free Sprinkler Nozzles Program
and
Reimbursement Payments Associated Therewith**

Background:

1. WESTERN and PROGRAM PARTICIPANT hereby enter into this Memorandum of Understanding ("MOU") in order to partner for the sole purpose of extending Western's FreeSprinklerNozzles.com Program to the residential, commercial and irrigation customers within the PROGRAM PARTICIPANT's member agencies' (Member Agencies) service areas. In the event the parties have not previously entered into a memorandum of understanding, then this MOU shall be deemed to be the contractual arrangement between the parties on the matters addressed herein.
2. The FreeSprinklerNozzles.com Program budget within the PROGRAM PARTICIPANT's Member Agencies' service areas, funded by the PROGRAM PARTICIPANT, will seek to incentivize the installation of water-efficient sprinkler nozzles for residential customers and Commercial/Irrigation customers (collectively referred to as "Nozzles") during the program offering period of March 16, 2018 to June 30, 2018.
3. The maximum Program budget shall be based on (1) the number of PROGRAM PARTICIPANT's Member Agencies that return a Program Participation Agreement to PROGRAM PARTICIPANT, and (2) the maximum budget identified by each Member Agency of PROGRAM PARTICIPANT in the Participation Agreements which are returned to PROGRAM PARTICIPANT. A sample Participation Agreement to be used by a Member Agency is attached hereto as Exhibit A. PROGRAM PARTICIPANT shall notify WESTERN by March 30, 2018 as to the maximum budget ("Maximum Amount"), provided, however, that if a Member Agency modifies its Participation Agreement's budget after March 30, 2018, PROGRAM PARTICIPANT shall notify WESTERN promptly in writing of any change in the Maximum Amount and shall be responsible for any additional payments. In the event that a Member Agency exercises its right to terminate its participation in the Program, WESTERN will be compensated for costs incurred up to the effective date of such termination. PROGRAM PARTICIPANT's Member Agencies shall each decide their eligible customer categories, which information PROGRAM PARTICIPANT will provide to WESTERN. In no event shall WESTERN be responsible for obtaining information from Member Agencies, or otherwise implementing this MOU in connection with Member Agencies. WESTERN'S sole source of contact shall be PROGRAM PARTICIPANT. WESTERN and PROGRAM PARTICIPANT have agreed to work together and coordinate the implementation of the FreeSprinklerNozzles.com Program as set forth in this MOU and as further described at the FreeSprinklerNozzles.com website.
4. Nothing in this MOU shall be deemed to be the provision of any service or other activity outside of each party's respective service area, and to the extent the performance of any aspect of this MOU can be considered a "service," California Government Code Section 54981 permits a local agency to contract with another local agency for performance by

the latter of municipal services or functions within the territory of the former. The purpose of this MOU is to facilitate implementation of the FreeSprinklerNozzles.com Program in order to further each party's conservation goals. In addition, WESTERN desires to enter into this MOU in order to obtain funding and other operational support toward the cost and requirements for implementation of the FreeSprinklerNozzles.com Program.

Understandings and Agreements:

1. WESTERN has developed and currently administers a customer self-service website, FreeSprinklerNozzles.com, for the dissemination of product vouchers within its service area. Under the FreeSprinklerNozzles.com Program, the Commercial/Irrigation customer is responsible for selecting the nozzle type and manufacturer prior to being eligible to receive a voucher. Residential customers are offered a voucher for fixed spray nozzles only. Neither WESTERN nor PROGRAM PARTICIPANT shall be responsible for making, or assisting in making, the selection of a Nozzle and shall not be liable in connection with the results, or lack thereof, from the use of such Nozzles.
2. WESTERN has agreed to extend the use of the FreeSprinklerNozzles.com website to the PROGRAM PARTICIPANT, for the purpose of extending the Program to the PROGRAM PARTICIPANT's Member Agencies' service areas.
3. Customers, within the PROGRAM PARTICIPANT's Member Agencies' service areas, will, when participating on the FreeSprinklerNozzles.com website, be issued a voucher that is redeemable at participating landscape irrigation equipment suppliers.
4. For every water-efficient sprinkler Nozzle for which a voucher is redeemed at a participating irrigation store, WESTERN will invoice PROGRAM PARTICIPANT, and PROGRAM PARTICIPANT shall pay the amounts shown below or any other amounts which may be in effect as of the date of the applicable invoice as determined by WESTERN under the FreeSprinklerNozzles.com Program, provided, however that the maximum amount payable by PROGRAM PARTICIPANT pursuant to this MOU shall not exceed the Maximum Amount set forth in this MOU, provided that PROGRAM PARTICIPANT has promptly notified WESTERN of any change in Maximum Amount as required under this MOU. The Maximum Amount shall apply to all Nozzles regardless of whether Nozzles are for residential, commercial or irrigation customers. PROGRAM PARTICIPANT shall ensure that its Member Agencies are not be permitted to allocate a certain portion of the Maximum Amount for certain types of customers, Nozzles or manufacturers.

Unless different amounts are in effect as of the date of the applicable invoice, as determined by WESTERN, the per unit price for each Nozzle shall be as follows:

- Toro Precision Series Spray Nozzle: \$3.60
- Toro Precision Series Rotating Nozzle: \$5.00
- Hunter MP Rotator Nozzle: \$5.00
- Rain Bird Rotating Nozzle: \$4.00
- Rain Bird Rotating Variable Arc Nozzle: \$5.00

_____ By initializing this paragraph, PROGRAM PARTICIPANT is hereby opting to allow and fund both the fixed spray and rotating Commercial/Irrigation Nozzles in connection with requests from Member Agencies' Commercial/Irrigation customers. The refusal or failure to initial this paragraph shall indicate that PROGRAM PARTICIPANT will only allow and fund

fixed spray Commercial/Irrigation Nozzles in connection with requests from Commercial/Irrigation customers.

5. Additionally, WESTERN will, on a monthly or quarterly basis, as determined by WESTERN, prepare a fully documented invoice, for the amounts due as set forth above stating the amount due for the number of water-efficient sprinkler Nozzles processed during the previous period, that were distributed by way of the voucher program within the PROGRAM PARTICIPANT' Member Agencies' service areas. Each invoice shall be accompanied by back up documentation that shall include at least the following: Member Agency name, participant account number, participant address and number of Nozzles distributed to each individual participant. PROGRAM PARTICIPANT shall pay each invoice within thirty (30) days from the date of PROGRAM PARTICIPANT's receipt of the applicable invoice.
6. PROGRAM PARTICIPANT, if it elects to do so, will have the responsibility to audit and verify the installation of the water-efficient sprinkler Nozzles distributed by the FreeSprinklerNozzles.com Program, within its Member Agencies' respective service areas. PROGRAM PARTICIPANT shall be solely responsible, at its sole cost and expense, to enter into the applicable arrangements, if applicable, and take any action which may be required, in order to enforce the requirements of its Member Agencies as set forth herein.
7. PROGRAM PARTICIPANT has an approved Maximum Amount, as specified in this MOU, to support the implementation of the FreeSprinklerNozzles.com Program within the PROGRAM PARTICIPANT's Member Agencies' service areas. Notwithstanding anything to the contrary in this MOU, PROGRAM PARTICIPANT shall have no obligation to spend funds in excess of the Maximum Amount without further written authorization in the form of a written amendment to this MOU, signed by each party's authorized signatory, provided that PROGRAM PARTICIPANT has promptly notified WESTERN of any change in Maximum Amount as required under this MOU.
8. PROGRAM PARTICIPANT will coordinate and participate in the overall administrative oversight of, and foster the multiple-agency participation in, the FreeSprinklerNozzles.com Program within the PROGRAM PARTICIPANT's Member Agencies' service areas as applicable. Specifically, PROGRAM PARTICIPANT will be responsible for providing the Member Agencies' customer information as requested.
9. The term of this MOU shall extend from the date of full execution until June 30, 2016. This Agreement shall remain in effect during the term unless earlier terminated under the following procedures:
 - (a) If either party to this MOU believes that the other party has failed to perform any obligation of that party in accordance with the terms of this MOU ("Default"), the party alleging the Default shall provide written notice ("Default Notice") to the other party, setting forth the nature of the alleged Default. Unless otherwise provided by a specific term of this MOU, the party claimed to be in Default shall have (i) with respect to a Default involving the payment of money, ten (10) days after its receipt of the Default Notice to completely cure such Default, and (ii) with respect to any other type of Default, thirty (30) days from the receipt of the Default Notice to completely cure such Default or, if such Default cannot reasonably be cured within such thirty (30) day period, to commence the cure of such Default within the thirty (30) day period and diligently

prosecute the cure to completion thereafter. If the party claimed to be in Default does not cure such Default within the time periods and procedures as set forth herein, the party alleging Default may then pursue the applicable legal and equitable remedies.

(b) In the event either party determines it is not feasible or permissible to continue to perform this MOU due to issues regarding whether a service or activity is being performed outside of a party's service area, either party may terminate this agreement upon ten (10) days prior written notice to the other party. In the event of any such termination, the parties will remain obligated to perform and pay for any obligation incurred prior to the effective date of said termination unless otherwise prohibited by law or regulation.

(c) Either party may terminate this MOU for convenience at any time upon thirty (30) days written notice. In the event of any such termination, the parties will remain obligated to perform and pay for any obligation incurred prior to the effective date of said termination unless otherwise prohibited by law or regulation.

(d) Upon termination of the Agreement, WESTERN shall immediately stop using any data (including the Confidential Data) provided by PROGRAM PARTICIPANT to WESTERN and shall, as directed by PROGRAM PARTICIPANT, return or destroy the Confidential Data and certified the destruction of the same.

(e) Surviving Obligations. Obligations with respect to confidentiality, use, and destruction of the Confidential Data, indemnification, and payment shall survive the termination of this Agreement.

10. Confidentiality and Usage of Data.

(a) PROGRAM PARTICIPANT agrees to provide WESTERN with PROGRAM PARTICIPANT's Member Agencies' customer names, addresses and account numbers ("Confidential Data") solely for the purpose of allowing PROGRAM PARTICIPANT's Member Agencies' customers to participate in the FreeSprinklerNozzles.com Program (the "Authorized Use"). The Confidential Data will remain the property of PROGRAM PARTICIPANT's Member Agencies and their customers. WESTERN shall use the Confidential Data solely for the Authorized Use. WESTERN shall not use the Confidential Data for commercial purposes or for any other use other than the Authorized Use.

(b) The Confidential Data or any confidential information disclosed by the disclosing party to the receiving party shall be treated as confidential and maintained in confidence by the receiving party. The receiving party shall not disclose any confidential information of the disclosing party except to its own personnel who have a need to know. Without limiting the foregoing, the receiving party shall take at least the same steps and use the same methods to prevent the unauthorized use or disclosure of Confidential Data of the disclosing party as it takes to protect its own confidential or proprietary information.

(c) Public Records Act. In the event a public records request is made to either party ("Receiving Party") for information regarding customers or other information from the other party ("Subject Party"), the Receiving Party shall provide notice to the Subject

Party in order to provide the Subject Party with the opportunity to pursue the applicable action for withholding any such records from disclosure.

(d) Data Security and Distribution. WESTERN will ensure that any Confidential Information included in the Data is stored on computers and storage media accessible only by those WESTERN personnel with a need to use those portions of the Data, and that only the minimum number of copies reasonably necessary to accomplish the Authorized Use will be made. Confidential Data stored in an electronic format will be stored using industry-standard encryption and security features. (e) WESTERN shall not, and will inform all users that they may not:

- (i) Disclose any portions of the Data that are individually identifiable or that otherwise identifies persons, directly or indirectly, except as permitted under this MOU;
- (ii) Use the Data to learn the identity of any person or entity included in the Data or to contact any such person or entity for any purpose, except as permitted under this MOU;
- (iii) Distribute or publish the Data to anyone other than as expressly permitted under this MOU;

11. General Provisions

(a) Indemnification Each party hereby agrees to defend, indemnify and hold free and harmless the other party from and against any and all liability, expense, including defense costs and legal fees, and claims for damages of any nature whatsoever, including, but not limited to, breaches of confidentiality or misuse of any data provided by PROGRAM PARTICIPANT or obtained by WESTERN in connection with this MOU; bodily injury, personal injury, death or property damage, arising from or connected with Indemnitor's activities under this MOU, including any Worker's Compensation suits, liability, or expense, arising from or connected with services performed on behalf of Indemnitor by any person pursuant to this MOU, whether such claims, damages, liabilities, costs and/or judgments are based upon alleged negligence, a dangerous condition of public property, or any other theory of liability. Indemnitor's duty to indemnify the Indemnitee shall survive the expiration or other termination of this MOU as to any injuries, occurrences or claims occurring or alleged to have occurred prior to its expiration or termination.

(b) Relationship of the Parties Nothing contained in this MOU shall be deemed or construed by the parties or by any third person to create the relationship of principal and agent, or partnership or joint venture, or any association between the parties, and none of the provisions contained in this MOU or any act of the parties shall be deemed to create any relationship other than as specified herein, nor shall this MOU be construed, except as expressly provided herein, to authorize any of the parties to act as the agent for the other.

(c) Notices

All notices or other communications to either party by the other will be deemed given when made in writing and delivered or mailed to such party at their respective addresses as follows:

To WESTERN:

Mallory Gandara
14205 Meridian Parkway
Riverside, California 92518

To PROGRAM PARTICIPANT

:

Nicole Sandkulla
155 Bovet Road, Suite 650
San Mateo, California 94402

(d) Incorporation of Recitals The Recitals set forth above are incorporated herein and made an operative part of this MOU.

(e) Complete Agreement This MOU constitutes the entire agreement between the parties, both written and oral, with respect to the subject matter hereof. Any prior agreements respecting the subject matter hereof, written or oral, express or implied, between the Parties, are hereby canceled.

BAWSCA

WESTERN MUNICIPAL WATER DISTRICT

Nicole Sandkulla (Date)
Chief Executive Officer

Craig Miller (Date)
General Manager

BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

BOARD OF DIRECTORS MEETING

Agenda Title: **Adoption of Resolution 2018-01 Approving the Extension of the Tier 2 Drought Allocation Plan**

Summary:

The Tier 2 Drought Implementation Plan (Tier 2 Plan) allocates the collective Wholesale Customer share of the water made available by the San Francisco Public Utilities Commission (SFPUC) during shortages caused by drought to individual Wholesale Customer.

The current Tier 2 Plan was adopted by each Wholesale Customer in the winter/spring of 2011 pursuant to Section 3.11.C of the July 2009 Water Supply Agreement between the City and County of San Francisco and the Wholesale Customers (WSA). The existing Tier 2 Plan expires on December 31, 2018 and as such, the Board must act to provide formal drought allocations to the SFPUC for the following year.

Fiscal Impact:

There is no fiscal impact associated with approval of an extension of the Tier 2 Drought Implementation Plan.

Board Policy Committee Action:

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

Recommendation:

That the Board adopt Resolution 2018-01 adopting the Tier 2 Plan drought allocation methodology for the year January 1, 2019 through December 31, 2019.

Discussion:

The Tier 2 Plan describes the method for allocating the water made available by the San Francisco Public Utilities Commission (SFPUC) among the Wholesale Customers during shortages caused by drought.

A Tier 2 Plan was adopted by each Wholesale Customer pursuant to Section 3.11.C of the July 2009 Water Supply Agreement between the City and County of San Francisco and the Wholesale Customers (WSA) in the winter/spring of 2011. The current Tier 2 Plan established December 31, 2018 as an interim expiration deadline in order to allow for the consideration of matters such as the inclusion of the cities of San Jose and Santa Clara as permanent customers and to allow for the development of a new Tier 2 Plan.

At this time, legislation has been introduced to implement the Governor's Executive Order B-37-16 (EO), "Making Water Conservation a California Way of Life," which if passed, will substantially impact the normal year and drought year water use within the BAWSCA member agencies' service areas. Until the impacts of implementation of that EO in each member agency's service area is clear, it is not recommended that BAWSCA or the member agencies develop a new Tier 2 methodology.

The WSA provides that the SFPUC will honor allocations of water among the Wholesale Customers provided by BAWSCA or if unanimously agreed to by all Wholesale Customers. Legal Counsel has determined that the Board may rely on the water allocations included in the current Tier 2 Plan, and provide those to the SFPUC in accordance with Section 3.11.C.3 of the WSA. In doing so, BAWSCA will, in effect, extend the terms of the Tier 2 Plan for one calendar year, through December 31, 2019.

Background:

The WSA with San Francisco includes a Tier 1 Plan, which divides the available water supply between San Francisco retail customers and the collective Wholesale Customers during a drought. The WSA also provides that the SFPUC will honor allocation of water among the Wholesale Customers, provided by BAWSCA or unanimously agreed to by the Wholesale Customers. In 2011, the Wholesale Customers adopted the current Tier 2 Plan, which takes that collective Wholesale Customer allocation and further divides it among each Wholesale Customer. The existing Tier 2 Plan details the methodology used to divide the available supply.

The Tier 2 Plan applies when the SFPUC determines that a system-wide water shortage of 20 percent or less exists, as set forth in a declaration of water shortage emergency adopted by the SFPUC pursuant to California Water Code Sections 350 *et seq.* The Tier 2 Plan applies only to water acquired and distributed by the SFPUC to the Wholesale Customers and has no effect on water obtained by a Wholesale Customer from any source other than the SFPUC.

The current Tier 2 Plan established December 31, 2018 as an interim expiration deadline in order to allow for the consideration of matters such as the inclusion of the cities of San Jose and Santa Clara as permanent customers and to allow for the development of a new Tier 2 Plan.

During the most recent drought, the SFPUC did not declare a water shortage emergency and the Tier 1 and Tier 2 Plans were not implemented. Rather, the State Water Resources Control Board (SWRCB) imposed water use reductions based on separate criteria unrelated to the existing drought allocation plans for the Regional Water System.

Existing Tier 2 Plan Methodology

The existing Tier 2 Plan's methodology consists of a stepwise process that is followed to determine each Wholesale Customer's allocation. More specifically, a seven-step allocation process is followed which takes into account factors such as: volume of water purchased by each agency in most recent non-drought year(s); seasonal demand fluctuations; Individual Supply Guarantee (ISG) allocations; minimum and maximum cutback levels; and the public health and safety needs of East Palo Alto. The estimation process is iterative, in that if following one "round" of calculations, if one or more agencies has a proposed cutback of less than 10% of their normal supply or if a proposed cutback for a particular agency is quite severe, adjustments are made to the calculation procedure and a revised estimate is developed.

The above discussion is brief in that it does not go into the complexity and nuances of the estimation process. The estimate takes time to perform and a firm understanding of member agency water use specifics.

BAWSCA's Role in the Tier 2 Plan

The Tier 1 Plan identifies BAWSCA as the party to perform the Tier 2 Plan calculations. The Tier 1 Plan requires SFPUC to allocate water to each Wholesale Customer in accordance with

BAWSCA's calculations. By adopting the WSA and the Tier 2 Plan, each Wholesale Customer thereby authorized BAWSCA to perform the allocation calculations. BAWSCA interacts with both the SFPUC and the Wholesale Customers to obtain needed input data.

BAWSCA's role in developing the existing Tier 2 Plan was as follows:

- Assist agencies in agreeing on a formula that could be accepted unanimously;
- Providing the structure for the discussion and analyses to support decision making;
- Encouraging decisions regarding the adoption of a proposed method based on fact, analyses, and practicality; and
- Supporting agencies in the adoption process.

When a new Tier 2 Plan is proposed, if the allocation method incorporated into the Plan is not unanimously adopted by the BAWSCA member agencies, the WSA provides the BAWSCA Board has the authority to set an allocation method. If the BAWSCA Board does not set an allocation method, the SFPUC retains final authority to allocate water to its wholesale customers during a drought.

Complicating Factors

In 2016, Governor Brown issued Executive Order B-37-16 which included several directives related to "Making Water Conservation a California Way of Life". These directives included the implementation of new, long-term water use efficiency targets for urban water suppliers in California. This requirement, if implemented, would have long-term impacts on the BAWSCA member agencies' water use patterns and ability to further reduce water use during times of shortage. Legislation to adopt these new requirements has been proposed but has not yet been adopted. Given the potential impacts of these requirements, BAWSCA staff is recommending the revisions to the Tier 2 Plan be postponed until the requirements have been finalized so their impacts on water use can be fully understood.

The existing Tier 2 Plan has never been implemented. During the 2014 – 2017 drought, SFPUC did not declare a water supply emergency, as the necessary water use reductions were achieved through a voluntary call for conservation. Given current water supply conditions and water demand levels, it is highly unlikely that the existing Tier 2 Plan would need to be implemented prior to December 31, 2019.

Suggestion to Extend the Existing Tier 2 Plan

Given that the WSA has a provision that gives the BAWSCA Board the authority to set an allocation method, BAWSCA staff proposes that the Board authorizes that the SFPUC follow the existing Tier 2 Plan method for an additional year, thereby effectively extending the term of the existing Tier 2 Plan such that it expires on December 31, 2019.

This additional time will provide BAWSCA and the Wholesale Customers additional time to review new state requirements following their adoption and moreover, interpret how best to apply those new requirements into an updated Tier 2 Plan.

Attachments:

1. Resolution 2018-01 Approving the Extension of the Tier 2 Drought Implementation Plan

(This page intentionally left blank)

RESOLUTION NO. 2018 – 01
BY THE BOARD OF DIRECTORS OF THE
BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

APPROVING THE EXTENSION OF
THE TIER 2 DROUGHT IMPLEMENTATION PLAN

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

WHEREAS, the July 2009 Water Supply Agreement between the City and County of San Francisco and the Wholesale Customers in Alameda County, San Mateo County and Santa Clara County (WSA) sets forth the terms for ensuring the Wholesale Customers receive a reliable supply of high quality water at a fair price; and

WHEREAS, section 3.11(C)(1) of the WSA established the Water Shortage Allocation Plan (Tier 1 Shortage Plan) to allocate water from the Regional Water System between Retail and Wholesale Customers during system-wide shortages of 20% or less; and

WHEREAS, pursuant to section 3.11(C)(2) of the WSA and section 5.5 of the Tier 1 Shortage Plan, the Tier 1 Shortage Plan will remain in effect for the term of the WSA; and

WHEREAS, subsequent to the Tier 1 Shortage Plan, the Wholesale Customers adopted the Tier 2 Drought Implementation Plan (Tier 2 Plan), to document the method of allocating, among the Wholesale Customers, the collective Wholesale Customer share of the water made available by the San Francisco Public Utilities Commission (SFPUC); and

WHEREAS, the Tier 2 Plan was adopted in the Winter and Spring of 2011 by the governing bodies of each Wholesale Customer; and

WHEREAS, the current Tier 2 Plan established December 31, 2018 as an interim expiration deadline in order to allow for the consideration of matters such as the inclusion of the cities of San Jose and Santa Clara as permanent customers and to allow for the development of a new Tier 2 Plan; and

WHEREAS, in 2016, the Governor issued Executive Order B-37-16 (EO), "Making Water Conservation a California Way of Life," and the State Water Resources Control Board (SWRCB) adopted water conservation targets for each BAWSCA member agency that effectively negated the implementation of the Tier 2 Plan during the most recent drought; and

WHEREAS, the BAWSCA member agencies have determined that an extension of the allocation method in the current Tier 2 Plan is appropriate at this time so that BAWSCA and the Wholesale Customers have adequate time to consider the requirements of the EO and the associated implementation legislation in developing a new Tier 2 Plan and to complete consideration of the inclusion of additional permanent customers; and

WHEREAS, section 3.11(C)(3) of the WSA provides that the SFPUC will honor allocations of water among the Wholesale Customers provided by BAWSCA or if unanimously agreed to by all Wholesale Customers; and

WHEREAS, pursuant to section 3.11(C)(3) of the WSA, BAWSCA is authorized to provide the SFPUC with the allocations set forth in the Tier 2 Plan; and

WHEREAS, the BAWSCA Board of Directors desires to continue to rely on the allocation methodology set forth in the Tier 2 Plan for one year, thereby effectively extending the Tier 2 Plan for one year until December 31, 2019.

BE IT RESOLVED, that the Board of Directors of the Bay Area Water Supply and Conservation Agency will rely on the methodology provided in the Tier 2 Drought Implementation Plan for one additional year, through December 31, 2019, and requests the CEO/General Manager to transmit the methodology to the San Francisco Public Utilities Commission for drought planning purposes.

PASSED AND ADOPTED this ____ day of _____, 2018, by the following vote:

AYES:

NOES:

ABSENT:

Chair, Board of Directors

ATTEST:

Secretary

BAWSCA

Bay Area Water Supply & Conservation Agency

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

MEMORANDUM

TO: BAWSCA Board of Directors
FROM: Nicole Sandkulla, CEO/General Manager
DATE: May 11, 2018
SUBJECT: Chief Executive Officer/General Manager's Letter

Regional Groundwater Storage and Recovery Project - Update:

Via a letter dated April 20, 2018, the San Francisco Public Utilities Commission (SFPUC) informed the Regional Groundwater Storage and Recovery (GSR) Project Participating Pumpers (Daly City, San Bruno, and the California Water Service Company) that they would like to continue In-Lieu Water deliveries. Participating Pumpers began taking In-Lieu Water deliveries in May/June of 2016, and deliveries are proposed to continue at least through July 1, 2019. This makes the upcoming 12-month period (July 1, 2018 through June 30, 2019) a "Put Year" in that water will be left in storage in the Westside Basin for use at some time in the future during a time of drought (i.e., a "Take Year") when water would be withdrawn from storage and delivered to the Regional Water System (RWS).

In a Put Year, the GSR Operating Agreement requires that the Participating Pumpers reduce pumping groundwater from their existing well facilities in the Westside Basin, and instead receive surplus surface water from the RWS, which serves as the In-Lieu Water supply. In Take Years, each of the Participating Pumpers is required to pump a designated quantity of groundwater to meet their demands.

A meeting of the GSR Operating Committee was held on April 17, 2018 at which a status update on construction of the GSR Project was provided by the SFPUC. Construction on the GSR Project continues to move toward completion and critical project well testing will be underway soon.

0.5 MGD Water Transfer from the City of Palo Alto to the City of East Palo Alto:

Since 2016, the City of Palo Alto (Palo Alto) has held conversations with the City of East Palo Alto (EPA) regarding the topic of a potential water transfer. Further, Palo Alto staff have been studying how, through a transfer or sale of a small portion of Palo Alto's Individual Supply Guarantee (ISG), Palo Alto could help address the current water supply shortfall conditions that impact EPA. The shortfall creates a roadblock for EPA in terms of furthering economic development opportunities.

Palo Alto's ISG represents a permanent contractual entitlement to 17.07 million gallons per day (mgd) of water from the Hetch Hetchy Regional Water System. While a transfer of a portion of Palo Alto's ISG would be subject to the terms of the 2009 Water Supply Agreement (WSA) between the City and County of San Francisco and Wholesale Customers in Alameda

County, San Mateo County and Santa Clara County, it is not anticipated that any objections to a transfer would be raised by parties to the WSA.

On the evening of May 7, 2018, Palo Alto's City Council directed their Attorney's Office to formally move forward with agreement to permanently transfer 0.5 mgd of their ISG to EPA. Based on staff analyses, the Council found that such a transfer would not impact Palo Alto's water supply in any measurable negative way.

The transfer has undergone a California Environmental Quality Act (CEQA) review. On June 20, 2017, EPA, acting as lead agency, adopted a Negative Declaration (ND) for several potential transfers being considered at the time, including the transfer with Palo Alto. On April 3, 2018, the City of Palo Alto, as a responsible agency, issued an addendum to EPA's adopted ND, addressing the proposed 0.5 mgd transfer.

With Palo Alto Council's approval of the transfer, Palo Alto staff have provided notice to the SFPUC, as required by the WSA. The notice specified the 0.5 mgd of ISG proposed to be transferred, and the proposed effective date of the transfer, which per the WSA must be at least 60 days after the notice is submitted. The SFPUC has 60 days from the receipt of Palo Alto's notice to act upon it. If no action is taken, the transfer is deemed approved.

Calaveras Tour Held on April 25, 2018

On April 25, 2018, SFPUC hosted a half-day tour of the Calaveras Dam construction site. Attendees on the tour included Board members, member agency elected officials, and BAWSCA and member agency staff. SFPUC staff were also present to serve as host and tour guides.

The tour provided attendees with added perspective on the scale (size) and significant progress made on the embankment and spillway construction for the new Calaveras Dam. SFPUC noted that embankment earthwork will be completed in Fall 2018 and that the entire project will be completed by December of 2019.

BAWSCA 15-Year Anniversary

BAWSCA intends to mark its 15th year in existence by developing a video that commemorates BAWSCA's major accomplishments in delivering results that protect the interests of the water customers in Alameda, Santa Clara, and San Mateo Counties. The SFPUC has generously offered to provide BAWSCA access to their available film and digital media images of the Regional Water System for incorporation into the video.

BAWSCA is working with Kingston Media to produce the video. Scheduled to be 10 minutes in length, BAWSCA envisions that a few short versions (i.e., video snippets) will be created as well, tailored for specific audiences or topics. When complete later this year, the video will be widely distributed to the member agencies, BAWSCA's allies, legislators, and others. The schedule anticipates the video completion in late summer and a screening at the September 20, 2018 Board Meeting.

"Making Water Conservation a California Way of Life" Legislation

The authors of Senate Bill 606 (Hertzberg) and Assembly Bill 1668 (Friedman) have incorporated some additional amendments to the legislation to address outstanding concerns. The proposed final versions to both bills are in print, and the bills are expected to

be taken up for a floor vote on their respective floors on Monday, May 14th. If passed, a concurrence vote on both bills will follow on Thursday, May 17th.

The recent changes to both bills address many of BAWSCA's key concerns regarding the legislation. In particular, the bills would now require the Department of Water Resources to provide landscape area data necessary to calculate water use targets at a parcel level, which would reduce the administrative burden of calculating the water use targets for BAWSCA agencies. In addition, the bills would allow for calculation and reporting of water use targets on a calendar year or fiscal basis, also reducing the administrative burden.

SFPUC has moved to a support position for the legislation, as has the California Municipal Utilities Association. The Association of California Water Agencies remains opposed.

BAWSCA will continue to closely monitor activity on this legislation and to evaluate how the legislation impacts recommended actions in BAWSCA's "Making Conservation a Way of Life" Strategic Plan, to be released in June.

(This page intentionally left blank)

Board of Directors Policy Calendar Through November 2018

Meeting Date	Purpose	Issue or Topic
May 2018	D&A D&A D&A R	Consideration of Proposed FY 2018-19 Work Plan and Budget Consideration of Tier 2 Drought Allocation Plan Consideration of Consultant Contracts for New Water Loss Management Program Review of Water Supply Forecast
July 2018	D&A D&A R R	Review and Consideration of Modifications to BAWSCA's General Reserve Policy Discussion and possible action on CEO Performance Evaluation Procedure Update on BAWSCA's Regional Water Supply Modeling Tool Development Update on Long-Term Reliable Water Supply Strategy Implementation
September 2018	D&A D&A D&A	Review of Agency Personnel Handbook CEO/General Manager Evaluation Resolution Approving Temporary Appointment of A. Jensen as Special Counsel to the CEO/General Manager
November 2017	D&A D&A	Annual Review and Consideration of BAWSCA's Statement of Investment Policy Review and Consideration of BAWSCA's General Reserve Policy

(This page intentionally left blank)

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

Meeting Schedule through May 2019

Schedule for BAWSCA Board Meetings (Meetings are held from approx. 6:30 – 8:45 p.m.)	
<u>Date</u>	<u>Location</u>
Thursday – May 17, 2018	Oak Room, San Mateo Main Library
Thursday – July 19, 2018	Oak Room, San Mateo Main Library
Thursday – September 20, 2018	Oak Room, San Mateo Main Library
Thursday – November 15, 2018	Oak Room, San Mateo Main Library
Thursday – March 21, 2019	Oak Room, San Mateo Main Library
Thursday – May 16, 2019	Oak Room, San Mateo Main Library

Schedule for RFA Board Meetings (Meeting time will be announced)	
<u>Date</u>	<u>Location</u>
Thursday – January 17, 2019	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 – June 13, 2018	155 Bovet Rd., San Mateo – 1 st Floor Conf. Rm.
Wednesday – August 8, 2018	155 Bovet Rd., San Mateo – 1 st Floor Conf. Rm.
Wednesday – October 10, 2018	155 Bovet Rd., San Mateo – 1 st Floor Conf. Rm.
Wednesday – December 12, 2018	155 Bovet Rd., San Mateo – 1 st Floor Conf. Rm.
Wednesday – February 13, 2019	155 Bovet Rd., San Mateo – 1 st Floor Conf. Rm.
Wednesday – April 10, 2019	155 Bovet Rd., San Mateo – 1 st Floor Conf. Rm.